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

ARSENIO C. CABRERA, JR.

Contact Person

(6	3	2)	8	8	4	4	9	5	5	3

Company Telephone Number

0	6

Month *Day*
Fiscal Year

3	0

SEC FORM 17-A For Fiscal Year ended 30 June 2026

FORM TYPE

1st Thursday of November

Month *Day*
Annual Meeting

N/A

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.
Number/Section

N/A

Amended Article

Total Amount of Borrowings

				6	3

Total No. of Stockholders

₱820 million fixed rate bonds

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF CORPORATION CODE OF THE PHILIPPINES

1.	For the fiscal year ended	June 30, 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	₱820,000,000 outstanding series 10-year bonds

11. Are any or all of these securities listed on a Stock Exchange?

Yes [ ] No [√]

Name of Stock Exchange: N/A Class of Securities: N/A

Shares of Common Stock Issued and Outstanding are not listed in any stock exchange. Fixed Rate Bonds is 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 [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.
N/A

14. The Company was not involved in any insolvency/suspension of payments proceedings in the last five (5) years.

DOCUMENTS INCORPORATED BY REFERENCE

15. The June 30, 2026 Audited Consolidated Financial Statements is incorporated by reference in this SEC Form 17-A (Item 7)

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION 4

Item 1. DESCRIPTION OF BUSINESS 4

Item 2. PROPERTIES 32

Item 3. LEGAL PROCEEDINGS 35

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS 35

PART II – OPERATIONAL AND FINANCIAL INFORMATION 35

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS 35

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS 38

Item 7. FINANCIAL STATEMENTS 67

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES 67

PART III – CONTROL AND COMPENSATION INFORMATION 68

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER 68

Item 10. EXECUTIVE COMPENSATION 77

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT 78

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS 79

PART IV – CORPORATE GOVERNANCE 80

Item 13. CORPORATE GOVERNANCE 80

PART V – EXHIBITS AND SCHEDULES 81

Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C 81

JUNE 30, 2026 AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. DESCRIPTION OF BUSINESS

Business Development

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

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

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

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

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

When the Department of Education (DepEd) announced the K to 12 program in 2013, STI ESG leveraged its nationwide presence to implement the first-to-market approach for the senior high

school (SHS) program, establishing itself as the largest pioneer to offer SHS. The program includes the Academic and Technical-Vocational-Livelihood tracks. Under the Technical-Vocational-Livelihood track, STI ESG offers three strands with various specializations. The institution also offers the junior high school program in select schools.

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

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

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

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

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

STI ESG Network

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

Area	Wholly-Owned	Franchised
Metro Manila (12)	Alabang Caloocan Cubao Fairview Global City Las Piñas NAMEI Novaliches Pasay-EDSA Sta. Mesa	Marikina Muñoz-EDSA
Northern Luzon (16)	Baguio Dagupan Laoag Meycauayan San Jose del Monte Sta. Maria	Alaminos Angeles Balagtas Baliuag Cauayan Malolos San Fernando San Jose Tarlac Vigan

Area	Wholly-Owned	Franchised
Southern Luzon (19)	Batangas Calamba Carmona Legazpi Lipa Lucena Naga Ortigas-Cainta Puerto Princesa San Pablo Sta. Cruz Tanauan Tanay	Bacoor Balayan Dasmariñas Rosario Santa Rosa Tagaytay
Visayas (5)	Calbayog Dumaguete Kalibo	Maasin Ormoc
Mindanao (11)	Cagayan De Oro Davao Iligan Malaybalay Valencia	Cotabato General Santos Koronadal Surigao Tacurong Tagum

Capital Market Infrastructure

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

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

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

The bonds were rated 'PRS A plus' with a Positive Outlook by PhilRatings in November 2024. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, 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 or remain unchanged in the next 12 months.

Enrollment and Graduates

In SY 2023-2024, STI ESG and its subsidiaries recorded an opening enrollment of 103,892 students. Enrollment surged in the succeeding school year to reach 121,374 students at the start of SY 2024-2025, before moderating to 114,569 students by SY 2025-2026.

Parallel to overall enrollment trends, student retention remained strong at 99% per semester from SY 2023-2024 through SY 2025-2026. Over the same period, semester-to-semester migration rates remained strong, with the average percentage of students progressing to the succeeding semester ranging from 92% to 94% from SY 2023-2024 through SY 2025-2026.

The total enrollment mix continued to shift towards higher education programs over the three-year period. Associate and baccalaureate programs strengthened their share of total enrollment from 68% in SY 2023-2024 to 71% in SY 2024-2025, reaching 76% by SY 2025-2026. Conversely, senior high school (SHS) enrollment over the same period moved from 30% in SY 2023-2024 to 27% in SY 2024-2025 and 23% in SY 2025-2026. Technical-vocational programs maintained a stable, minimal footprint at 2% throughout all three school years.

These enrollment and retention dynamics drove the substantial number of graduates across both tertiary and high school levels. Tertiary graduates grew consistently from 8,799 in SY 2023-2024 to 12,615 in SY 2024-2025 and reached 14,183 by SY 2025-2026. Concurrently, senior high school graduates registered at 11,554 in SY 2023-2024, 16,242 in SY 2024-2025, and 13,574 in SY 2025-2026. STI ESG remains committed to preparing its students for further education and entry into the workforce through its academic programs, learning delivery systems, and student support initiatives.

Tuition Fee Increases

The Group carefully managed its fee structure through measured, strategic adjustments. In SY 2023-2024, an average 5% adjustment was applied to college tuition and other school fees, while senior high school fees remained unchanged. For SY 2024-2025, tuition fees saw an average 5% increase for new students, while other school fees were adjusted by 5% for both new and continuing students, alongside targeted fee recalibrations. Extending this disciplined approach into SY 2025-2026, tuition fee increases for new students were aligned with the regional inflation rate (RIR) while other school fees for both new and continuing students were adjusted based on RIR and localized fee recalibrations to optimize the financial framework.

Financial Aid Programs

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

DBP Resources for Inclusive and Sustainable Education Program (DBP RISE)

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

Pag-IBIG-STI Educational Assistance Program

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

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

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

New Programs/Majors and Revised Curricula

STI ESG regularly conducts market studies to align the programs with the demands of the labor market and the evolving requirements of the industry. To maintain relevance, revisions to existing programs are implemented to meet identified needs and to comply with evolving government regulatory requirements. The streamlining of program curricula, driven by market demand and industry developments, drives the rationalization of STI ESG's course offerings.

In SY 2023-2024, this process yielded one new program and the refinement of eight existing curricula. Meanwhile, in SY 2024-2025, the senior high school curricula were updated to comply with the latest directives from DepEd. Building on these efforts, SY 2025-2026 focused on necessary curriculum revisions in preparation for the Strengthened SHS curriculum. Aligned with DepEd standards, these preparatory updates establish a streamlined structure centered on two core tracks, reduced core courses, revised learning materials, and expanded work immersion hours to ensure that future graduates are well-prepared for higher education and job market demands.

Standardized Courseware

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

These courseware materials are designed for use in both online and face-to-face learning modalities.

As of June 30, 2026, STI ESG has developed courseware for over 500 courses. New courseware materials are continually being developed as new courses and programs are introduced, while existing materials are regularly revised to keep pace with the latest developments in target industries.

In SY 2025-2026, the Group expanded and updated its academic content, developing 74 new courseware materials and revising nine materials across key disciplines: Business and Management, Arts and Sciences, IT and Engineering, Tourism Management, Hospitality Management, and Criminology. In addition, one senior high school courseware material was developed to support basic education offerings.

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

Learning Model

Following its transition back to full in-person teaching, STI ESG conducted face-to-face classes across all levels—tertiary, senior high school, and junior high school levels from SY 2023-2024 until the latter part of SY 2025-2026, when the Group temporarily adopted a hybrid learning modality across the STI network.

To complement the in-campus learning, the Group leverages its proprietary electronic Learning Management System (eLMS), a cloud-based application utilized extensively since 2016. The eLMS remains integral to course management and delivery, enabling interactive collaboration between teachers and students, assignment submission, assessments, and progress tracking. It includes robust features such as wikis, forums, discussion groups, and a student portfolio system.

The use of eLMS enriches the student learning experience with continuous digital access to courseware content and resources while safeguarding educational continuity during unexpected physical campus disruptions.

During the latter part of SY 2025–2026, the Group temporarily adopted a hybrid learning modality across the STI network, combining face-to-face and online instruction. The shift to a hybrid learning modality was implemented in consideration of the prevailing external conditions, particularly the elevated transportation costs, to support the continuity of academic delivery for the remaining academic term.

In relation to 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. Classes for the tertiary segment continued 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 around mid-May 2026.

Learning Innovation

In its continuing pursuit of academic excellence, STI ESG remains steadfast in enhancing learning delivery through technological innovations and adaptive approaches. Recognizing that meaningful education requires tools that support both faculty and students, the Group expanded its suite of learning innovations in SY 2025-2026.

A primary development was the full deployment of the Standardized Periodical Examination (SPE) Checker. Powered by Optical Mark Recognition (OMR) technology, this web application captures image data to yield rapid scores. Results are stored directly on central servers, enabling efficient performance analysis, accelerating grade submissions, and upholding academic integrity across campuses.

Complementing this assessment tool, STI ESG introduced specialized training initiatives in Ethical Hacking and Digital Forensics. These initiatives offer hands-on experience in computer and network security concepts such as threat assessment, vulnerability identification, password cracking, and web application security, which serve as a gateway to industry with recognized qualifications like Certified Ethical Hacker (CEH).

Additionally, Engineering Design and Computer-Aided Drafting (CAD) were integrated into the curriculum to build foundational 3D modeling skills. Supported by targeted content development and faculty certification, this integration provides a pathway toward specialized credentials, such as Siemens Certified Professional for Solid Edge, bridging theoretical instruction with professional practice.

Through these measures, STI ESG reinforces its role as a forward-looking educational institution. By combining automated academic processes with high-demand industry certifications, the Group equips students with the academic foundation, technical competencies, and capabilities needed to adapt, compete, and succeed in an evolving workforce.

Standardized Periodical Examination

STI ESG's Academic Research Group (ARG) oversees the development and standardization of the STI Network's Standardized Periodical Examinations (SPE), utilizing the proprietary STI Test Bank System introduced in 2018. To evaluate practical competencies alongside written exams, ARG integrates hands-on task performances and iLearn and Share (iLS) activities into the examination. For SY 2024-2025, STI ESG developed and administered a total of 946 examination materials, comprising 464 exams in the first semester and 482 in the second semester. This delivery underscores ARG's integral role in maintaining rigorous, standard, and updated assessment materials across the network.

Milestones

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

21st Philippine Quill Awards

STI College reaffirmed its leadership in educational communications by receiving four recognitions at the 21st Philippine Quill Awards, organized by the International Association of Business Communicators (IABC) on August 27, 2025, at The Manila Hotel. Highlighting this achievement. The STI Career Planning Program received an Award of Excellence alongside an Award of Merit for its structured framework, comprising career talks, counseling, the STI SCOPE, and the STI Career Camp, which guides students in aligning their academic choices with long-term professional goals.

The institution secured two additional Awards of Merit for its digital and student wellness initiatives. The STI Official Social Media Pages were honored for cultivating an engaged online community across platforms, while the STI Mental Health Program was recognized for providing accessible wellness resources, awareness campaigns, and specialized gatekeeper training for guidance personnel and educators. Together, these prestigious accolades underscore STI College's sustained

commitment to strategic communication, holistic student development, and educational excellence.

61st Anvil Awards

Building on its sustained record of institutional recognition, STI ESG secured a Silver Anvil Award at the 61st Anvil Awards, held on January 28, 2026, at Solaire Resort North. Conferred by the Public Relations Society of the Philippines (PRSP), the award recognized the STI Career Planning Program: Empowering the Youth to Be Future-Ready under the Public Relations Programs (Marketing and Brand Communication) category. This honor follows the institution's Silver Anvil win for its social media pages the previous year, further solidifying STI's reputation for impactful, student-centered communication and brand initiatives.

Originally launched in 2017, the STI Career Planning Program serves as a comprehensive framework designed to assist incoming senior high school and college students in navigating key educational and professional transitions. The program equips learners with a multi-faceted decision-making toolkit, including distributed career guide journals, the online STI Students Career Opportunity and Personality Evaluator (SCOPE), and hands-on STI Career Camp workshops. By validating the program's measurable impact in bridging education and workforce readiness, this prestigious industry accolade underscores STI ESG's steadfast commitment to nurturing future-ready graduates.

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

Faculty Achievements

Academic Research

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

John Ray Garcia of STI College Global City conducted research examining the relationship between vocabulary proficiency and academic performance among senior high school students. The study, *An Investigation into Vocabulary Deficiency and Its Influence on the Academic Performance of Senior High School Students,* was presented during the HSEM 2025 International Interdisciplinary Conference on October 23, 2025, and was accepted for publication in the conference proceedings. The research highlighted the importance of vocabulary development in improving student achievement and literacy outcomes.

Peter Cyril Carretas of STI College Bacoor conducted a study examining faculty literacy in the use of AI-powered educational tools, particularly focusing on faculty knowledge, skills, utilization, and challenges encountered in integrating artificial intelligence into teaching and learning processes. The study, titled *"Faculty AI Literacy in the Use of AI-Powered Educational Tools"*, was presented during a research colloquium on December 3, 2025, as part of the requirements for the completion of his Master's degree in Educational Management.

Niña Rose Magadan-Ydel of STI College Cagayan de Oro served as lead researcher in a study that utilized Data Envelopment Analysis (DEA) to assess the efficiency of student organizations at the University of Science and Technology of Southern Philippines (USTP). The publication entitled *Application of Data Envelopment Analysis (DEA) in Assessing the Efficiency of Outstanding Student Organizations in a State University in the Philippines* demonstrated the application of objective mathematical evaluation methods in measuring organizational performance and efficiency.

Madel M. Duff, a part-time faculty member of STI College Cagayan de Oro, co-authored a research publication investigating how digital competence influences institutional management through employee performance. The study entitled *The Influence of Digital Competence on Higher Education*

Institutional Management through Employee Performance provided evidence that employees' digital skills significantly contribute to organizational effectiveness and institutional success in higher education settings.

Edelresa H. Juachon of STI College Caloocan presented her research output, *Digital Learning Solution: Effect to Students' Academic Performance,* during an International Research Conference hosted by the University of the East College of Arts and Sciences. The study examined the impact of digital learning solutions on student academic outcomes and highlighted the role of technology in education.

Dr. Alfred Taboada of STI College Cotabato published his study, *Multi-Dimensional Impacts of Reintegration Programs on the Lives and Aspirations of Returnees,* in the International Journal of Innovative Research in Technology (IJRT) in March 2026. The research evaluated the effectiveness of reintegration programs and proposed an empirically grounded peacebuilding framework tailored to the Philippine context.

Faculty researchers Dr. Ann Gilyn Premarion, Jessabelle Grace Firmalino, Donieza Bolaño, and Remuel Octavio of STI College General Santos conducted a study on teachers' experiences in mainstreaming neurodivergent learners. Representing the research team, Firmalino presented the study entitled *The Lived Experiences of Teachers in Mainstreaming Neurodivergent Students: Basis of Dynamic Inclusive Classroom Framework (DICF)* during GADCon 2026 in Davao City on March 19, 2026. The research led to the development of the Dynamic Inclusive Classroom Framework (DICF) to support inclusive education practices.

Franz Dominique Pastor of STI College Cotabato presented her research, *Determinants of Dining Loyalty Among Restaurant Guests in Cotabato City,* during the Philippine Association for Graduate Education (PAGE) Region 10 Regional Conference held on April 18, 2026, at Lourdes College Auditorium in Cagayan de Oro City. The study investigated the influence of service quality, customer engagement, and sustainability practices on dining loyalty among restaurant guests in Cotabato City.

Philip S. Alejandro of STI College Balagtas presented his ethnographic research entitled *Momshies Beyond the Spectacle: Constructing Queer Space in Beauty Pageant Boot Camp* during the Philippine Queer Studies Conference, held at the University of the Philippines Diliman from April 24 to 26, 2026. The study explored how queer pageant handlers create and negotiate queer spaces within beauty pageant training environments, contributing valuable insights to gender and queer studies research.

Harold Fernandez, DBA of STI College Cotabato published his research, *The Influence of Marketing Strategies on Sales Performance of Fashion Stores in Cotabato City,* in the International Journal of Research and Innovation in Social Sciences (IJRISS) on May 23, 2026. The study examined how marketing strategies influence the sales performance of fashion stores in Cotabato City and was recognized by the publisher as a relevant and timely contribution to contemporary business research.

Richiel E. Cotejar of STI College Las Piñas published her research, *Senior High School Learners' Difficulties in Statistics and Probability,* in the International Journal of Research and Innovation in Social Science (IJRISS). The study investigated the learning difficulties encountered by senior high school students in Statistics and Probability and identified factors influencing academic performance in the subject.

Norfaisa Didato of STI College Las Piñas published a study exploring the effectiveness of an instructional board game in teaching concepts related to work, power, and energy among Grade 8 students. *Development of Board Game "S.F.Y: Spark, Forge, and Yield!" in Learning Work, Power and Energy on Grade 8 Students* was published in the International Journal of Research and Innovation in Social Science (IJRISS) and demonstrated the potential of innovative learning tools in improving science education outcomes.

Chester Cajumban of STI College Santa Rosa published a research paper, entitled *Customer Service,*

Customer Satisfaction and Customer Loyalty of Selected Casual Dining Restaurants in Santa Rosa, Laguna, in the International Journal of Social Science and Education Research Studies examining factors affecting customer satisfaction and loyalty in the local hospitality industry. In a second publication entitled *Food Adoption, Transformation Strategies, and Customer Satisfaction of Selected Korean-Filipino Samgyeopsal Restaurants in Santa Rosa City, Laguna*, Cajumban explored how food adaptation and transformation strategies influence customer satisfaction and repeat patronage among Korean-Filipino restaurants. His third study, *Manager's Management Style, Employees' Satisfaction and Employees' Productivity at North Park Noodle House,* examined the relationship among management style, employee satisfaction, and productivity in the food service sector, further contributing to hospitality management research.

Certifications

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

Professional Licensure Achievements

Several faculty members achieved significant professional milestones by successfully passing national licensure examinations. At STI College Bacoor, Mark Joven Niebres, and Veronicka Pasohil passed the September 2025 Licensure Examination for Teachers (LET), earning their credentials as Licensed Professional Teachers.

At STI College Muñoz-EDSA, Jhay-Cee Halos, Jashmene Nadong, Ira De Leon, John Arnold Caray, and John Raphael Bomitivo likewise passed the March 2026 LET, demonstrating their readiness to serve as licensed educators.

Czarina Salvador of STI College Las Piñas; Christian Jerome Martinez and Carmela Adarlo of STI College Lucena; Marco Burca, John Paul Macaorog, and Adrian Sherwin Hermosa of STI College Sta. Maria; Renzie Valdisimo and Abby Riz Ibanez of STI College Sta. Mesa; and Nicole Haylynn Mancao of STI College Tacurong also earned their professional teaching licenses after successfully passing the Licensure Examination for Teachers.

Beyond teacher licensure, Kristine Hannah Navea of STI College Las Piñas successfully passed the Board Licensure Examination for Psychologists and Psychometricians and obtained the Registered Psychometrician (RPm) credential, marking a significant accomplishment in the field of psychology.

Professional Certifications and Recognitions

In the field of cybersecurity and information technology, Joshua Guevarra of STI College Bacoor earned the Ethical Hacking Essentials (EHE) Certification. Meanwhile, Dianne Kelsey Gongora and Salvador Gascon Jr. of STI College Ortigas-Cainta achieved the EC-Council Ethical Hacking Certification, demonstrating proficiency in ethical hacking and cybersecurity practices.

Further enhancing their IT credentials, Mark Aian See of STI College Ortigas-Cainta, Alvinson Alix of STI College Bacoor, Ronald Dela Cruz of STI College Lucena, and Ceejay Fajardo of STI College Sta. Maria successfully earned their CompTIA Technology Certification, validating their foundational knowledge in information technology.

In the creative and multimedia field, Kieran Zakari Alvares of STI College Ortigas-Cainta became an Adobe Certified Professional, while Lee Carlo Marca of STI College Lucena also earned an Adobe Certification, showcasing their competency in digital media production and content creation.

Professional certifications were likewise attained in various disciplines. Christian Dominic Fontanilla of STI College Bacoor earned the Certified Paralegal credential, while Julio Urmeneta of the same

campus earned the Certified Human Resource Associate (CHRA) Certification. At STI College Muñoz-EDSA, Jolly Pearl Ramirez successfully passed the Human Resource Assessment Examination. At STI College Las Piñas, Kierselenn Talavero earned both the Certified Research Specialist (CRS) and Certified Marketing Management Specialist (CMMS) certifications, demonstrating expertise in research and marketing disciplines.

In the hospitality and tourism sector, Queenie Ocampo of STI College Ortigas-Cainta obtained the Tourism Promotion Services NC II Certification, while Jimmy Donasco, Mark Hercon Esperila, and Kimberly Lama of STI College Koronadal successfully completed and earned the Cookery NC II Certification. Additionally, Prietzel Tagupa of STI College General Santos achieved certification as a National TVET Trainer under TESDA.

IT-related technical certifications were also earned by Michael Flores, Kristelle Jade Mantis, and Rhonna Mae Java-Deloso of STI College Koronadal, who successfully completed the Computer Systems Servicing (CSS) NC II Certification program.

At STI College General Santos, Glenna Arias received accreditation from the Department of Tourism Region XII as a Community Tour Guide, recognizing her competence and qualifications in the tourism industry. She was also elected President of the Tour Guides Association of General Santos City (TAGS), reflecting the confidence placed in her leadership and professional expertise.

At STI College Bacoor, Humbrey Sabban was admitted as a Professional Member of the International Association of Physical Education and Sports, highlighting his commitment to professional growth in the field of physical education.

Meanwhile, John Ray Garcia of STI College Global City was officially recognized and registered as an Author/Writer by the National Book Development Board (NBDB), affirming his contribution to the Philippine publishing industry.

Student Achievements

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

Global Competitions

In academic competitions, Rafael Perez Jr. of STI College Legazpi earned Gold Medals in both the Philippine International Mathematical Olympiad 2025 Final Round and the Thailand International Mathematical Olympiad Heat Round 2025–2026.

In technology and innovation, a team of Computer Engineering students from STI College Novaliches, led by Edward Dane Perez, represented the Philippines at the EMC Global Summit Entrepreneur in Tokyo, Japan. Following an intensive boot camp, the team received the StartUp Advisory Award for their innovative project, Guardian AI, which has also earned multiple national startup accolades.

In sports, STI athletes achieved significant international success. Dragon boat competitors from STI College Sta. Mesa secured top honors at the 11th Sarawak International Dragon Boat Regatta 2025 in Malaysia, competing against over 2,000 athletes from 22 countries. Furthermore, Mikaella Zabrina Ann Lee of STI College Ortigas-Cainta earned a Silver Medal as part of the Philippine Women's Ice Hockey Team at the 33rd SEA Games in Thailand, while Michael Angelo Fernandez of STI College Global City secured a Silver Medal in the Men's Pistol 10m Air event.

Local Competitions

In technology and innovation, STI College Cotabato emerged as champions in the Philippine Army Cyber Defense Qualifiers–Tron Cup 2026, while STI College Lucena captured first place in the OpenIT Hackathon Codefest 2025 and earned accolades at the FEU Institute of Technology Create and Conquer Hackathon. Meanwhile, demonstrating NCR-wide engineering excellence, STI College Muñoz-EDSA represented the region in the Institute of Computer Engineers of the Philippines (ICpEP) National Challenge. Additionally, students from STI College Calamba secured 3rd place in the ASEAN-Japan Cybersecurity Awareness Video Competition 2025-**CALABARZON**, showcasing their creativity and technical expertise in promoting cybersecurity awareness.

Parallel to their technical accomplishments, students translated classroom concepts into viable business models across regional startup platforms. Student teams from STI Colleges Calamba, Global City, Lipa, and Novaliches advanced to final pitching rounds and startup showcases nationwide. Notably, a team from STI College Lipa secured 3rd place in the Youth Leaders of Agribusiness Congress (YLAC) 2026 pitching competition, showcasing the practical impact of STI's business and entrepreneurial curriculum.

Complementing these successes in tech and business, STI campuses earned top distinctions in hospitality, tourism, and trade skills. Students from Cagayan de Oro, Dasmariñas, Vigan, Tacurong, and Legazpi secured major awards in culinary arts, baking, and tourism management at prestigious regional showcases, including Kumbira, the National Food Showdown, and local tourism festivals. Highlighting these vocational achievements, STI College Vigan earned a Silver Medal in Cookery at the 2026 Regional Skills Olympics.

Beyond specialized technical skills, STI student leaders actively demonstrated exemplary civic engagement and leadership within their local communities. Jayvee Roque of STI College Baliuag was conferred the Youth Leadership Excellence Award (YLEA) 2026 for outstanding community involvement.

Rounding out a comprehensive year of achievement, STI athletes and performers delivered championship-level performances across local and provincial circuits. Student-athletes and creative talent earned numerous titles in Private Schools Athletic Association (PRISAA) meets, provincial athletic competitions, martial arts tournaments, and regional performing arts contests.

Across all these campuses, STI students demonstrated remarkable achievements in academic, cultural, and athletic engagements. Their consistent success reaffirms the institution's vision of developing globally competitive, well-rounded individuals who thrive in diverse fields beyond the classroom. For the list of achievements in previous years, please visit www.sti.edu for prior years' 17A reports.

Faculty Development and Certification

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

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

Faculty Training

The *Ready to Teach* program served as a biannual faculty orientation designed to prepare Senior High School and Tertiary faculty members for the academic year. The first session was held on July 22-23, 2025, with 2,062 participants and the second session on January 12, 2026, with 1,117 participants. The program updates faculty on academic standards, pedagogy, and institutional processes, ensuring educators remain fully aligned with corporate benchmarks prior to delivering instruction each term.

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

STEM Nexus Program for Teachers

Delivered in partnership with the Center for Integrated STEM Education (CISTEM), this industry immersion program was conducted onsite and offsite from July 7 to 11, 2025. A total of 21 senior high school STEM teachers visited key industrial facilities, such as Amherst Laboratories, Dow Chemical Philippines, Pointwest Innovations, Meralco Power Academy, and UP NISMED, to bridge the gap between classroom theory and real-world industry practices.

Baking and Pastry Arts Faculty Training 2025

Held onsite across two batches from July 8–9 and July 10–11, 2025, this program trained 50 Hospitality Management (HM) faculty members. Led by multi-awarded pastry chef and culinary instructor Chef Kazzie Sy, the sessions equipped educators with updated competencies to effectively deliver Pastry Arts and Bakery Management and Baking and Pastry Production courses.

Food Safety and Sanitation Faculty Training 2025

Conducted onsite on July 14–15, 2025, this training engaged 51 HM faculty members. Featuring an expert speaker from Okada Manila, the program focused on enhancing instructional capacity in culinary courses while reinforcing standard safety and sanitation practices across food preparation, production, and presentation.

Netsynch (eZee PMS and POS) Faculty Training 2025

Held online from July 14 to 18, 2025, in partnership with Netsynch Computer Solutions, this session trained 24 HM faculty members. The program focused on building proficiency in eZee Optimus Point-of-Sale (POS) and eZee Absolute Property Management System (PMS) software to support courses in Applied Business Tools and Technologies in Hospitality and Advanced Office Productivity Tools in Hospitality.

Computer-Aided Drafting Faculty Training 2025

Conducted onsite across two batches on July 14–17 and July 21–24, 2025, in collaboration with CIM Technologies, this training prepared 25 Computer Engineering (CpE) faculty members to implement Siemens Solid Edge software in their courses. As a result, 24 faculty members successfully earned their Siemens Solid Edge Associate Level Certification.

Flight Operations Faculty Training 2025

Delivered in collaboration with PTC Aviation Training Center, this program engaged 48 Tourism Management (TM) faculty members across two batches on July 14–17 and July 21–24, 2025. Combining classroom instruction with offsite immersion at PTC Aviation's Pasay facility, participants gained hands-on experience in in-flight attendant duties, airline operations, and simulated flight scenarios.

Cybersecurity Faculty Training 2025

Partnering with Wissen International and EC-Council, this online program was conducted on July 18 and July 24, 2025. Designed to support the integration of the Ethical Hacking Essentials course into select ICT offerings, the training prepared 49 ICT faculty members for certification, resulting in 34 educators earning official Ethical Hacking Essentials Credentials.

Amadeus GDS Faculty Training 2025

Held online from July 21 to 23, 2025, this program trained 31 TM faculty members on the Amadeus Basic Reservation software, led by Amadeus-certified trainer Diane Charlen Veloria. The skills gained support the delivery of the Applied Business Tools and Technologies in Tourism curriculum.

SAP S/4HANA (IT) Faculty Training 2025

Conducted online from July 23 to 25, 2025, through the SAP University Alliances Program, this session engaged 33 IT faculty members. Led by SAP-accredited internal trainer Lorennz Piñon, the training supported the integration of SAP S/4HANA into the Advanced Systems Integration and Architecture course for the BSIT program.

Broadcasting Faculty Training 2025

Held onsite from July 23 to 25, 2025, this focused training equipped six BACOMM faculty members with industry-aligned competencies for the Broadcasting Principles and Practices course. The sessions featured industry practitioners Ronald Padriga and Seymour Sanchez, who shared current trends and operational insights.

CompTIA Tech+ Faculty Training 2025

Delivered online in two batches from January 5–9 and January 12–16, 2026, this program engaged 50 IT faculty members in partnership with CompTIA experts. Designed to support curriculum integration and certification readiness, the training resulted in 39 faculty members acquiring the official CompTIA Tech+ Certification.

Technopreneurship Faculty Training 2025

Organized in partnership with the Wadhwani Foundation and PhilDev Foundation, this online training was held from January 7 to 9, 2026. A total of 68 faculty members were trained on integrating the Wadhwani Ignite platform into the Technopreneurship course, leading to 66 educators earning recognition as Certified Entrepreneurship Educators.

Cybersecurity (IT) Faculty Training 2025

Conducted online from January 8–9, 2026, in collaboration with Wissen International and EC-Council, this second cycle engaged 38 IT faculty members. The program supported the integration of Ethical Hacking Essentials into IT coursework, resulting in 30 faculty members successfully securing their Ethical Hacking Essentials Certification.

SAP S/4HANA (Acc & BM) Faculty Training 2025

Held online from January 14–16, 2026, this initiative supported the rollout of SAP S/4HANA across Accountancy and Business Management curricula. Facilitated by SAP-accredited trainer Lorennz Piñon under the SAP University Alliances Program, the session successfully trained 23 faculty members.

Adobe Premiere Pro Faculty Training 2025

Delivered online on January 15, 2026, in partnership with Adobe and Certiport, this program trained 19 Bachelor of Multimedia Arts (BMMA) faculty members on integrating professional video editing tools into the multimedia curriculum. Following certification preparation led by an Adobe specialist, 13 faculty members earned the Adobe Premiere Pro Professional Certification.

Microsoft Azure AI Faculty Training

Conducted asynchronously between May and June 2026 in collaboration with Certiport, this self-paced program prepared 133 IT faculty members to deliver TESDA AI curricula. Demonstrating exceptional technical mastery, 121 faculty members successfully attained the Microsoft Azure AI Fundamentals Certification.

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

Faculty Certification

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

In SY 2023-2024, a total of 4,582 FCCs were granted, with 12,842 certificates released overall. This commitment to certification expanded in SY 2024-2025, which registered 4,742 certified faculty members and saw 15,290 certificates released. In SY 2025-2026, 4,029 faculty members were certified and a total of 9,696 certificates were released.

Student Development

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

iLearn and Share

The iLearn and Share (iLS) program serves as an annual showcase of senior high school students' task performances, providing a venue to translate classroom learning into practical, real-world solutions. Organized as a Senior High School Expo held on campus or in key venues outside the school, the event brings together local communities and industry partners. Student-led exhibits demonstrate technical proficiency, creativity, and innovation. Project highlights ranged from smart home automation systems to specialized local tourism applications recognized by the Department of Tourism.

College Fair and Symposium

The College Fair and Symposium serve as a platform for graduating college students to present their research outputs and projects to peers, faculty, and industry representatives. Conducted on-campus

beginning SY 2022–2023, students from various programs have consistently presented their outputs to an audience that includes faculty mentors, fellow students, and professionals from partner industries, strengthening academic-industry linkages and promoting knowledge exchange.

Mental Health and Well-being Program

STI ESG continues to strengthen its commitment to fostering a supportive, responsive, and holistic learning environment through a structured, data-informed mental health framework. During SY 2025-2026, the Mental Health and Well-being Program served as the institutional backbone for all guidance and counseling initiatives across the STI network, which is executed in close coordination with the Student Development and Welfare Department.

Built on four core pillars (preventive education, capacity building, accessible support services, and strategic partnerships), the program registered a total of 17,937 guidance service transactions across 63 campuses during the reporting period. By driving proactive awareness and early intervention strategies, STI ESG remains dedicated to safeguarding the mental health, resilience, and overall well-being of its students, faculty, and staff.

Mental Health Awareness and Preventive Education

Complementing direct support services, mental health literacy initiatives continued to drive awareness, reduce stigma, and foster a proactive help-seeking culture across the network. Central to these efforts were two network-wide webinars conducted during the reporting period, which engaged a total of 1,938 members of the STI community.

Designed to address the specific needs of educators and learners, the faculty-focused session reached 834 participants from 55 campuses, while the student-centered webinar gathered 1,104 participants from 48 campuses. Together, these programs reinforce STI ESG's sustained commitment to expanding mental health literacy, instilling practical self-care strategies, and providing actionable resources that cultivate a supportive and resilient educational environment.

Professional Mental Health Support

Expanding on its internal campus support systems, STI ESG maintains an active partnership with PhilCare through the Mindscapes Program to deliver professional mental health services to students, faculty, and staff. The program offers direct consultations and specialized care for individuals requiring clinical assistance who might otherwise face financial barriers to independent care. During SY 2025-2026, the initiative delivered 811 consultation and support sessions, serving 381 students and 11 faculty members and staff.

In addition to individual clinical care, the Mindscapes partnership enhances STI ESG's institutional wellness programs by providing licensed mental health professionals as expert speakers for campus development activities. Furthermore, the program delivers critical postvention services to campuses navigating traumatic or critical incidents, ensuring continuity of care and structured recovery support for affected communities. Through this strategic collaboration, STI ESG broadens access to timely, professional mental health resources, reinforcing its commitment to a safe and supportive educational ecosystem.

Campus Safety & Inclusivity

STI ESG piloted student affairs initiatives that are designed to enhance support services, maintain safe learning environments, and cultivate a culture of inclusion and mutual respect.

In observance of the Anti-Hazing Month, the institution launched the "Belonging the Right Way" webinar series to promote positive student involvement, healthy organizational affiliations, and

institutional values of inclusion. The session reinforced anti-hazing advocacy and preventive education and brought together 585 students and personnel across 52 campuses. Through these initiatives, STI ESG continues to advance proactive student development while ensuring safe, inclusive, and student-centered learning environments across its network of campuses.

Guidance and Student Affairs Capability Building

STI ESG continued to invest in the professional growth of its guidance and student affairs workforce during SY 2025-2026, strengthening the institutional delivery of responsive, student-centered support services across campuses. To ensure optimal service capacity and alignment with network standards, the institution successfully onboarded 30 new Guidance Personnel (GPs) during the school year. Concurrently, 58 existing GPs completed the Annual Guidance Personnel Training, which focused on refining foundational counseling competencies, advancing service delivery techniques, and supporting continuous professional learning.

A key highlight of the network's mental health strategy was the implementation of the RACE Against Suicide Training of Trainers (ToT) Program, conducted in partnership with the Unilab Foundation. Twenty-five (25) selected GPs completed the specialized instruction to become certified trainers, subsequently cascading the program to 532 teaching and non-teaching personnel nationwide. This initiative established a robust network of qualified RACE Gatekeepers across campuses, significantly expanding institutional capacity for early detection, crisis support, and timely referral of students experiencing mental health concerns.

Complementing these mental health initiatives, STI ESG prioritized student safety, regulatory compliance, and peer support leadership. Seventy-one (71) Student Affairs and Services professionals across 53 campuses completed an Anti-Hazing Prevention Webinar to sharpen their application of preventive strategies and policy enforcement. Furthermore, 57 personnel representing 56 campuses, comprising Student Affairs Officers, Discipline Officers, and GPs completed the newly piloted Peer Facilitators ToT program, equipping local leaders to establish and sustain peer-to-peer support networks. Reinforced by ongoing case conferences, echo sessions, and wellness workshops, these comprehensive efforts underscore STI ESG's commitment to maintaining a competent, proactive, and deeply supportive educational community.

Career and Future Readiness Program

The Career and Future Readiness Program equips students with the essential knowledge, skills, and practical experiences needed to navigate informed career pathways, whether transitioning into higher education, corporate employment, or entrepreneurship. The program operates through cross-functional collaboration between internal stakeholders and industry partners, providing holistic career guidance and workforce preparation across all academic levels.

For senior high school students, the Career Planning Program (CPP) follows a structured six-stage developmental framework across Grades 11 and 12. Through targeted activities centered on self-assessment, career exploration, and decision-making, students are guided in identifying academic and professional pathways aligned with their personal strengths and aspirations. A total of 6,662 students participated in CPP in SY 2023-2024. Participation significantly rebounded in SY 2024-2025 with 11,340 students and 11,509 students engaged with the program in SY 2025-2026.

Concurrently, STI ESG piloted a specialized Career Development Program (CDP) for college students to address their specific developmental milestones through interactive online learning modules tailored to key academic stages: (1) Early Career Exploration modules engaged 1,886 first- to third-year students across 36 campuses, linking academic theory to industry trends; (2) Cross-Cultural Workplace Immersion, a specialized readiness webinar focused on mental well-being and workplace adaptability for students transitioning into international work environments, achieving near-total participation with 45 out of 46 eligible candidates; (3) Workplace Readiness for Graduating Students,

targeted sessions aimed at refining core employability skills and easing the school-to-work transition for graduating students, engaged 4,258 students across 57 campuses.

Collectively, the tertiary CDP initiative benefitted 6,189 students, reflecting STI ESG's proactive commitment to elevating graduate employability and ensuring successful career transitions.

Talent Search

As one of STI ESG's flagship student development initiatives, the STI Talent Search provides students with a national platform to showcase their creative talents in music, dance, and performance while fostering confidence, self-expression, and school engagement. Signature competitions such as the STI Singing Idol, Battle of the Bands, Hataw Sayaw Dance Competition, and the Search for Mr. and Ms. STI consistently engage thousands of participants across the network, with national broadcasts streamed live on STI's official Facebook page since 2016 to reach a broader audience.

Following successful National Finals at Enchanted Kingdom in Sta. Rosa, Laguna, where 116 finalists competed in SY 2023-2024 and 117 in SY 2024-2025, the tradition of artistic excellence continued into SY 2025–2026. A total of 779 students participated in cluster-level eliminations nationwide, culminating in the National Finals held at Pradera Islands Theme Park in Lubao, Pampanga on November 21, 2025. During the national event, 117 finalists competed across the four competitions. Through this program, STI ESG continues to celebrate student achievement beyond academics, reinforcing its commitment to holistic development across the STI network.

Tagisan ng Talino (TNT)

Tagisan ng Talino is STI's annual academic competition that provides students with opportunities to demonstrate their knowledge, skills, and competencies across a wide range of academic and technical disciplines. Competitions include impromptu speech, essay writing, mobile app development, culinary arts, cake and table design, flairtending, tour guiding, coding and programming, and general knowledge. Through its continuous evolution, the competition ensures alignment with academic standards and industry practices. A total of 120 contestants advanced to the national from SY 2023-2024 through SY 2025-2026.

Tagisan ng Sining (TNS)

Tagisan ng Sining is an annual event celebrating student creativity and originality through competitions in photography and music video production. This event recognized emerging talents across the STI network. Student participation remains robust: in SY 2023–2024, 236 contestants advanced to the national screening phase, 228 participants in SY 2024-2025, and 218 students advanced to the national level in SY 2025-2026.

Sports Cup

Introduced in SY 2024–2025, the STI Sports Cup serves as an annual network-wide competition designed to demonstrate athletic excellence, teamwork, sportsmanship, and resilience among students. Highlighting two major tournaments — the National Basketball Tournament (NBT) and the National Volleyball League (NVL) — the program promotes physical well-being while fostering camaraderie, discipline, and school spirit across the STI network.

Building on the success of its inaugural season at STI College Ortigas–Cainta, the STI Sports Cup expanded its reach in SY 2025–2026. A total of 934 student-athletes participated in cluster-level of the basketball and volleyball competitions nationwide. From these regional rounds, top-performing teams advanced to the National Finals, where 130 student-athletes competed for national championship titles. Through the sustained execution of the Sports Cup, STI ESG continues to promote holistic student development by instilling leadership, teamwork, and healthy lifestyles

through competitive sports.

Esports Cup

Launched in SY 2024–2025, the STI Esports Cup provides students with a competitive platform to demonstrate strategic thinking, teamwork, communication, and digital competencies through organized digital sports. Featuring popular esports titles *Mobile Legends: Bang Bang (MLBB)* and *Valorant,* the tournament promotes responsible participation and aligns with student interests in an emerging field increasingly recognized across the broader technology landscape.

Following a successful launch season, the STI Esports Cup widened its network footprint during SY 2025-2026. The virtual arena saw 632 student gamers go head-to-head in cluster-level qualifiers across the network. The competition culminated in the National Finals, where 90 elite players earned spots to battle for championship honors in matches broadcast live on STI's official Facebook page.

RoboQuest

Introduced as a pilot initiative in SY 2025-2026, RoboQuest provides students with an interactive platform to apply robotics, technology, and engineering concepts to real-world challenges. Designed to foster innovation, critical thinking, and collaborative problem-solving, the competition reflects the Group' drive to expand experiential learning in emerging STEM fields.

During its inaugural run, 23 students qualified for and competed in the National Finals. On the national stage, participants demonstrated high-level technical proficiency, creativity, and adaptability through complex robotics challenges. As an emerging platform, RoboQuest reinforces STI ESG's commitment to cultivating student interest in science, technology, and engineering, preparing learners for evolving demands in the global technology landscape.

Post-Graduation Report

The STI Alumni and Placement Services (STI APS) department, through respective STI School Alumni and Placement Offices, conducts regular surveys to track graduate employment outcomes. Survey data indicates that 76% of graduates are employed within 12 months of graduation, reflecting the sustained job placement support provided through the department's career assistance initiatives, recruitment platforms, and industry partnerships throughout the year following graduation.

Interactive Career Assistance and Recruitment System (I-CARES)

As part of the job placement assistance of STI, the STI APS strengthens graduate employability through strategic partnerships and digital recruitment systems. The Interactive Career Assistance and Recruitment System (I-CARES) served as the primary platform, enabling partner companies to post opportunities and access qualified STI graduates at no cost. Registered partner companies grew from 512 in SY 2023-2024 to 532 in SY 2024-2025.

In SY 2025-2026, STI APS transitioned to Job+, an enhanced digital recruitment platform offering comprehensive features including company profile management, post job opportunities, review and track applications across multiple stages (applied, shortlisted, interviewed, offered, hired), and communicate with candidates through announcements and direct scheduling. With features like application dashboards, detailed applicant profiles, resume reviews, and automated reporting capabilities, Job+ provides a centralized, organized workflow that helps employers efficiently manage the entire recruitment lifecycle while ensuring job seekers can easily discover and apply for positions that match their qualifications. During the transition period, 532 companies continued using I-CARES while 186 companies adopted Job+, demonstrating successful platform migration and expanding recruitment capabilities for STI graduates.

STI APS leverages targeted initiatives to connect students with career opportunities. The STI Virtual Career Fair, an industry-academe collaboration, serves as both an informational webinar and recruitment platform, equipping graduating students and alumni with insights into current employment trends and linking them to job openings. Meanwhile, the National Career Fest expanded STI's reach through onsite career fairs conducted nationwide from April to June.

National Career Fest participation demonstrated consistent growth across multiple delivery formats. In SY 2023-2024, 6,134 students attended onsite events, complemented by five virtual career fairs from May to June 2024 that reached 1,097 participants. SY 2024-2025 marked significant expansion, with five virtual career fairs from April to June 2025 engaging 8,527 students. In SY 2025-2026, nine virtual career fairs from April to June 2026 attracted 5,373 participants.

STI Distinguished Alumni Awards

STI ESG launched the STI Distinguished Alumni Awards (STIDAA) in 2014 to honor, award, and recognize alumni of STI campuses who have achieved distinction and notable accomplishments in their chosen fields. Since its inception in 2014, 119 alumni have been recognized for their outstanding achievements.

The program continued its tradition in 2026, honoring 11 notable alumni at a gala event held at Solaire Resort and Casino in Pasay City on May 22, 2026. The 2026 STIDAA National Awardees were Ma. Rachelle Agustin, Ryunosuke Senda, Ronell Ate, Erica Beatrece De Leon, Wilfred Mogado, Ethel Babia Manalo, Stephen Moran, Atty. Michael Renz Ramos, Mayette Bagaforo, Rommel Carlos, and Leiser Bautista.

Institutional Linkages

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

Accenture

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

Amadeus Marketing Philippines, Inc.

STI ESG renewed its partnership with Amadeus, a provider of Global Distribution System (GDS)

training and certification, on September 8, 2022. The Amadeus Reservation Essentials training is integrated into the Applied Business Tools and Technologies in Tourism courses. This GDS certification provides STI students with a better standing for employment in the tourism industry, particularly with travel agencies and airline companies.

ASEAN Foundation

In a continuous effort to drive educational innovation in the digital era, STI ESG partnered with the ASEAN Foundation and its local implementation partner, Limitless Lab, on September 30, 2025. This collaboration marks the Group's active integration into the AI Ready ASEAN initiative, a regional drive supported by Google.org designed to foster artificial intelligence literacy, raise digital ethics awareness, and expand access to tech-driven learning platforms across Southeast Asia.

The AI program was subsequently rolled out to all STI schools through the AI Ready ASEAN Hour of Code training for instructors. The training offered an interactive introduction to AI and its real-world applications, highlighting how AI-powered systems can support problem-solving and responsible decision-making. It equipped instructors to facilitate lessons on AI concepts, guide students in training AI models, and promote responsible AI use. Conducted via Microsoft Teams, the sessions were held on November 19, 2025, for Senior High School (SHS) and November 26, 2025, for the tertiary level, reaching a total of 190 instructors (70 from SHS and 120 from tertiary). The sessions were led by ASEAN Master Trainers Ms. Tina Bernabe for SHS and Ms. Loida Dumaguin, who is also the SDW Head, for the tertiary level.

Carnival Cruise Line (CCL)

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

Center for Integrated STEM Education (CISTEM)

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

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

Citibank

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

City of Dreams

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

Department of Education (DepEd)

STI ESG and DepEd formalized a renewed memorandum of understanding (MOU) in a ceremonial signing on May 4, 2026, at the DepEd Central Office in Makati City—another milestone cementing the long-standing private-public education partnerships in the country. The agreement covers a suite of programs designed to put quality, technology-driven education directly in the hands of Filipino learners who need it most.

Through the renewed MOU, STI opens its full network of 63 campuses, mobile school buses, modern training laboratories, and expertise in technology to become an extension of DepEd's reach into underserved communities. Beyond computer access, the partnership will provide Grade 10 and Grade 12 students with a path to figure out what they want to do with those skills through STI's Student's Career Opportunity and Personality Evaluator (SCOPE) career assessment tool and Career Camp workshops where students will get hands-on exposure to real career possibilities before they even graduate senior high school.

Department of Labor and Employment (DOLE)

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

Fasttrack Solutions, Inc.

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

Globe Telecom

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

Huawei

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

Manila Marriott Hotel and Sheraton Manila Hotel

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

SGV & Co.

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

The BLOKC (Blockchain Lead Organization & Knowledge Center)

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

Scholarships

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

Gift of Knowledge

To provide educational opportunities to deserving individuals who have no means of pursuing post-secondary education, STI ESG, through the STI Foundation for Leadership in Information Technology and Education, Inc. (STI Foundation), strengthens its partnership with various TV programs from different TV networks. For SY 2025- 2026, seven new scholars were registered through the partner TV programs.

Sponsored Scholarship Programs

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

The STI Foundation and its partners were able to support 370 scholars in SY 2023-2024, 530 scholars in SY 2024-2025, and 508 scholars in SY 2025-2026.

Community Extension and Outreach Programs

Capitalizing on STI ESG's national reach, STI Foundation and STI campuses across the country spearheaded and collaborated with various organizations, local communities, government agencies, and civic groups to implement community involvement programs that strengthened collaboration among employees, students, and stakeholders while reinforcing a culture of social responsibility and service. These initiatives provided meaningful opportunities for members of the STI community to contribute to societal development and create positive outcomes for the communities they serve.

Guided by its commitment to nation-building and inclusive growth, STI campuses regularly implemented a broad range of community extension and outreach programs designed to address the educational, social, environmental, and humanitarian needs of underserved sectors. Through the collective efforts of students, faculty members, employees, and community partners, these programs sought to improve quality of life, promote community well-being, and strengthen stakeholder engagement.

Community outreach activities commonly included feeding programs, gift-giving initiatives, donation and relief drives, and distribution of school supplies and learning materials. During periods of natural disasters and emergencies, campuses also mobilized volunteers and resources to support relief, recovery, and rehabilitation efforts in affected areas.

Environmental stewardship likewise remained an important component of STI's community involvement efforts. Campuses organized community clean-up drives and tree-planting activities that encouraged responsible environmental practices and promoted sustainable development within local communities.

Through these community extension and outreach programs, STI campuses continued to create shared value for stakeholders while fostering empathy, leadership, teamwork, and civic consciousness among students and employees.

Business of Issuer

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

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

STI ESG School Programs

Tertiary Programs

BS in Information Systems
BS in Computer Science
BS in Information Technology
BS in Accountancy
BS in Management Accounting
BS in Accounting Information System
BS in Business Administration major in Operations Management
BS in Hospitality Management
BS in Retail Technology and Consumer Science
BS in Culinary Management
BS in Tourism Management
BS in Computer Engineering
BA in Communication
Bachelor of Multimedia Arts
BA in Psychology
BS in Marine Engineering*
BS in Marine Transportation*
BS in Naval Architecture and Marine Engineering*
BS in Criminology
3-year Hotel and Restaurant Administration
2-year Information Technology Program
2-year Associate in Computer Technology
2-year Hospitality and Restaurant Services
2-year Tourism and Events Management
2-year Associate in Retail Technology

Senior High School Programs

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

Technical-Vocational-Livelihood Track
ICT Strand with specializations in:
- Computer Programming
- Animation
- Illustration
- Computer Systems Servicing

Home Economics Strand with specializations in:
- Commercial Cooking
- Cookery
- Bartending
- Food and Beverage Services
- Bread and Pastry Production
- Local Guiding Services
- Travel Services
- Tourism Promotions Services
- Front Office Services

Industrial Arts Strand with specialization in:
- Electronic Products Assembly and Servicing

Junior High School

Grades 7 to 10

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

Professional Accreditations

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

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

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

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

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

The institution successfully reaffirmed its commitment to institutional quality and continuous operational improvement by maintaining its ISO certification through the second surveillance audit conducted by TÜV Rheinland Philippines, Inc. on November 14, 2025. This achievement builds upon the system advancements lauded during the previous audit cycle on November 15, 2024, which cited the rollout of the Human Capital Management (HCM) System, digitized exam evaluation tools, upgraded Private Automatic Branch Exchange (PABX) communications, and enhanced campus security infrastructure.

The 2025 surveillance audit highlighted significant positive findings across administrative, technological, and strategic functions. Operationally, auditors commended proactive facility management, including safety equipment acquisitions and sustainable administrative practices that direct proceeds from scrap sales toward corporate social responsibility initiatives. On the technological front, STI ESG was recognized for major infrastructure and cybersecurity upgrades, notably the acquisition of new enterprise laptops, automated internal hardware tracking, Microsoft Intune deployment, and rigorous Vulnerability Assessment and Penetration Testing (VAPT) across server and web applications. Furthermore, the audit emphasized STI ESG's strong government relations and external industry standing. The institution was cited for active participation in national educational initiatives, including key engagements during DepEd's National Teachers' Month and National Career Expo. Auditors also noted an extensive array of institutional accolades and strategic partnerships, including a Silver Anvil Award, four Philippine Quill Awards, the Amadeus Travel Professional Developer Award, and high-impact collaborations such as hosting ABS-CBN's Campus Patrol at STI College Ortigas–Cainta and partnering with the ASEAN Foundation and Limitless Lab to deploy the AI Ready ASEAN Program nationwide.

Employees

STI ESG had 1,919 employees—1,139 faculty members, 576 non-teaching personnel, and 204 main office employees as of June 30, 2026. STI ESG provides employees with development programs that assist them in effectively carrying out their jobs and prepare them for career advancement.

FUNCTION	NUMBER OF EMPLOYEES
Main Office	
Senior Management	8
Manager	57
Staff	139
Subtotal	204
STI Schools	
Teaching Personnel (wholly-owned schools)	1,139
Non-teaching Personnel (wholly-owned schools)	576
Subtotal	1,715
TOTAL	**1,919**

Item 2. PROPERTIES

The Group maintains a substantial property portfolio comprising owned properties and facilities situated on long-term leased land. These properties are primarily used as school campuses and administrative facilities, while certain properties are held for investment.

The table below presents the Group's owned land and buildings, including STI ESG-owned buildings constructed on land held under long-term lease.

LOCATION	TYPE[1]	USE	AREA[2]	
			LOT	FLOOR
Batangas City	Land and building	School Campus	6,564	8,099
Cainta, Rizal	Land and building	School Campus	39,880	16,289
		Administration Building	-	5,676
Calamba City	Land and building	School Campus	6,237	7,453
Caloocan City	Land and building	School Campus	15,495	13,773
Carmona, Cavite	Land and building	School Campus	6,582	3,917
Cubao, Quezon City	Land and building	School Campus	3,768	9,982
EDSA, Pasay City	Land and building	School Campus	3,911	19,812
Fairview, Quezon City	Land and buildings A & B	School Campus	1,808	5,333
	Buildings C & D —under long-term leases Building E (owned); land under long term lease		-	3,444
Bonifacio Global City, Taguig	Building Land is under a long-term lease	School Campus	2,632	10,101
Kalibo, Aklan	Land	School Campus	1,612	-
Kauswagan, Cagayan de Oro City	Land and building	School Campus	17,563	2,704
Las Piñas City	Land and building	School Campus	10,000	10,469
Legazpi City	Land and building	School Campus	4,149	5,492
Lipa City	Land and building	School Campus	3,222	13,276
Lucban, Baguio City	Land and building	School Campus	731	1,796
Lucena City	Building Land is under a long-term lease	School Campus	4,347	8,056
Meycauayan City, Bulacan	Land	School Campus	2,459	-
Muntinlupa City	Land	School Campus	3,266	-
Naga City	Land and building	School Campus	5,170	4,506
Novaliches, Quezon City	Land and building	School Campus	4,983	8,362
San Jose del Monte City, Bulacan	Land and building	School Campus	4,178	11,637
Sta. Mesa, Manila	Building Land is under a long-term lease	School Campus	3,691	16,379
(*forward)*				

LOCATION	TYPE[1]	USE	AREA[2]	
			LOT	FLOOR
Tanay, Rizal	Land and building	School Campus	5,502	2,825
Tanauan, Batangas	Land	School Campus	10,000	-
Valencia, Bukidnon	Land and building	School Campus	300	1,137
Almanza, Las Piñas City	Three Condominium Units (37.2 sqm per unit) and parking spaces	Investment Property	-	153
Ayala Avenue, Makati City	Condominium Units (4th, 5th & 6th floors of STI Holdings Center)	Investment Property	-	3,096
BF Homes, Las Piñas City	Land and building	Investment Property	4,094	2,865
BF Homes, Las Piñas City	Land and building	Investment Property	3,091	2,003
Caliraya Springs, Cavinti, Laguna	Land	Investment Property	948	-
Cebu City	Land	Investment Property	1,100	-
Gil J. Puyat Avenue Makati City	Condominium Units (10th, 11th, 12th, and Upper Penthouse of TechZone Building)	Investment Property	-	7,928
Diversion Road, Brgy. San Rafael, Mandurriao, Iloilo City	Land	Investment Property	2,615	-
Sto. Tomas, Baguio City	Land	Investment Property	512	-
Tanauan, Batangas	Land	Investment Property	25,202	-
Ternate, Cavite	Townhouse	Investment Property	-	107

[1] *Owned unless otherwise indicated*
[2] *In square meters*

The table below presents the campus ownership of franchised schools as of SY 2025–2026.

Owned by the School		Owned by STI Franchisee		Leased from other parties			
1	Balagtas	9	Balayan	15	Alaminos	25	Tagaytay
2	Dasmariñas	10	Baliuag	16	Angeles	26	Tarlac
3	General Santos	11	Cotabato	17	Bacoor		
4	Koronadal	12	Rosario	18	Cauayan		
5	Malolos	13	Surigao	19	Maasin		
6	Santa Rosa	14	Vigan	20	Marikina		
(*forward)*							

Owned by the School		Owned by STI Franchisee		Leased from other parties			
7	Tacurong			21	Muñoz-EDSA		
8	Tagum			22	Ormoc		
				23	San Fernando		
				24	San Jose		

Campus Expansion Projects

STI ESG's strategic direction focuses on organic business expansion and capital improvement projects by transitioning from rented spaces to wholly owned, stand-alone academic centers. This commitment aims to enhance the student experience by providing a more conducive learning environment through state-of-the-art facilities, which include spacious classrooms, top-of-the-line computer laboratories, and recreational areas. As of June 30, 2026, the Group has a total capacity for approximately 159,569 students, with 72% of that capacity pertaining to the wholly owned schools.

On October 1, 2022, STI ESG acquired two parcels of land located at Barrio Saluysoy, Meycauayan City, Bulacan. The 2,459-square-meter property is the site of the future STI Academic Center Meycauayan, an eight-storey academic facility with a service deck designed to accommodate up to 7,500 students. The project is expected to be completed in time for the second term of School Year 2026–2027.

On June 20, 2024, STI ESG and Total Consolidated Asset Management, Inc. (TCAMI) executed a Deed of Absolute Sale for STI ESG's acquisition of 76.0 million common shares, with a par value of ₱1.0 per share, representing 100% of the total issued and outstanding capital stock of Clinquant Holdings, Inc. (CHI). CHI is the registered owner of a 10,000-square-meter parcel of land located at President Jose P. Laurel Highway, Barangay Darasa in Tanauan City, Batangas, which is designated as the future site of the STI Academic Center Tanauan. Construction is currently underway for the eight-storey building, which will include a service deck and is designed to house up to 7,000 students. This project is expected to be completed within SY 2026-2027.

STI ESG acquired a 3,266-square-meter parcel of land in South Park District, Alabang, Muntinlupa City on September 30, 2024. The property is the site of the future STI Academic Center Alabang, an eight-storey academic facility with a service deck designed to accommodate up to 10,000 students. The project is expected to be completed in time for SY 2027-2028.

In October 2025, STI ESG and BDO Unibank, Inc. – Trust and Investments Group executed a Deed of Absolute Sale for STI ESG's acquisition of a 6,237-square-meter parcel of land located in Barrio Real, Calamba City, Laguna. The property, which STI ESG previously leased, is the site of the existing STI Academic Center Calamba.

On June 17, 2026, STI ESG acquired 100% of the issued and outstanding capital stock of Phosphene Holdings, Inc. (PHI), formerly a wholly owned subsidiary of TCAMI, which owns a 25,202-square-meter parcel of land located at President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. The property is adjacent to the 10,000-square-meter parcel of land owned by CHI, the site of the ongoing construction of the STI Academic Center Tanauan. CHI is also a wholly owned subsidiary of STI ESG.

STI ESG's campus expansion strategy supports the delivery of educational services by ensuring sufficient enrollment capacity and providing modern, well-equipped facilities that promote a

conducive learning environment and enhance the overall student experience. The Group continues to evaluate investment and acquisition opportunities in accordance with its operational requirements and long-term development plans.

Item 3. LEGAL PROCEEDINGS

STI ESG and its subsidiaries are involved in various legal proceedings which arise in the ordinary course of their operations. Following existing regulatory requirements, no such legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on the Group's consolidated financial condition.

For further details on the pending legal proceedings of the Group, please refer to Note 33, Contingencies and Commitments, of the Audited Consolidated Financial Statements attached hereto.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the annual meeting of stockholders held on December 12, 2025, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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

(1) Market Information

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

(2) Holders

Foreign ownership limit for STI ESG is forty percent (40%) of the issued and outstanding common shares, equivalent to 1,232,750,868 common shares. Total shares owned by foreign shareholders as of June 30, 2026 was 7,841,118, equivalent to 0.25% of the outstanding common shares of the Company.

As of June 30, 2026, there were sixty-three (63) shareholders of the Company's outstanding capital stock. The Company has common shares only.

The following table sets forth the top twenty (20) shareholders of the Company's common stock, the number of shares held, and the percentage of total shares outstanding held by each as of June 30, 2026.

	Name	Number of Shares Owned	Ownership [1]
1	STI HOLDINGS	3,040,623,037	98.66%
2	PRUDENT RESOURCES, INC.	13,465,465	0.44%
3	GONZALES, FRANCISCO B. JR.	8,873,692	0.29%
4	ROSSI, PURIFICACION G.	7,841,118	0.25%
5	PRUDENCIO, TOMAS J.	3,732,400	0.12%
6	SANTOS, MARIA LOURDES	1,725,000	0.06%
7	YOUNG, CAROLINA	1,651,828	0.05%
8	RAMOS, DULCE	1,155,447	0.04%
9	BUSTOS, FELIXBERTO	792,283	0.03%
10	DOMINGO, EMERITA R.	303,466	0.01%
11	SPS. VALERIO, REUBEN M & VALERIO, REMEDIOS S.	241,279	0.01%
12	ZARASPE, ANACLETA C.	214,038	0.01%
13	MONES, REYNALDO A.	201,901	0.01%
14	HEIRS OF EDGAR SARTE	148,622	0.00%
15	RELLEVE, ALVIN K.	137,338	0.00%
16	PUBLICO, EDGARDO	122,080	0.00%
17	DUJUA, JOCELYN	115,532	0.00%
18	MADRIGAL, VICTORIA P.	63,384	0.00%
19	LAO, ERIENE C.	63,384	0.00%
20	PAULINO, MA. LUZ LOURDES M.	55,061	0.00%

[1]*percentage of ownership is net of treasury shares*

(3) 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.

Dividend History:

Declaration Date	Dividends per Share	Amount
December 12, 2025	Php0.10	Php308.2 million
December 18, 2024	Php0.15	Php462.3 million
December 16, 2023	Php0.20	Php616.4 million

On December 12, 2025, the Parent Company's BOD approved the 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 cash dividends amounting to ₱0.15 per share or an aggregate amount of ₱462.3 million in favor of all stockholders of record as at December 31, 2024. The dividends were paid on January 17, 2025.

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

(4) Recent Sales of Unregistered or Exempt Securities

There were no sales of unregistered or exempt securities for the past three (3) years.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion summarizes the significant factors affecting the financial condition of STI Education Services Group, Inc. ("STI ESG" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2026 and 2025 and operating results for the fiscal years ended June 30, 2026, 2025, and 2024.

The following discussions should be read in conjunction with the attached audited consolidated financial statements of the Group as at and for the years ended June 30, 2026 and 2025, and for all the other periods presented.

Financial Condition

June 30, 2026 vs. June 30, 2025

LIQUIDITY AND CAPITAL RESOURCES

(in ₱ millions except financial ratios)	**Amount**		**Increase (Decrease)**	
	June 30, 2026	**June 30, 2025**	**Amount**	**%**
Consolidated financial position				
Cash and cash equivalents	1,863.1	1,594.6	268.5	17%
Current assets	2,899.8	2,297.1	602.7	26%
Total assets	13,429.8	12,270.6	1,159.2	9%
Current liabilities	2,503.5	1,612.0	891.5	55%
Total liabilities	3,494.1	3,879.8	(385.7)	(10%)
Equity attributable to equity holders of the parent	9,930.8	8,385.6	1,545.2	18%
Total equity	9,935.7	8,390.9	1,544.8	18%
Financial ratios				
Current ratio	1.16	1.43	(0.27)	(19%)
Asset-to-equity ratio	1.35	1.46	(0.11)	(8%)
Debt-to-equity ratio (D/E)[1]	0.31	0.44	(0.13)	(30%)
Debt service coverage ratio (DSCR)[2]	1.91	3.40	(1.49)	(44%)
Interest Coverage Ratio (ICR)[3]	23.48	14.95	8.53	57%

[1] *The Group monitors its D/E ratio in accordance with the financial covenants prescribed in the loan and trust agreements (see Notes 17 and 18 of the Audited Consolidated Financial Statements). As at June 30, 2026 and 2025, STI ESG is compliant with the D/E ratio requirement of all its loan and trust agreements.*

[2] *DSCR for bank loans purposes is measured as earnings before interest, taxes, depreciation, and amortization (EBITDA) for the last twelve months divided by the total interest-bearing debts and interest due in the next twelve months, as defined in the loan agreements. As at June 30, 2026 and 2025, STI ESG is compliant with the DSCR requirement of all its loan agreements (see Note 17 of the Audited Consolidated Financial Statements).*

[3] *Under its bond trust agreement, STI ESG is required to maintain an ICR of at least 3.00:1.00 (see Note 18 of the Audited Consolidated Financial Statements). STI ESG is compliant with the ICR requirement as at June 30, 2026 and 2025 at 23.48:1.00 and 14.95:1.00, respectively.*

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

The Group's consolidated total assets stood at ₱13,429.8 million as at June 30, 2026, compared to ₱12,270.6 million as at June 30, 2025. Current assets amounted to ₱2,899.8 million from ₱2,297.1 million, an increase of ₱602.7 million, while non-current assets grew by ₱556.6 million, from ₱9,973.5 million to ₱10,530.1 million. The increase was primarily driven by higher cash and cash equivalents, receivables, property and equipment and investment properties. These increases were partly offset by movements in investments and advances to associates and joint ventures.

Cash and cash equivalents increased by ₱268.5 million or 17% from ₱1,594.6 million to ₱1,863.1 million as at June 30, 2025 and 2026, respectively, primarily attributable to the Group's profitable operations and improved collection efficiency. The Group generated ₱2,429.0 million in net cash from operating activities during the fiscal year ended June 30, 2026, with the collection of tuition and other school fees as the primary source of operating cash inflows. Net cash used in investing activities amounted to ₱ 884.7 million mainly reflecting disbursements related to the Group's ongoing construction projects, recently completed construction projects, and the acquisition of parcels 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 ₱1,275.9 million during the fiscal year ended June 30, 2026, 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 ₱172.1 million during the year ended June 30, 2026, and payment of cash dividends in January 2026.

Total receivables increased to ₱680.2 million as at June 30, 2026, representing an increase of ₱247.1 million when compared to the ₱433.1 million balance as at June 30, 2025. These receivables primarily consist of amounts expected to be collected from students for tuition and other school fees and from the Department of Education (DepEd), Commission on Higher Education (CHED), and Development Bank of the Philippines (DBP) for Senior High School (SHS) vouchers, Tertiary Education Subsidy (TES), and financial assistance to students, respectively. Receivables from students are normally collected on or before the date of major examinations of the respective term(s) while receivables from DepEd, CHED and DBP are expected to be collected in full within the next fiscal year.

The receivables from students pertaining to tuition and other school fees increased by ₱174.5 million from ₱311.0 million to ₱485.5 million. Of the June 30, 2026 balance, ₱179.8 million relates to SHS and Junior High School (JHS) tuition and other school fees for SY 2026-2027. SHS and JHS classes for SY 2026-2027 commenced on June 29, 2026 and will end on May 7, 2027. Accordingly, the related receivables and contract liabilities for the SHS and JHS segments for SY 2026-2027 were recognized as at June 30, 2026. In comparison, the academic cycle for all programs for SY 2025-2026 began on July 28, 2025 and ended on June 5, 2026. Classes for the tertiary segment for SY 2026-2027 commenced on August 3, 2026 and ending on June 2, 2027. The Group satisfies its performance obligations from tuition and other school fees over time, as students simultaneously receive and consume the benefits provided by the Group through its educational services. Accordingly, tuition and other school fee revenues are recognized over the applicable school terms as the related educational services are rendered.

Receivables from DepEd amounted to ₱104.5 million as at June 30, 2026, posting an increase of ₱84.7 million from ₱19.8 million as at June 30, 2025. Of this amount, ₱95.9 million pertain to SHS voucher program of DepEd related to SY 2026-2027. 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 thousand annually. The subsidy is administered by DepEd under the

SHS Voucher Program through the Private Education Assistance Committee (PEAC), which facilitates the direct transfer of funds to the participating schools.

Receivables from CHED for the TES amounted to ₱4.2 million and ₱1.4 million as at June 30, 2026 and 2025, respectively. The TES is implemented pursuant to the Universal Access to Quality Tertiary Education Act (UAQTEA) or Republic Act (RA) No. 10931, and its Implementing Rules and Regulations (IRR), and is administered by 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 the 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 Private Higher Education Institutions (PHEIs), while TES grantees from SUCs and LUCs shall receive an amount of ₱10.0 thousand per semester or ₱20.0 thousand per school year. Under the TES program, subsidy amounts are released directly by CHED to the participating Higher Education Institutions (HEIs) where the qualified students are enrolled.

Under the 2026 Revised TES Guidelines, effective beginning the first semester of SY 2026–2027, TES benefits shall be disbursed by the CHED Regional Offices directly to qualified and validated grantees, primarily through direct credit to their accounts or through check payments. When these payment methods are not applicable, the benefits may be coursed through the participating HEIs, which are required to release the amounts to the grantees within the prescribed period. TES grants are subject to the availability of funds, with subsidy amounts determined by the UniFAST Board in accordance with its guidelines and annual budgetary appropriations.

The DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that are determined and set by DBP. Receivables related to DBP RISE amounted to ₱1.1 million and ₱1.9 million as at June 30, 2026 and 2025, respectively.

Receivables related to educational services and sale of educational materials and supplies decreased to ₱93.8 million as at June 30, 2026, from ₱135.3 million as at June 30, 2025, primarily attributable to the collection of outstanding accounts during the year. Receivables for educational services are recognized based on the percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Rent, utilities and other related receivables increased by ₱18.1 million to ₱50.2 million as at June 30, 2026, from ₱32.1 million as at June 30, 2025 largely attributed to new lease agreements during the year ended June 30, 2026.

Outstanding receivables also include amounts due from Philippine School of Business Administration, Inc. (PSBA Manila) and Philippine School of Business Administration Inc.-Quezon City (PSBA Quezon City), collectively referred to as "PSBA", in the total amount of ₱68.2 million and ₱31.6 million as at June 30, 2026 and 2025, respectively. These receivables largely represent management fees pursuant to the management agreement executed by STI ESG and PSBA in May 2024.

The Group's allowance for expected credit losses (ECL) recognized in compliance with the adoption of Philippine Financial Reporting Standards (PFRS) 9, *Financial Instruments*, increased from ₱156.7 million as at June 30, 2025 to ₱164.7 million as at June 30, 2026. Provision for ECL for the fiscal year ended June 30, 2026 amounted to ₱70.9 million. The respective Board of Directors (BODs) of STI ESG and its subsidiaries approved the write-off of receivables aggregating to ₱62.9 million for the fiscal year ended June 30, 2026. The receivables which were written off were largely associated with tuition and other school fees for SY 2023-2024.

Inventories decreased by ₱9.3 million or 6% from ₱163.8 million to ₱154.5 million as at June 30, 2026 primarily due to the disposal of inventory stocks carried over from the previous school year, partially offset by purchases made during the year.

Prepaid expenses and other current assets increased by ₱14.7 million, or 16%, from ₱94.2 million to ₱108.9 million as at June 30, 2026. The increase was primarily driven by higher input VAT and prepaid taxes. Input VAT rose by ₱9.5 million, or 21%, from ₱44.5 million to ₱54.0 million as at June 30, 2026, primarily driven by input VAT incurred on ongoing construction projects. Prepaid taxes increased due to higher local business taxes covering calendar year 2026. These increases were partially offset by lower advances to suppliers following the application of prepayments substantially related to completed school activities.

Equity instruments at FVPL increased by ₱81.5 million, from ₱11.5 million as at June 30, 2025 to ₱93.0 million as at June 30, 2026, primarily due to the reclassification of STI ESG's remaining equity interest in STI Holdings. During the year, 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 June 30, 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 audited consolidated statement of comprehensive income for the fiscal year ended June 30, 2026. Following the significant reduction in ownership, STI ESG ceased applying the equity method of accounting, and the remaining investment was reclassified to "Equity Instruments at FVPL". As at June 30, 2026, the remaining 66.5 million shares were valued at ₱1.23 per share or an aggregate amount of ₱81.8 million, resulting in a fair value gain on equity instruments at FVPL amounting to ₱21.7 million for the year ended June 30, 2026.

The carrying value of the equity instruments designated at FVPL pertaining to STI ESG's investment in quoted equity shares of RL Commercial REIT, Inc. (RCR) amounted to ₱7.19 per share or an aggregate of ₱11.1 million as at June 30, 2026 compared to ₱7.42 or an aggregate value of ₱11.5 million as at June 30, 2025. RCR is a real estate investment trust (REIT) company listed on the Philippine Stock Exchange. STI ESG recognized dividend income from RCR amounting to ₱0.7 million and ₱0.6 million in 2026 and 2025, respectively.

Property and equipment increased by ₱561.2 million, net of depreciation expenses aggregating to ₱562.6 million, from ₱8,050.3 million as at June 30, 2025 to ₱8,611.5 million as at June 30, 2026. The increase primarily reflects the acquisition of land in Calamba, Laguna, and additions to "Property and equipment" arising from completed and ongoing construction projects. Various school and office equipment, furniture and fixtures were likewise purchased during the fiscal year ended June 30, 2026. As at June 30, 2026, construction-in-progress is primarily related to the costs incurred for the construction of STI Academic Center Tanauan, STI Academic Center Meycauayan, STI Academic Center Alabang and the new school building at STI Batangas. The construction project at STI Batangas

was completed in October 2026, while the Tanauan and Meycauayan projects are expected to be completed in time for the second term of SY 2026-2027. STI Academic Center Alabang is slated for completion ahead of the opening of SY 2027-2028.

These additions to the "Property and equipment" account were offset by the depreciation expense recognized by the Group for the year ended June 30, 2026, reflecting the allocation of costs of these assets over their respective useful lives.

Investment properties increased by ₱383.2 million, net of depreciation expense, from ₱674.4 million as at June 30, 2025 to ₱1,057.6 million as at June 30, 2026. The increase primarily relates to the land acquired through acquisition of 190.0 million common shares, representing 100% of the total issued and outstanding capital stock of Phosphene Holdings, Inc. (PHI) from Total Consolidated Asset Management, Inc. (TCAMI) on June 17, 2026. The land is valued at ₱407.6 million at acquisition date.

Investments in and advances to associates and joint ventures decreased by ₱405.6 million, from ₱433.3 million as at June 30, 2025 to ₱27.7 million as at June 30, 2026, primarily due to the disposal of a substantial portion of STI ESG's equity interest in STI Holdings and the reclassification of its remaining interest to "Equity Instruments at FVPL".

The carrying value of the equity instruments at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱45.2 million as at June 30, 2026 compared to ₱78.1 million as at June 30, 2025, a decrease of ₱32.9 million. The decrease was primarily attributable to the disposal of STI ESG's entire investments in De Los Santos Medical Center Corporation (DLSMC) on May 16, 2026 consisting of 57,972 common shares to Metro Pacific Health Corporation (MPHC) for a total consideration of ₱39.5 million, equivalent to ₱681.49 per share, pursuant to Deeds of Absolute Sale. MPHC paid 85% of the purchase price aggregating to ₱33.6 million upon execution of the deeds, while the remaining balance amounting to ₱5.9 million was paid on July 29, 2026, upon completion of the conditions specified in the said deeds.

Deferred tax assets (DTA) increased by ₱4.9 million from ₱40.1 million as at June 30, 2025 to ₱45.0 million as at June 30, 2026. Of the increase, ₱3.8 million represents the tax effect of the remeasurement loss recognized on the Group's pension liability, while the remaining movement primarily relates to deferred taxes 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 ₱45.7 million from ₱697.3 million to ₱ 743.0 million as at June 30, 2026. This increase mainly pertains to advances to suppliers, recognized under "Other noncurrent assets", largely representing payments made in advance for the design and construction of STI Academic Center Alabang, STI Academic Center Meycauayan and STI Academic Center Tanauan. This was partially offset by the application of the deposit for purchase of shares of PHI as discussed in preceding paragraphs.

Total current liabilities increased by 55% or ₱891.5 million to ₱2,503.5 million as at June 30, 2026 from ₱1,612.0 million as at June 30, 2025. The increase was primarily driven by the reclassification of STI ESG's 10-year series bonds maturing in March 2027 under the current portion of liabilities. Unearned tuition and other school fees also increased from ₱163.0 million as at June 30, 2025 to ₱460.3 million as at June 30, 2026.

As at June 30, 2026, STI ESG reclassified its 10-year series bonds, maturing in March 2027, from non-current to current liabilities. The bonds' payable, net of deferred finance costs, amounted to ₱818.6 million and ₱816.7 million as at June 30, 2026 and 2025, respectively. These relate to STI ESG's ₱3.0 billion bond issuance listed on the Philippine Dealing and Exchange Corporation (PDEx), consisting of

7-year bonds due in 2024 and 10-year bonds due in 2027. The 7-Year Series Bonds amounting to ₱ 2,180.0 million with fixed annual coupon rate of 5.8085% matured and were fully paid in March 2024 while the 10-year Series Bonds continue to carry a coupon rate of 6.3756% per annum.

Accounts payable and other current liabilities increased by ₱10.3 million from ₱770.4 million as at June 30, 2025 to ₱780.7 million as at June 30, 2026. Accounts payable declined by ₱63.6 million from ₱401.2 million to ₱337.6 million as at June 30, 2026, 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. Meanwhile, accrued expenses rose by ₱21.3 million from ₱218.9 million as at June 30, 2025 to ₱240.2 million as at June 30, 2026 largely due to school related activities and contracted services incurred but not yet paid for as of June 30, 2026. This increase was partly offset by lower accrued interest payable, reflecting reduced outstanding loan balances following principal repayments on STI ESG's term loan facilities with various local banks, as well as lower interest rates upon repricing during the fiscal year ended June 30, 2026.

Excess payments for refund amounted to ₱68.0 million as at June 30, 2026 and ₱41.4 million as at June 30, 2025. These represent excess payments made by students, arising from overpayments, sponsorship adjustments, or approved scholarships. These amounts are recognized as a liability and will remain as such until the necessary documentation to initiate the refund process is received. The refund is expected to be settled within the next fiscal year.

The current portions of advance rent and security deposits increased by ₱12.3 million and ₱11.7 million, respectively, as at June 30, 2026, primarily due to the reclassification of amounts expected to be applied or settled within the next 12 months. Accordingly, other noncurrent liabilities decreased by ₱17.3 million from ₱29.6 million as at June 30, 2025 to ₱12.3 million as at June 30, 2026, mainly reflecting the reclassification of advance rent and security deposits to current liabilities.

Unearned tuition and other school fees increased by ₱297.3 million from ₱163.0 million as at June 30, 2025 to ₱460.3 million as at June 30, 2026. This account represents (1) advance payments for tuition and other school fees of the tertiary segment relating to the first term of SY 2026-2027, and (2) unearned portion of SHS students' assessments for SY 2026-2027, which were initially recognized as contract liabilities at the commencement of the school year. The related revenues will be recognized over time as the educational services are rendered throughout the SY 2026-2027 (see preceding discussions on "Receivables").

Current portion of interest-bearing loans and borrowings amounted to ₱341.8 million as at June 30, 2026, net of deferred finance charges amounting to ₱2.6 million. The balance as at June 30, 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 ₱461.7 million from ₱1,146.1 million to ₱684.4 million, net of deferred finance cost, as at June 30, 2025 and June 30, 2026, respectively, due to the reclassification from non-current portion to current portion of interest-bearing loans and borrowings that are due in the next twelve months. The decrease is also attributed to the prepayment of the outstanding Chinabank term loan balance.

Current portion of lease obligations amounted to ₱71.6 million and ₱64.3 million as at June 30, 2026 and June 30, 2025, respectively, representing lease obligations which are due within the next twelve months. Noncurrent lease liabilities declined by ₱23.0 million from ₱244.6 million to ₱221.6 million. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments and

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

Income tax payable amounted to ₱30.4 million and ₱34.1 million as at June 30, 2026 and 2025, respectively. These balances represent the income tax obligation of STI ESG and certain subsidiaries for the related fiscal years.

Pension liabilities increased by ₱41.5 million from ₱30.8 million to ₱72.3 million as at June 30, 2025 and June 30, 2026, respectively. This is mainly due to the remeasurement adjustments related to the equity shares forming part of STI ESG's pension assets for the same fiscal year amounting to ₱34.6 million, net of tax, and the recognition of pension expense amounting to ₱10.6 million. Similarly, The Group contributed ₱7.5 million to the pension fund on June 1, 2026.

Cumulative actuarial gain decreased to ₱40.6 million as at June 30, 2026 from ₱75.2 million as at June 30, 2025. The decrease reflects the changes in the market value of the equity investments held within the pension plan assets of the Group for the year ended June 30, 2026.

The Group's fair value adjustment on equity instruments at FVOCI decreased by ₱6.9 million from ₱17.3 million to ₱10.4 million as at June 30, 2026 attributed to STI ESG's disposal of its entire investment in DLSMC. Upon disposal of the investment, STI ESG transferred the related cumulative unrealized fair value gain amounting to ₱13.6 million to "Retained earnings". This decrease was partially offset by the fair value adjustments arising from changes in the market value of the quoted equity instruments held by STI ESG.

Retained earnings stood at ₱6,461.6 million as at June 30, 2026 or an increase of ₱1,586.3 million from ₱ 4,875.3 million. The Group registered a net income attributable to equity holders of the Parent Company amounting to ₱1,881.2 million for the fiscal year ended June 30, 2026. STI ESG declared cash dividends on December 12, 2025 amounting to ₱308.2 million which were subsequently settled in January 2026.

June 30, 2025 vs. June 30, 2024

LIQUIDITY AND CAPITAL RESOURCES

(in ₱ millions except financial ratios)	**Amount**		**Increase (Decrease)**	
	June 30, 2025	**June 30, 2024**	**Amount**	**%**
Consolidated financial position				
Cash and cash equivalents	1,594.6	1,191.7	402.9	34%
Current assets	2,297.1	1,793.3	503.8	28%
Total assets	12,270.6	11,221.0	1,049.6	9%
Current liabilities	1,612.0	1,428.5	183.5	13%
Total liabilities	3,879.8	4,224.3	(344.5)	(8%)
Equity attributable to equity holders of the parent	8,385.6	6,999.7	1,385.9	20%
Total equity	8,390.9	6,996.7	1,394.2	20%

(in ₱ millions except financial ratios)	Amount				Increase (Decrease)	
	June 30, 2025		June 30, 2024		Amount	%
Financial ratios						
Current ratio		1.43		1.26	0.17	13%
Asset-to-equity ratio	0.72	1.46	2.37	1.60	(1.65)(0.14)	(70%)(9%)
D/E*		0.44		0.59	(0.15)	(25%)
DSCR**		3.40		2.39	1.01	42%
ICR**		14.95		9.37	5.58	59%

* *The Group monitors its D/E ratio in accordance with the financial covenants prescribed in the loan and trust agreements (see Notes 17 and 18 of the Audited Consolidated Financial Statements). As at June 30, 2025 and 2024, STI ESG is compliant with the D/E ratio requirement of all its loan and trust agreements.*

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

DSCR under STI ESG's bond trust agreement is defined as EBITDA for the last twelve months divided by total interest-bearing debts and interest due in the past twelve months. DSCR under both the Term Loan and Bond Trust Agreements is pegged at 1.05:1.00. STI ESG's DSCR as at June 30, 2024, as defined in the bond trust agreement, is 0.77:1.00. STI ESG is compliant with the required covenants as at June 30, 2024. STI ESG is compliant with the ICR requirement, as at June 30, 2025 at 14.95:1.00.

The term loan agreements with BPI and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. STI ESG is compliant with the DSCR requirement as at June 30, 2025, as defined in the term loan agreements (see Note 17 of the Audited Consolidated Financial Statements). In April 2024, Chinabank-Trust and STI ESG executed a second supplemental agreement to (i) replace the financial covenant on DSCR of not less than 1.05:1.00 with an ICR of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA (see Note 18 of the Audited Consolidated Financial Statements). STI ESG is compliant with the ICR requirement as at June 30, 2024 at 9.37:1.00.

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

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

Cash and cash equivalents increased by ₱402.9 million or 34% from ₱1,191.7 million to ₱1,594.6 million as at June 30, 2024 and 2025, respectively. The Group generated ₱2,522.5 million in net cash from operating activities during the fiscal year ended June 30, 2025, primarily attributed to collection of tuition and other school fees. These funds were primarily utilized to fund major capital expenditures, including the second installment for the acquisition of a parcel of land located at South Park District, Alabang, Muntinlupa City, the construction of a new school building at STI Ortigas-Cainta campus, and down payment related to the construction of STI Academic Center Tanauan. Net cash used in investing activities at ₱993.4 million included expenditures related to solar panel installations, classroom expansion projects, and acquisition of various equipment and furniture for the schools owned and operated by STI ESG. The Group's net cash used in financing activities amounting to

₱ 1,126.2 million during the fiscal year ended June 30, 2025 was primarily attributed to (1) principal repayments aggregating to ₱562.2 million for STI ESG's term loans with Chinabank, BPI, and Metrobank, alongside interest and bond coupon payments totaling ₱215.6 million, and (2) cash dividends paid by STI ESG in January 2025. These outflows were partially offset by the ₱200.0 million loan drawn from STI ESG's Term Loan Facility with BPI in December 2024.

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

The receivables from students, specifically for tuition and other school fees, increased by ₱32.0 million from ₱279.0 million to ₱311.0 million. Outstanding receivables from DepEd for the SHS qualified vouchers, substantially pertaining to the current school year, amounted to ₱19.8 million as at June 30, 2025, posting an increase of ₱3.2 million from ₱16.6l million as at June 30, 2024.

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

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

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

Outstanding receivables also include amounts due from Philippine School of Business Administration, Inc. (PSBA Manila) and Philippine School of Business Administration Inc.-Quezon City (PSBA Quezon City), collectively referred to as "PSBA", in the total amount of ₱31.6 million and ₱0.6 million as at June 30, 2025 and 2024, respectively.

STI ESG's allowance for expected credit losses (ECL) recognized in compliance with the adoption of Philippine Financial Reporting Standards (PFRS) 9, Financial Instruments, increased from ₱155.6 million as at June 30, 2024 to ₱156.7 million as at June 30, 2025. Provision for ECL for the fiscal year ended June 30, 2025 amounted to ₱56.0 million. The respective Boards of Directors (BODs) of STI ESG and its subsidiaries approved the write-off of receivables aggregating to ₱54.9 million for the fiscal year ended June 30, 2025. The receivables which were written off were largely associated with tuition and other school fees for SY 2022-2023.

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

Prepaid expenses and other current assets decreased by ₱4.6 million, or 5%, from ₱98.8 million to ₱94.2 million as at June 30, 2025. Advances to suppliers registered a decline of ₱5.6 million or 42%, reflecting completion of delivery of goods and/or services acquired. Input VAT likewise decreased by ₱4.6

million, or 9%, from ₱49.1 million to ₱44.5 million as at June 30, 2025 reflecting application of input VAT against output VAT payable. These decreases were partially offset by the increase in prepaid subscriptions and licenses by ₱5.6 million or 38%, substantially attributed to eLMS and Adobe license subscriptions covering the remaining contract periods, within SY 2025-2026. These subscriptions are normally renewed annually and recognized as expense in accordance with the terms of the agreements.

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

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

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

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

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

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

The carrying value of the equity instruments at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱78.1 million as at June 30, 2025 compared to ₱76.0 million as at June 30, 2024. STI ESG's ownership interest in STI College Novaliches, Inc. was reduced from 100% to 6.25% and STI College Novaliches, Inc. became a direct subsidiary of STI Holdings effective January 2025 pursuant to

the subscription agreement between STI Holdings and STI College Novaliches, Inc. which was executed in June 2024, and upon SEC's approval of the authorized capital stock increase of STI College Novaliches, Inc. in January 2025. Consequently, STI ESG deconsolidated STI College Novaliches, Inc. and recognized its remaining equity interest amounting to ₱5.0 million, representing 6.25% ownership of the latter, under "Equity instruments at FVOCI" as at June 30, 2025. Similarly, STI ESG recognized unrealized fair value adjustments of negative ₱2.9 million for the year ended June 30, 2025 on its equity instruments measured at FVOCI, representing net decrease in the market values of the equity instruments held by STI ESG.

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

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

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

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

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

Advance rent decreased from ₱11.2 million as at June 30, 2024 to ₱2.7 million as at June 30, 2025 reflecting the expiration of certain lease agreements.

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

Current portion of interest-bearing loans and borrowings amounted to ₱580.3 million as at June 30, 2025, net of deferred finance charges amounting to ₱4.1 million. The balance as at June 30, 2025 represents the current portion of the Term Loans of STI ESG with BPI, Chinabank and Metrobank amounting to ₱144.4 million, ₱240.0 million, and ₱200.0 million, respectively. On the other hand, the non-current portion of interest-bearing loans and borrowings, decreased by ₱403.8 million from ₱ 1,549.8 million to ₱1,146.1 million, net of deferred finance cost, as at June 30, 2024 and June 30, 2025,

respectively, due to the reclassification from non-current portion to current portion of interest-bearing loans and borrowings that are due in the next twelve months. This decrease is net of the long-term portion of the loan drawn from STI ESG's Term Loan Facility with BPI in December 2024 amounting to ₱200.0 million of which ₱44.4 million is classified under the current portion as at June 30, 2025.

Current portion of lease obligations amounted to ₱64.3 million and ₱62.8 million as at June 30, 2025 and June 30, 2024, respectively, representing lease obligations which are due within the next twelve months. Noncurrent lease liabilities declined by ₱7.6 million from ₱252.2 million to ₱244.6 million. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities were recognized in the audited consolidated financial statements of the Group following the adoption of PFRS 16, Leases.

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

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

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

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

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

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

STI ESG's share in associate's unrealized fair value loss on equity instruments designated at FVOCI amounted to ₱34.6 thousand and ₱38.0 thousand, as at June 30, 2024 and 2025, respectively.

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

Results of Operations

The Consolidated Statements of Comprehensive Income provide insights on the financial performance of the Group for the fiscal years ended June 30, 2026, 2025, and 2024.

The discussion below summarizes the significant factors affecting the results of operations for the fiscal years ended June 30, 2026, June 30, 2025, and June 30, 2024.

Years ended June 30, 2026, vs June 30, 2025

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 7,845 from 54,567 students in SY2024-2025 to 62,412 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 student enrollment across the schools in the STI ESG network at the start of the SY are as follows:

	SY 2025-2026	SY 2024-2025	Decrease	
			Enrollees	Percentage
STI Network				
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 and post-graduate programs;
- Technical Education and Skills Development Authority (TESDA) — students under this group are enrolled in technical-vocational programs; and

- DepEd — students under this group are those enrolled in secondary education —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 face-to-face prior to the shift to a hybrid learning modality in the latter part of the academic year. The Group adopted a combination of 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 the majority of the schools within the STI network remained on a hybrid set-up until the end of SY 2025–2026. This approach was adopted following student consultations. Some schools which indicated preference for in-person learning have resumed to full face-to-face classes around mid-May 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.

	Years Ended June 30			
(Amounts in Peso millions)	**2026**	**2025**	**Increase (Decrease)**	
Revenues	4,368.1	4,449.5	(81.4)	(2%)
Costs and expenses	2,570.3	2,412.4	157.9	7%
Operating income	**1,797.8**	**2,037.1**	**(239.3)**	**(12%)**
Other income (expenses) - net	263.7	(37.0)	300.7	(813%)
Income before income tax	**2,061.5**	**2,000.1**	**61.4**	**3%**
Provision for income tax	180.5	187.0	(6.5)	(3%)
Net income	**1,881.0**	**1,813.1**	**67.9**	**4%**
Other comprehensive income (loss)	(28.0)	35.4	(63.4)	(179%)
Total comprehensive income	**1,853.0**	**1,848.5**	**(4.5)**	**0%**

The consolidated gross revenues of the Group reached ₱4,368.1 million for the fiscal year ended June 30, 2026 from ₱4,449.5 million revenues recognized for the fiscal year ended June 30, 2025. Net income after income tax rose by 4% to ₱1,881.0 million from ₱1,813.1 million for the fiscal years ended June 30, 2026 and 2025, respectively.

Tuition and other school fees amounted to ₱3,908.9 million for the fiscal year ended June 30, 2026, representing a decrease of ₱78.9 million or 2% from the previous year, reflecting overall enrolment trend for the year 2026. Adjustments in tuition and other school fees were implemented ranging from 2.1% to 6.7% for new and continuing tertiary students.

Revenues from educational services and royalty fees largely attributed to STI ESG's franchised schools aggregated to ₱263.7 million for the fiscal year ended June 30, 2026, posting a growth of 6%, and 1%,

respectively. Revenues from educational services to STI ESG's franchised schools are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED. This account includes management fees amounting to ₱22.5 million for the year ended June 30, 2026 and ₱14.1 million for the year ended June 30, 2025 under the management agreement among STI ESG, Philippine School of Business Administration (PSBA Manila), and Philippine School of Business Administration, Inc.–Quezon City (PSBA Quezon City) which was executed in May 2024. The agreement became effective on July 1, 2024 for PSBA Quezon City and on August 1, 2024 for PSBA Manila. The agreement has a term of three (3) years counting from the respective management commencement dates. PSBA Manila and PSBA Quezon City each 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 ₱91.9 million for the year ended June 30, 2026, compared to ₱118.7 million for the same period last year, which is consistent with the freshmen enrollment levels. Sales for both periods were mainly attributable to uniforms. The related cost of educational materials and supplies sold amounted to ₱ 68.0 million for the year ended June 30, 2026, compared to ₱93.5 million for the same period last year, which is aligned with the movement in sales.

Other revenues rose to ₱103.6 million for the fiscal year ended June 30, 2026, up by ₱10.9 million or 12% from ₱92.7 million for the fiscal year ended June 30, 2025. The increase was primarily attributable to charges related to specialized cybersecurity platform and increase in the number of Amadeus subscriptions. This account likewise includes revenue recognized from the issuance of academic credentials of students. The related charges for the franchised schools are taken up as part of "Other Revenues" while the related costs are reported as part of "Cost of Educational Service - Other service costs".

The cost of educational services is higher by ₱97.2 million, from ₱1,053.0 million to ₱1,150.2 million for the fiscal years ended June 30, 2025 and 2026, respectively. This increase is primarily attributed to higher depreciation expense, as well as subscription costs, reported as part of the "Cost of student activities, programs and other related expenses" in the audited consolidated statements of income for the fiscal year ended June 30, 2026.

Instructors' salaries and benefits declined by ₱6.3 million from ₱479.1 million to ₱472.8 million, reflecting the cost of smaller faculty roster concomitant with the overall enrolment trends during the year.

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 consolidated statement of comprehensive income. Depreciation and amortization under the cost of educational services section amounted to ₱355.2 million and ₱306.7 million for the fiscal years ended June 30, 2026 and 2025, respectively, while depreciation and amortization recognized under the general and administrative expenses section amounted to ₱236.2 million for the fiscal year ended June 30, 2026, compared to ₱213.7 million for the fiscal year ended June 30, 2025.

Expenses attributed to student activities, programs and other related expenses amounted to ₱262.9 million for the fiscal year ended June 30, 2026 compared to ₱204.3 million for the fiscal year ended June 30, 2025. This account includes subscription costs for the use of eLearning Management System, MS License, Amadeus, 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 likewise attributed to 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 initiatives to align laboratory requirements with current industry practices. The cybersecurity, CAD, and Adobe platforms support structured, skills-based assessments and provide students with opportunities to demonstrate competencies aligned with industry-recognized certifications. These certifications are relevant to improving graduate employability in fields where validated technical competencies are increasingly required. The related revenues for the aforementioned are recognized as part of tuition and other school fees for owned schools and as part of other revenues for franchised schools.

School materials and supplies amounted to ₱26.7 million, compared to ₱24.0 million for the year ended June 30, 2026 and 2025, respectively, largely representing materials and other consumables used in academic and practical activities in the schools, including the production of examinations and other instructional materials.

Rental expense under the cost of educational services section amounted to ₱23.0 million, compared to ₱29.4 million for the fiscal years ended June 30, 2026 and 2025, respectively, while rental expense recognized under the general and administrative expenses section amounted to ₱9.9 million, compared to ₱12.6 million for the fiscal years ended June 30, 2026 and 2025, respectively. The decreases were primarily attributable to certain lease arrangements qualifying for recognition under PFRS 16, *Leases*. Accordingly, the related right-of-use assets and lease liabilities were recognized, with the corresponding depreciation and interest expenses recorded separately, instead of recognizing the lease payments entirely as rental expense.

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 ₱6.9 million to ₱6.4 million for the fiscal years ended June 30, 2025 and 2026, respectively. The decrease was partially offset by higher cloud service costs incurred to support the Group's various operational requirements. Infrastructure and software maintenance, reported under the "General and Administrative Expenses" section, amounted to ₱2.3 million for the fiscal year ended June 30, 2025 to ₱2.8 million for the fiscal year ended June 30, 2026. 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 decreased from ₱3,303.0 million to ₱3,150.0 million for the fiscal years ended June 30, 2025 and 2026. Gross margin remained stable at 70%+ level for the same periods.

General and administrative expenses increased by 7% or ₱86.3 million, from ₱1,265.9 million to ₱1,352.2 million for the fiscal years ended June 30, 2025 and 2026, respectively.

Salaries and benefits rose to ₱370.3 million for the fiscal year ended June 30, 2026 compared to the same period last year of ₱346.3 million. The increase was primarily driven by merit-based salary adjustments and performance bonuses granted during the second quarter of the fiscal year ended June 30, 2026, as well as the onboarding of personnel to fill previously vacant plantilla positions throughout the fiscal year.

Light and water expenses are higher by ₱8.6 million from ₱160.2 million to ₱168.8 million for the fiscal years ended June 30, 2025 and 2026, respectively. The increase was primarily driven by higher average rate per kilowatt hour and per cubic meter for light and water expenses, respectively, compared to same period last year. These higher costs were partly offset by the savings generated by the solar power systems installed at several wholly owned schools of STI ESG.

Outside services, including security and janitorial services, are higher by ₱8.6 million from ₱120.1 million to ₱128.7 million for the fiscal years ended June 30, 2025 and 2026, respectively, mainly attributed to increase in minimum wage rates passed on by security and janitorial service providers.

Professional fees are higher by ₱8.1 million from ₱111.0 million to ₱119.1 million for the fiscal years ended June 30, 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 PFRS Accounting Standards, which mandate that assets be assessed for potential impairment at regular intervals to ensure that their carrying amounts reflect current market conditions.

The Group recognized a provision for ECL, net of reversals, amounting to ₱70.9 million, largely representing ECLs on outstanding receivables from students' tuition and other school fees for the fiscal year ended June 30, 2026. This provision for ECL is higher by ₱14.9 million compared to ₱56.0 million for the fiscal year ended June 30, 2025. The provisions for ECL in 2025 are net of reversals, representing the recovery of prior expected credit losses recognized in previous fiscal years. Meanwhile, the 2026 provision includes the ECL recognized on the related tuition and other school fee receivables for SY 2026–2027 that were recorded as at June 30, 2026, as discussed under the preceding paragraphs. In accordance with PFRS 9, *Financial Instruments*, the Group recognizes lifetime ECL on its receivables based on the credit losses expected over their remaining lives, even if the receivables are not yet past due. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from the students for prior years.

The Group likewise recognized a provision for inventory obsolescence amounting to ₱0.3 million and ₱0.4 million for the fiscal years ended June 30, 2025 and 2026, respectively, representing outdated school materials & supplies and proware items which are deemed obsolete.

Taxes and licenses expenses rose by ₱9.8 million from ₱48.1 million for the fiscal year ended June 30, 2025 to ₱57.9 million for the fiscal year ended June 30, 2026, primarily due to higher local business taxes for calendar year 2026, recognition of additional gross receipts tax amounting to ₱1.4 million arising from the prepayment of the outstanding term loan facility with Chinabank and documentary stamp tax related to the sale of investment in DLSMC.

Advertising and promotions expense is lower by ₱10.6 million from ₱37.1 million to ₱26.5 million for the fiscal years ended June 30, 2025 and 2026, respectively. 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.

Insurance expense is higher by ₱1.7 million from ₱19.3 million to ₱21.0 million for the fiscal years ended June 30, 2025 and 2026, respectively, reflecting higher premiums arising from the increase in value of insured STI ESG properties following recently completed projects and acquisitions.

Association dues increased by ₱5.9 million from ₱8.9 million to ₱14.8 million for the fiscal years ended June 30, 2025 and 2026, respectively, substantially representing dues paid by STI ESG for its investment properties.

Office and housekeeping supplies decreased by ₱2.3 million, from ₱10.4 million to ₱8.1 million, reflecting changes in purchasing levels aligned with current operational demand.

The other general and administrative expenses associated with communication and the use of payment channels also increased, driven by the Group's growing business activities. On the other hand, the Group reported lower spending on meetings and conferences, entertainment, amusement and recreation, transportation and travel during the fiscal year ended June 30, 2026.

The Group posted an operating income of ₱1,797.8 million for the fiscal year ended June 30, 2026 from ₱2,037.1 million for the fiscal year ended June 30, 2025 attributable to higher depreciation expenses arising from completed projects, coupled with changes in revenue levels reflecting overall enrolment trends during the year.

The disposals of STI ESG's equity interest in STI Holdings, as discussed in the preceding paragraphs, have resulted in gain amounting to ₱200.5 million, reflected as "Gain on disposals of interest in an associate" in the Group's consolidated statement of comprehensive income for the fiscal year ended June 30, 2026.

Interest expenses decreased by ₱57.8 million, from ₱233.7 million to ₱175.9 million for the fiscal year ended June 30, 2026. 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% per annum, respectively, compared to 7.8735%, 7.8749%, and 7.8135% per annum, 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 ₱8.0 million, from ₱108.1 million to ₱116.1 million for the fiscal years ended June 30, 2025 and 2026, respectively, representing new lease agreements in some of STI ESG's investment properties.

Interest income largely earned from the Group's short-term investments rose from ₱30.3 million for the fiscal year ended June 30, 2025 to ₱52.4 million for the fiscal year ended June 30, 2026, largely due to higher levels of short-term investments.

Fair value gain on equity instruments at FVPL amounted to ₱21.3 million and ₱3.4 million for the fiscal years ended June 30, 2026 and 2025, respectively. The fair value gain in 2026 includes the adjustments amounting to ₱21.7 million, attributable to the remeasurement of STI ESG's remaining ownership interest in STI Holdings. On the other hand, STI ESG recognized a fair value loss amounting to ₱0.4 million and a fair value gain of ₱3.4 million for the fiscal years ended June 30, 2026 and 2025, respectively, from its investment in RL Commercial REIT, Inc.

The Group recognized as income the recovery of accounts written-off amounting to ₱7.5 million for the fiscal year ended June 30, 2026 compared to ₱8.8 million for the fiscal year ended June 30, 2025.

Equity in net earnings of associates and joint venture amounted to ₱6.7 million for the fiscal year ended June 30, 2026, compared to ₱22.0 million for the fiscal year ended June 30, 2025 reflecting the change in accounting for STI ESG's ownership interest in STI Holdings as at June 30, 2026. STI ESG ceased the equity method of accounting for STI Holdings effective December 2025.

Dividend income amounted to ₱4.3 million for the fiscal year ended June 30, 2025 compared to ₱5.8 million for the fiscal year ended June 30, 2026. This represents dividend income of ₱0.7 million from RCR, ₱3.3 million from DLSMC and ₱1.8 million from STI Marikina, an associate of STI ESG, for the

fiscal year ended June 30, 2026. Dividends from RCR, DLSMC, and STI Marikina amounting to ₱0.6 million, ₱2.2 million and ₱1.5 million, respectively, were recognized for the fiscal year ended June 30, 2025.

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 fiscal year ended June 30, 2025. STI ESG recognized an unrealized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱0.2 million for the fiscal year ended June 30, 2026.

The Group also recognized other income aggregating to ₱29.0 million and ₱1.0 million, net of other expenses, for the fiscal years ended June 30, 2026 and 2025, respectively. This account includes the "Gain on termination of lease" amounting to ₱14.3 million recognized by STI ESG substantially from a lease agreement that was deemed terminated following the acquisition of a parcel of land, in Calamba, Laguna, where STI Academic Center Calamba is situated. This account likewise includes ₱15.3 million in income from the condonation of liability recognized by STI Training Academy, Inc. (STI Training Academy), a subsidiary of STI ESG. In May 2026, STI Training Academy recognized maritime simulators received from a third party with an aggregate carrying amount of ₱15.3 million, together with the corresponding liability. The liability was subsequently derecognized and recognized as other income after the third party condoned the collection of the same. Other income for the fiscal years ended June 30, 2026 and 2025 is presented net of bond maintenance fees amounting to ₱0.6 million each for the fiscal years ended June 30, 2026 and 2025.

The Group recognized "Provision for income tax" amounting to ₱180.5 million and ₱187.0 million for the fiscal years ended June 30, 2026 and 2025, respectively.

STI ESG reported a net income of ₱1,880.9 million for the fiscal year ended June 30, 2026, compared to ₱1,813.1 million for the fiscal year ended June 30, 2025. The increase was primarily driven by the ₱200.5 million gain recognized from the disposal of STI Holdings shares. Net income margin stood at 43%, compared to 41% for the same period last year.

STI ESG recognized remeasurement loss, net of taxes, in pension liability of ₱34.6 million for the fiscal year ended June 30, 2026, compared to remeasurement gain, net of taxes, of ₱38.5 million for the fiscal year ended June 30, 2025, due to the lower market value of equity shares forming part of pension assets of the Group.

The unrealized fair value gain on equity instruments designated at FVOCI amounted to ₱6.6 million for the fiscal year ended June 30, 2026, compared to negative ₱2.9 million for the fiscal year ended June 30, 2025. The movement represents fair value adjustments in the market value of quoted and unquoted equity shares held by STI ESG.

STI ESG's share in associate's remeasurement loss on pension liability amounted to ₱0.2 million for the year ended June 30, 2025 and was recognized in the consolidated statement of comprehensive income. STI ESG ceased the equity method of accounting for STI Holdings effective December 2025 following the reduction of its ownership interest.

Total comprehensive income for the fiscal year ended June 30, 2026 amounted to ₱1,853.0 million compared to ₱1,848.5 million for the fiscal year ended June 30, 2025.

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

condonation of liability, decreased from ₱2,589.0 million for the fiscal year ended June 30, 2025 to ₱2,424.6 million for the fiscal year ended June 30, 2026. Depreciation and interest expenses for purposes of this computation exclude those related to Right-of-Use (ROU) assets and lease liabilities, respectively. EBITDA margin stood at 56% for the fiscal year ended June 30, 2026 compared to 58% for the same period last year, notwithstanding the increase in direct and operating expenses during the period.

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 ₱1,624.2 million for the fiscal year ended June 30, 2026, compared to core income for the same period last year of ₱1,766.7 million. Core income margin stood at 37% for the year ended June 30, 2026, from 40% in 2025.

Years ended June 30, 2025, vs June 30, 2024

Enrollment figures of the Group for SY 2024-2025 grew by 17.0% with enrollment of 121,374 for SY 2024-2025 compared to 103,982 enrollees in SY 2023-2024. In SY 2024-2025, the total count of new students reached nearly 49,000, almost at par with the number of new student enrollees reported for SY 2023-2024. Enrollment in programs regulated by CHED registered a remarkable 21% increase, climbing to over 86,000 students from more than 71,000 in SY 2023-2024. In addition, the retention rate[1] remained steady at 99%, while the migration rate[2] registered at 93% in SY 2024-2025 from 94% in SY 2023-2024.

The student enrollment across the schools in the STI ESG network at the start of the SY are as follows:

	SY 2024-2025	SY 2023-2024	Increase	
			Enrollees	Percentage
STI Network				
Owned schools	84,122	71,782	12,340	17%
Franchised schools	37,252	32,200	5,052	16%
Total Enrollees	**121,374**	**103,982**	**17,392**	**17%**

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

- CHED – students under this group are enrolled in tertiary and post-graduate programs;
- TESDA – students under this group are enrolled in technical-vocational programs; and
- DepEd – students under this group are those enrolled in secondary education – JHS and SHS.

	SY 2024-2025	%	SY 2023-2024	%
CHED	86,447	71%	71,159	68%
TESDA	1,760	2%	1,682	2%
DEPED[3]	33,167	27%	31,141	30%
TOTAL	**121,374**	100%	**103,982**	100%

[1] *Retention rate refers to the percentage of the students retained at the end of the term compared to the number of students at the beginning of the term.*
[2] *Migration rate refers to the percentage of students, excluding graduates, who enrolled from the previous term to the next term.*
[3] *DepEd count represents 32,501 SHS students and 666 JHS students for SY 2024-2025, while for SY 2023-2024, count represents 30,674 SHS students and 467 JHS students.*

In SY 2024-2025, classes across all levels started on August 12, 2024 while for SY 2023-2024, classes started on August 29, 2023. Classes are held onsite across all levels for both school years.

The Group remains committed to ensuring adherence to the guidelines set by Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), CHED, DepEd, local government units (LGUs), and all pertinent agencies that have released information and guidance on the conduct of face-to-face classes.

	Years Ended June 30			
(Amounts in Peso millions)	**2025**	**2024**	**Increase (Decrease)**	
Revenues	4,449.5	3,696.4	753.1	20%
Costs and expenses	2,412.4	2,221.2	191.2	9%
Operating income	**2,037.1**	**1,475.2**	**561.9**	**38%**
Other income (expenses) - net	(37.0)	(72.0)	35.0	(49%)
Income before income tax	**2,000.1**	**1,403.2**	**597.0**	**43%**
Provision for income tax	187.0	127.4	59.7	47%
Net income	**1,813.1**	**1,275.8**	**537.3**	**42%**
Other comprehensive income (loss)	35.4	42.1	(6.7)	(16%)
Total comprehensive income	**1,848.5**	**1,317.9**	**530.6**	**40%**

The consolidated gross revenues of the Group reached ₱4,449.5 million for the fiscal year ended June 30, 2025, reflecting a 20% increase from ₱3,696.4 million revenues recognized for the fiscal year ended June 30, 2024. Net income after income tax rose by 42% to ₱1,813.1 million from ₱ 1,275.8 million for the fiscal years 2025 and 2024, respectively.

Tuition and other school fees reached ₱3,987.8 million for the fiscal year ended June 30, 2025, which marked a substantial increase of ₱685.4 million or 21% compared to the same period in 2024. The growth was primarily driven increase in student enrollment which grew by 17% for SY 2024-2025 reaching over 121,000 students compared to nearly 104,000 in SY 2023-2024. New students enrolled in CHED programs rose by 9% from over 29,000 in SY 2023-2024 to approximately 32,000 in SY 2024-2025. Overall enrollment in programs regulated by CHED registered an impressive 21% increase to more than 86,000 in SY 2024-2025 up from over 71,000 students in the prior year. As CHED programs generate higher revenues per student, this increase further bolstered the Group's financial performance for the fiscal year ended June 30, 2025. In addition, STI ESG implemented an average of 5% tuition fee increase for incoming tertiary students for SY 2024-2025.

Revenues from educational services and royalty fees, largely attributed to STI ESG's franchised schools, amounting to ₱229.0 million and ₱21.3 million for the fiscal year ended June 30, 2025, posted a growth of 31%, and 23%, respectively, primarily due to increase in student enrollment and improved collection efficiency for SY 2024-2025. Revenues from educational services to STI ESG's franchised schools are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED. This account also included management fees of ₱14.1 million arising from the management agreement executed in May 2024 among STI ESG, PSBA Manila, and PSBA Quezon City, as discussed in previous paragraphs.

Other revenues rose to ₱92.7 million for the fiscal year ended June 30, 2025, up by ₱17.5 million or 23% from ₱75.2 million for the fiscal year ended June 30, 2024. The increase is largely attributed to the growth in student population, which also drove other revenue streams related to school-related services and activities. The related charges for the franchised schools are taken up as part of "Other Revenues" while the related costs are reported as part of "Cost of Educational Service - Other service costs".

The revenues generated from the sale of educational materials and supplies amounted to ₱118.7 million for the fiscal year ended June 30, 2025, compared to ₱126.3 million in prior year, mainly reflecting timing differences in uniform sales. Sales for both periods were primarily driven by uniform and

proware items. The cost of educational materials and supplies sold likewise decreased concomitant with the decrease in the sale of educational materials and supplies.

The cost of educational services is higher by ₱79.4 million, from ₱973.6 million to ₱1,053.0 million for the fiscal years ended June 30, 2024 and 2025, respectively. This increase is primarily attributed to higher instructors' salaries and benefits. Higher depreciation expense is also recognized reflecting the related charges for the fiscal year ended June 30, 2025 attributed to several capital projects which were completed during the fiscal year.

Instructors' salaries and benefits are up by ₱71.8 million from ₱407.3 million to ₱479.1 million, reflecting the cost of a larger faculty roster concomitant with the increase in student population.

The completion of the new school building at STI Ortigas-Cainta, major renovation and rehabilitation projects in certain schools, along with the increase in the number of classrooms across several STI ESG-owned and operated schools, contributed to the significant increase in the Group's depreciation expense. The Group likewise recognized the depreciation expense for solar projects across several other schools owned and operated by STI ESG which were completed on various dates in 2024. These projects, along with the acquisition of new equipment and furniture, led to higher depreciation charges of the Group, and reflect the increase reported both under the cost of educational services and the general and administrative expense sections of the consolidated statements of comprehensive income for the fiscal year ended June 30, 2025.

Expenses attributed to student activities, programs and other related expenses decreased by ₱12.3 million from ₱216.6 million for the fiscal year ended June 30, 2024 to ₱204.3 million during the fiscal year ended June 30, 2025. The decrease was primarily due to costs incurred from the national youth convention held in 2024. The Group has since redirected this activity and bolstered its e-sports and sports activities. The Group likewise has strengthened the implementation of both local activities and national level competitions. These initiatives have proven to be more engaging for students — nurturing talent, leadership, and collaboration across campuses that enhance the overall student experience.

STI ESG transitioned from annual support and maintenance contracts to on-demand engagements with the respective third-party providers for its computerized accounting and enrollment systems during the fiscal year 2025. This shift in contracting approach resulted in lower expenses related to infrastructure and software maintenance, reflected under both cost of educational services and general and administrative expenses, relative to fiscal year 2024. Concurrently, STI ESG is in the process of implementing new financial and enrollment systems to streamline the Group's financial and enrollment processes and students' information and records management so as to enhance operational efficiency over the long term.

Gross profit improved from ₱2,626.8 million to ₱3,303.0 million for the fiscal years ended June 30, 2024 and 2025, respectively, primarily due to higher enrollment, with a notable 21% increase in students enrolled in CHED-regulated programs. Similarly, gross profit margins improved from 71% to 74% year-on-year attributed to higher operating leverage.

General and administrative expenses increased by 10% or ₱114.2 million, from ₱1,151.6 million to ₱1,265.8 million for the fiscal years ended June 30, 2024 and 2025, respectively.

Salaries and benefits rose to ₱346.3 million for the fiscal year ended June 30, 2025 compared to the same period in 2024 of ₱327.5 million. The increase was primarily driven by merit-based salary adjustments and bonuses granted during the second quarter of the fiscal year ended June 30, 2025, as well as the onboarding of personnel to fill previously vacant plantilla positions throughout the fiscal year. This account also includes pension expenses aggregating to ₱13.9 million and ₱34.7 million for the years

ended June 30, 2025 and 2024, respectively. The Group's pension expense for 2024 includes the past service cost amounting to ₱21.9 million associated with the adoption of the STI ESG Multi-employer Retirement Plan in the same year.

Light and water expenses increased by ₱16.5 million from ₱143.7 million to ₱160.2 million for the fiscal years ended June 30, 2024 and 2025, respectively, driven by the higher kilowatt-hour consumption associated with the capacity expansion projects and higher student population, and an increase in the average kilowatt rate during the fiscal year ended June 30, 2025 compared with the same period in 2024. This consumption is net of cost savings from the solar power system installed at STI Ortigas-Cainta in 2023, which has a total capacity of 212 kilowatts, and solar panels installed in several other schools owned and operated by STI ESG namely: STI Batangas, STI Pasay-EDSA, STI Novaliches, STI Las Piñas, and STI Sta. Mesa on various dates in 2024 with a combined capacity of 674 kilowatts of electricity.

Outside services including security and janitorial services are higher by ₱13.1 million from ₱107.0 million to ₱120.1 million for the fiscal years ended June 30, 2024 and 2025, respectively. Some schools reported an uptick in security and janitorial personnel to address the heightened operational requirements associated with the capacity expansion projects. In addition, the higher minimum wage rates imposed by security and utility service providers contributed to the higher security and janitorial expenses.

Professional fees are higher by ₱13.7 million amounting to ₱111.0 million for the fiscal year ended June 30, 2025 compared to ₱97.3 million for the fiscal year ended June 30, 2024 primarily due to higher costs associated with corporate and general counsel services.

The Group recognized a provision for ECL, net of reversals, amounting to ₱56.0 million, largely representing ECLs on outstanding receivables from students' tuition and other school fees for the fiscal year ended June 30, 2025. This provision for ECL is higher by ₱31.4 million compared to ₱24.6 million for the fiscal year ended June 30, 2024. The provisions for ECL are net of reversals, representing the recovery of prior expected credit losses recognized in previous fiscal years. The receivables collected by the schools during the fiscal year 2025 improved compared to fiscal year 2024. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from the students for prior years.

The Group recognized a provision for impairment loss on goodwill amounting to nil and ₱14.3 million for the fiscal years ended June 30, 2025 and 2024, respectively. The provision for impairment in 2024 is attributed to the impairment of goodwill recognized for NPIM. For SY 2021-2022, NPIM exclusively enrolled students for JHS and SHS. Its former grade school students were advised earlier to transfer to another school or were refunded the fees paid, if any. For SY 2022-2023, the JHS and SHS students of NPIM were given the option to transfer to STI Sta Mesa, another school owned and operated by STI ESG. NPIM ceased operations effective June 30, 2022. The cessation of operations of NPIM did not have a material financial impact on the Group.

STI ESG recognized a provision for impairment of investment and advances to associates and joint venture amounting to nil and ₱1.7 million for the fiscal years ended June 30, 2025 and 2024, respectively. The provision in fiscal year 2024 amounting to ₱1.7 million relates to STI ESG's 40% interest in Philippine Health Educators, Inc. (PHEI) reflecting the net impact after accounting for the estimated book value of the investment. The BOD, and the stockholders of PHEI on March 3, 2025, agreed to shorten its corporate life to June 30, 2026. On June 30, 2025, the SEC approved the amendment of the Articles of Incorporation of PHEI stating that the term of existence of PHEI is until June 30, 2026.

The Group likewise recognized a provision for inventory obsolescence amounting to ₱0.3 million and ₱1.0 million for the fiscal years ended June 30, 2025 and 2024, respectively, representing outdated school materials & supplies and proware items which are deemed obsolete.

Taxes and licenses expense is higher by ₱11.0 million from ₱37.1 million to ₱48.1 million for the fiscal years ended June 30, 2024 and 2025, respectively, primarily driven by higher local business taxes, which grew concomitant with the increase in the Group's revenues.

Advertising and promotions expense is lower by ₱2.6 million from ₱39.7 million to ₱37.1 million for the fiscal years ended June 30, 2024 and 2025, respectively, reflecting reduced promotion costs for SY 2024-2025.

Repairs and maintenance expenses increased by ₱1.9 million from ₱30.0 million to ₱31.9 million for the fiscal years ended June 30, 2024 and 2025, respectively. The increase was primarily due to facility refurbishments and corrective maintenance activities carried out during the SY 2024–2025 across various campuses.

Insurance expense is higher by ₱2.3 million from ₱17.0 million to ₱19.3 million for the fiscal years ended June 30, 2024 and 2025, respectively, reflecting higher premiums arising from the increase in value of insured STI ESG properties following recently completed projects and acquisitions. Similarly, office and housekeeping supplies increased by ₱4.1 million, from ₱6.3 million to ₱10.4 million. The increase was mainly driven by higher housekeeping costs arising from the completion of the new school building at STI Ortigas-Cainta and classroom expansion projects in several STI ESG–owned and operated schools. The additional spaces necessitated higher spending on cleaning and maintenance supplies to ensure operational efficiency.

Association dues increased by ₱4.2 million from ₱4.7 million to ₱8.9 million for the fiscal years ended June 30, 2024 and 2025, respectively, substantially representing dues paid by STI ESG for its investment properties.

The other general and administrative expenses such as transportation, communication, and convenience fees for the use of Group's payment channels also increased. The increase was primarily driven by the Group's growing business activities, and the increase in student population requiring greater operational resources and services across various expense categories.

The Group posted an operating income of ₱2,037.1 million for the fiscal year ended June 30, 2025, a 38% increase from the ₱1,475.2 million operating income recorded during the same period in 2024. The improvement was mainly driven by higher revenues, attributed to a larger student population, and significant rise in the number of students enrolled in CHED programs offered by the Group. The operating margin reached 46% for the fiscal year ended June 30, 2025, compared to 40% for the fiscal year ended June 30, 2024. This improvement likewise reflects the Group's effective management of the costs of educational services, and general and administrative expenses, alongside the benefits of increased operating leverage.

Interest expenses decreased by ₱36.2 million, from ₱269.9 million to ₱233.7 million for the fiscal year ended June 30, 2025. This reduction is primarily attributed to principal payments made by STI ESG on its Term Loan Facility with Chinabank in March 2024 and September 2024, and the full settlement of STI ESG's loans from its Corporate Notes Facility with Chinabank in September 2023. STI ESG likewise redeemed in full its series 7-year bonds aggregating to ₱2,180.0 million in March 2024. Interest rates on STI ESG's outstanding interest-bearing loans under the Term Loan Facility with Chinabank was adjusted from 6.5789% to 8.0472% per annum effective September 19, 2023. The Term Loan facility of STI ESG with Chinabank is subject to annual interest rate resetting and the loan was repriced at 7.8749% per annum effective September 19, 2024. Starting from September 19, 2025, the interest rate on the outstanding loan of STI ESG under its Term Loan facility with Chinabank was adjusted to 7.1577% per annum. Interest expense also reflects interest charges on new drawdowns made in March 2024

amounting to ₱500.0 million from STI ESG's Term Loan Facility with BPI, and ₱1,000.0 million from STI ESG's Term Loan Facility with Metrobank, bearing interest rates of 8.4211% and 7.8503% per annum, respectively. The interest rates for these loans of STI ESG with BPI and Metrobank were repriced effective September 18, 2024 at 7.8735% and 7.8135% per annum, respectively. In addition, the account includes interest incurred on the ₱200.0 million loan drawn by STI ESG from its Term Loan Facility with BPI in December 2024 subject to interest rate of 7.8201% per annum and maturing on March 18, 2029. These loans from BPI and Metrobank are subject to semi-annual interest rate resetting. On the subsequent repricing date, the interest rates for these loans of STI ESG with BPI and Metrobank were repriced at per annum rates of 7.4395% and 7.4213%, respectively, effective March 18, 2025. Interest rates for the outstanding loans under these Term Loan Facilities with BPI and Metrobank were repriced effective September 18, 2025 at the rates of 7.0588% per annum and 7.0517% per annum, respectively.

Rental income decreased by ₱3.3 million year-on-year from ₱111.3 million to ₱108.0 million for the fiscal years ended June 30, 2024 and 2025, respectively, reflecting the expiration or the scheduled maturity dates of some of the lease agreements in one of STI ESG's investment properties.

Interest income decreased from ₱41.5 million for the fiscal year ended June 30, 2024 to ₱30.3 million for the fiscal year ended June 30, 2025 as STI ESG and its subsidiaries utilized available funds to support the ongoing capital projects and meet financing obligations.

STI ESG sold 68 million of its shares in STI Holdings across various dates during the fiscal year ended June 30, 2025, for an aggregate consideration of ₱88.0 million. Consequently, STI ESG's equity interest in STI Holdings decreased from 5.05% to 4.37% as at June 30, 2025. This resulted in "Gain on disposals of interest in an associate" amounting to ₱24.6 million for the fiscal year ended June 30, 2025.
Equity in net earnings of associates and joint venture amounted to ₱22.0 million for the fiscal year ended June 30, 2025, compared to ₱18.8 million for the fiscal year ended June 30, 2024 reflecting improved results of operations of certain associates of STI ESG.

Gain on disposal of property and equipment amounted to ₱485.3 thousand for the fiscal year ended June 30, 2024 (nil in 2025). This represented gain on the disposal of property and equipment that were no longer in use.

The Group recognized as income the recovery of accounts written-off amounting to ₱8.8 million for the fiscal year ended June 30, 2025 compared to ₱5.8 million for the fiscal year ended June 30, 2024.

Dividend income amounted to ₱2.9 million for the fiscal year ended June 30, 2024 compared to ₱4.3 million for the fiscal year ended June 30, 2025. This represents dividend income of ₱0.6 million from RCR, ₱2.2 million from DLSMC and ₱1.5 million from STI Marikina, an associate of STI ESG, for the fiscal year ended June 30, 2025. Dividends from RCR, DLSMC, and STI Marikina amounting to ₱0.6 million, ₱1.1 million and ₱1.2 million, respectively, were recognized for the fiscal year ended June 30, 2024.

The Group recognized a realized foreign exchange adjustment amounting to negative ₱5.7 million for the fiscal year ended June 30, 2025 as STI ESG converted substantially all its US dollar money market placements to local currency and redeemed its US dollar time deposit placements in August 2024. For the fiscal year ended June 30, 2024, the Group recognized unrealized foreign exchange gain of ₱7.7 million. The Group also recognized realized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱9.6 million for the fiscal year ended June 30, 2024.

Fair value gain on equity instruments at FVPL amounting to ₱3.4 million was recognized for the fiscal year ended June 30, 2025, compared to fair value loss amounting to ₱0.9 million for the fiscal year ended June 30, 2024, representing adjustments in the market value of STI ESG's quoted equity shares.

The Group also recognized other income aggregating to ₱1.0 million, net of other expenses, for the fiscal year ended June 30, 2025, substantially attributed to gain recognized on the termination of a lease agreement which was previously accounted for under the PFRS 16 and unrealized gain on STI ESG's short term investments as at June 30, 2025. The "Gain on the termination of lease" amounting to ₱1.6 million is recognized as part of "Other income (expense)" in the Group's audited consolidated statement of income for the fiscal year ended June 30, 2025. In comparison, the Group reported other expenses-net of ₱2.5 million for the year ended June 30, 2024. Other income is presented net of bond maintenance fees amounting to ₱0.6 million and ₱2.5 million for the fiscal years ended June 30, 2025 and 2024, respectively.

In September 2023, STI ESG fully paid the outstanding balance of its Corporate Notes Facility with Chinabank aggregating to ₱210.0 million. The loan had a carrying value of ₱213.1 million as at September 19, 2023, inclusive of the unamortized premium amounting to ₱3.1 million. In view of this loan being fully paid, the unamortized premium associated with the Corporate Notes Facility was derecognized in September 2023 and was taken up as "Gain on early extinguishment of loan" in the audited consolidated statement of comprehensive income for the fiscal year ended June 30, 2024.

The Group recognized "Provision for income tax" amounting to ₱187.0 million and ₱127.4 million for the fiscal years ended June 30, 2025 and 2024, respectively.

STI ESG reported a net income of ₱1,813.1 million for the fiscal year ended June 30, 2025, a remarkable increase compared to net income of ₱1,275.8 million for the fiscal year ended June 30, 2024. This improvement was driven by the revenue growth — primarily attributed to a larger student population, with strong growth in enrollment under CHED programs. In addition, the Group operated on a higher operating leverage which contributed to the overall performance. Net income margin likewise improved from 35% to 41% year-on-year.

STI ESG recognized remeasurement gains, net of taxes, amounting to ₱38.5 million and ₱36.7 million for the fiscal years ended June 30, 2025, and 2024, respectively, attributed to increase in the market value of equity shares forming part of pension assets.

The unrealized fair value gain on equity instruments designated at FVOCI amounted to ₱5.2 million for the fiscal year ended June 30, 2024, compared to negative ₱2.9 million for the fiscal year ended June 30, 2025. The movement represents fair value adjustments in the market value of quoted and unquoted equity shares held by STI ESG.

Total comprehensive income for the fiscal year ended June 30, 2024 amounted to ₱1,317.9 million compared to ₱1,848.5 million for the fiscal year ended June 30, 2025.

EBITDA defined as earnings before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net earnings of associates and joint venture, gain (loss) on foreign exchange differences, fair value gain (loss) on equity instruments at FVPL, and nonrecurring gains such as gain on partial disposal of interest in an associate, gain on termination of lease, and gain on early extinguishment of loan, increased from ₱1,991.7 million for the fiscal year ended June 30, 2024 to ₱2,589.0 million for the fiscal year ended June 30, 2025. Depreciation and interest expenses for purposes of this computation exclude those related to Right-of-Use (ROU) assets and lease liabilities, respectively. EBITDA margin likewise improved, reaching 58% for the fiscal year ended June 30, 2025 compared to 54% for the fiscal year ended June 30, 2024, driven primarily by the increase in the number of enrollees for SY 2024-2025 compared to that of SY 2023-2024, and improved operational efficiencies brought about by the economies of scale.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱1,766.7 million for the fiscal year ended June 30, 2025 compared to core income for the fiscal year ended June 30, 2024 of ₱1,238.1 million. Core income margin strengthened to 40% in fiscal year 2025 from 33% in 2024, driven by the higher enrollment and improved operating leverage.

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 June 30, 2026 and June 30, 2025, the Group's current assets amounted to ₱2,899.8 million and ₱ 2,297.1 million, respectively, while current liabilities amounted to ₱2,503.5 million and ₱1,612.0 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱ 460.3 million and ₱163.0 million as at June 30, 2026 and 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.

The Group regularly monitors both the DSCR for STI ESG's interest-bearing loans from local banks and the ICR for its series 10-year bonds. The ratios are based on the audited consolidated financial statements of the Group. The DSCR is equivalent to the EBITDA divided by the total principal and interest 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 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, 2026 and 2025, as defined in the term loan agreements, (see Note 17 of the Audited Consolidated Financial Statements).

The Second Supplemental Trust Agreement replaced the DSCR measure with ICR, as discussed in Note 18 of the Audited Consolidated Financial Statements. The Group's policy is to keep the DSCR at a level not lower than 1.05:1.00 and the ICR not lower than 3.00:1.00. DSCRs, as defined in the loan agreements, as at June 30, 2026 and 2025 are 1.91:1.00 and 3.40:1.00, respectively. ICRs, as defined in the bond trust agreement, as at June 30, 2026 and 2025 are 23.48:1.00 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 debts have floating interest rates, 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. The Parent Company's 7-year bonds, which had a fixed interest rate, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate.

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

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

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

The Group monitors capital using the D/E ratio, which is computed as the total of current and noncurrent liabilities, net of unearned tuition, and other school fees, divided by total equity. The Group monitors its D/E ratio to keep it at a level acceptable to the Group, the lender banks, and the STI ESG bondholders. The Group's policy is to keep the D/E ratio at a level not exceeding 1.50:1.00. STI ESG is compliant with the D/E ratio requirement as at June 30, 2026 and 2025, as defined in the term loan and trust agreements, (see Notes 17 and 18 of the Audited Consolidated Financial Statements).

Agreements/Commitments and Contingencies/Other Matters

a. There are no changes in accounting estimates used in the preparation of the audited consolidated financial statements for the current and prior financial periods.

b. Except as provided in Note 33 of the Notes to Audited Consolidated Financial Statements attached as part of "Exhibits and schedules," the Group has no other financial and capital commitments.

c. There are no material events and uncertainties known to management that would address the past and would have an impact on the future operations of the Group.

d. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

e. The various loan agreements entered into and the issuance of fixed-rate bonds by STI ESG provide certain restrictions and conditions with respect to, among others, change in majority ownership and management and maintenance of financial ratios. STI ESG is fully compliant with all the covenants in the loan agreements. See Notes 17, 18, and 33 of the Notes to the Audited Consolidated Financial Statements of the Company for a more detailed discussion. There are no other events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation.

f. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/ income from continuing operations except for the contingencies and commitments enumerated in Note 33 of the Notes to Audited Consolidated Financial Statements attached as Annex "A".

g. There are no significant elements of income or loss that did not arise from the Group's continuing operations.

h. The Group's business is linked to the academic cycle. For SY 2025–2026, the academic year began in late July 2025 and ended 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. Interest is payable quarterly in arrears on June 23, September 23, December 23, and March 23 or the next business day if such dates fall on non-banking days of each year commencing on June 23, 2017, until and including the relevant maturity dates (see Note 18) of the Notes to Audited Consolidated Financial Statements.

Item 7. FINANCIAL STATEMENTS

The Audited Financial Statements covering the period at and for the year ended June 30, 2026 and schedules listed in the accompanying Index to Consolidated Financial Statements and Supplementary Schedules are incorporated by reference to this SEC Form 17-A.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

1. The accounting firm of Sycip Gorres Velayo & Co. (SGV) has been the Company's External Auditors for the past years. They were reappointed in the Annual Stockholders' Meeting held on December 12, 2025, as external auditors for the ensuing fiscal year.

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

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

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

   As stated in the June 30, 2026 "Statement of Management Responsibility for Financial Statements", SGV is the appointed independent auditor of STI ESG. They have examined the financial statements of the Company in accordance with Philippine Standards on Auditing and have expressed their opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

   The Company's Audit Committee reviews and approves the scope of audit work of the external auditor. The scope and related fees for services rendered by the external auditors, including the audit of financial statements, are subject likewise to review and approval by the management.

   Mr. Robert G. Vergara is currently the Chairman of the Audit and Risk Committee while Ms. Leonora Vasquez-De Jesus serves as a member.

   The aggregate fees for the services rendered by SGV to the Company for the years ended June 30, 2026, 2025 and 2024 are shown below:

	June 2026	June 2025	June 2024
Total Audit Fees	**20,697,000**	**19,454,000**	**17,883,000**
Non-audit services fees:			
Tax services*	37,325	–	66,000
All other services**	365,625	348,438	347,813
Total non-audit fees	**402,950**	**348,438**	**413,813**
Total audit and non-audit fees	**21,099,950**	**19,802,438**	**19,802,438**

* *General Tax Advisory*

** *Billed fees for Sustainability Reporting in FY2026, FY2025 and FY2024*

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A) Directors and Executive Officers

1) Directors, Independent Directors and Executive Officers

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

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

There are currently ten (10) incumbent members of the Board of Directors, namely:

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

Mr. Robert G. Vergara and Ms. Ma. Leonora Vasquez-de Jesus have been nominated as independent directors and were confirmed by the Corporate Governance Committee.

The Company has adopted and complied with Rule 38 of the Securities Regulation Code on the nomination of independent directors and the required number of independent directors.

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

Jesli A. Lapus, 77, Filipino, Chairman

Dr. Lapus is the Chairman of STI Education Services Group, Inc. (STI ESG). He is a member of the Executive Committee of STI ESG. He was first elected as Chairman and Independent Director on September 25, 2013.

Dr. Lapus is also a Director of STI Education Systems Holdings, Inc. (STI Holdings). He is a member of the Audit and Risk and Related Party Transaction Committee of STI Holdings. He is also a member of the Board of Philippine Life Financial Assurance Corp. (Phil Life) and STI West Negros University, Inc. (STI West Negros University).

He currently serves as Independent Director in the following companies: Alliance Global Group, Inc., Emperador Inc., and Philippine Life Financial Assurance Corp. (PhilLife). Mr. Lapus is also a member of the Board of Governors of iACADEMY, Inc. (iACADEMY).

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

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

With a solid track record as a professional executive, Dr Lapus has the distinction of having been tapped into the cabinets of three Philippine Presidents, namely: Pres. Corazon C. Aquino, Fidel V. Ramos, and Gloria Macapagal-Arroyo. He served as Secretary of Trade and Industry; Secretary of Education; President/CEO of the LandBank and Undersecretary of Agrarian Reform.

Dr. Jesli A Lapus earned his Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines; Master in Business Management from the Asian Institute of Management and did his Post-Graduate Studies at Harvard University (Investments Appraisal and Management), INSEAD (Transfer of Technology), and UCLA (Personal Financial Planning).

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

Monico V. Jacob, 81, Filipino, Vice Chairman and CEO, Director,

Mr. Jacob is the Vice Chairman and CEO of STI ESG and a member of the Executive Committee, Corporate Governance Committee, Compensation Committee, and Retirement Committee.

Mr. Jacob has been the President and CEO of STI Holdings since March 17, 2010. He is likewise a member of the Executive Committee of STI Holdings.

Mr. Jacob is the President of Eximious Holdings, Inc., Tantivy Holdings, Inc., and Chantilly Nutriment Corporation.

Mr. Jacob is the Chairman of Maestro Holdings, Inc. (Maestro Holdings), PhilLife, PhilhealthCare, Inc. (PhilCare), Total Consolidated Asset Management, Inc., Global Resource for Outsourced Workers, Inc. (GROW), GROW Vite Staffing Services, Inc. (Grow Vite), and Rosehills Memorial Phils., Inc.

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

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

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

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

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

Eusebio H. Tanco, 76, Filipino, Executive Chairman Emeritus, Director

Mr. Tanco is the Chairman Emeritus of the Executive Committee. He is also the Chairman of the Compensation and Retirement Committees and is a Director of STI ESG.

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

Mr. Tanco is currently the Chairman of the Board and President of Prudent Resources, Inc., First Optima Realty Corp., and Prime Power Holdings Corporation. He is the Chairman of the Board of Mactan Electric Company, Venture Securities Inc., GROW Vite, Eximious Holdings, Inc., Philippines First Insurance Co., Inc. (PhilsFirst) and DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation). He is the President of Asian Terminals, Inc.

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

Mr. Tanco is also a member of the Board of Governors of iACADEMY and serves as a director of STI West Negros University, PhilPlans First, Inc., Maestro Holdings, PhilLife, Manila Bay Spinning Mills, Inc., United Coconut Chemicals, Inc., MB Paseo, PhilCare, and Philippine Racing Club, Inc.

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

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

Peter K. Fernandez, 61, Filipino, President and Chief Operating Officer

Mr. Fernandez is the President and Chief Operating Officer of STI ESG and a member of the Executive Committee. Mr. Fernandez is also the Vice Chairman and CEO of STI West Negros University. Prior to this appointment, Mr. Fernandez served as Executive Vice President and Chief Operating Officer of STI ESG from 2004 to 2016. Prior to joining STI ESG, Mr. Fernandez was a member of the Asian Institute of Management faculty for four

and a half years. Before joining AIM, Mr. Fernandez was a faculty member of the College of Computer Studies at the De La Salle University.

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

Joseph Augustin L. Tanco, 45, Filipino, Director

Mr. Tanco is a Director and member of the Executive Committee of STI ESG.

Mr. Tanco has served as a Director of STI Holdings since October 27, 2010. He is likewise the Vice President for Investor Relations.

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

Mr. Tanco is currently the President and Chief Executive Officer of Maestro Holdings, PhilLife, PhilCare and Comm&Sense, Inc. He founded Comm&Sense, Inc., an award-winning public relations agency offering comprehensive services in the areas of creative design, event conceptualization and management, public relations and promotions, and its affiliated company Stitch Tech Solutions, where he is likewise the President and Chief Executive Officer.

Mr. Tanco is a member of the Board of Governors of iACADEMY and is a director of STI West Negros University and PhilsFirst.

Mr. Tanco is also a Director of Eximious Holdings, Inc. (formerly Capital Managers and Advisors, Inc.), Biolim Holdings & Management Corporation (formerly Rescom Developers, Inc.), Prime Power Holdings Corporation, Venture Securities, Inc., Bloom with Looms Logistics, Inc. (formerly Southern Textiles Mills, Inc.) and Eujo Phils, Inc.

Mr. Tanco is an active member of the American Chamber of Commerce of the Philippines, Inc. (AMCHAM), where he has served as Co-Chairman of the Healthcare and Wellness Committee since 2019. He was Chapter President of Junior Chamber International Philippines (JCI) in 2012, an Area Director for Metro Area 2 in 2013 and recently, JCI conferred on him a Senatorship role. He was National Chairman for Nothing but Nets in 2013. In 2012, he became a mentor for the Bachelor of Science in Entrepreneurship Program at UA&P, and in 2022 was the first recipient of the UA&P Helm Award for Exemplary Service, the top honor at the university's inaugural Alumni Achievement Awards, which recognizes the distinct accomplishments of School of Management graduates. He is also an awardee of the Asia CEO Awards 2024.

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

Ma. Leonora Vasquez-De Jesus, 76, Filipino, Independent Director

Ms. Vasquez-De Jesus is an Independent Director, Chairman of the Corporate Governance Committee, and a member of the Audit and Risk and Compensation Committees of STI ESG.

Ms. Vasquez-De Jesus has been an independent director of STI Holdings since 2019. She is also the Chairperson of the Related Party Transactions Committee as well as a member of the Audit and Risk and Corporate Governance Committees of STI Holdings.

Ms. De Jesus has been an Independent Director of BDO-Network Bank since 2018. She is presently the Chairperson of the Bank's Board Audit Committee, and a member of the Corporate Governance Committee, and Related Party Transactions Committee.

Ms. De Jesus also serves as Director of Risks, Opportunities Assessment and Management (ROAM), Inc., an accredited SEC trainor on corporate governance.

She is also a member of the New Generation Organization of Women Corporate Directors and Women Corporate Directors since September and November 2023, respectively.

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

She was formerly the University President of the Pamantasan ng Lungsod ng Maynila and was also professorial lecturer at the University of the Philippines, Diliman; Ateneo de Manila University in Loyola, and at the De La Salle Graduate School of Business and Governance.

She attended a course on Portfolio Management at the New York Institute of Finance; and a Housing Finance course at the Wharton School of Business.

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

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

She holds Bachelor's (Cum Laude), Master's and Doctorate degrees in Psychology from the University of the Philippines.

Ms. Vasquez-De Jesus was also given several awards: Presidential Medal of Merit – for distinguished and exemplary service rendered to the Republic given by President Fidel V. Ramos, June 23, 1998; National Awardee – The Outstanding Women in the Nation's Service (TOWNS), 1995; Career Executive Service Officer Plaque of Distinguished Service – in recognition of having been appointed as member of the President's Cabinet as Head of the Presidential Management Staff (the highest recognition of a public manager's competence, performance and commitment to public service), July 28, 1998. First Prize Winner – Thesis/Dissertation Writing Contest in Psychology for 1983-1985, given by the Psychological Association of the Philippines, August 1985; and UP ROTC Citation for Academic Excellence.

She has likewise authored a book on Completed Staff Work, written a number of academic papers, and worked as an independent consultant for a number of multinational companies and government agencies.

Maria Vanessa Rose L. Tanco, 48, Filipino, Chairman of the Executive Committee, Director

Ms. Tanco is a Director and the Chairman of the Executive Committee of STI ESG.

Ms. Tanco is also a Director of STI Holdings. She also holds directorships at STI West Negros University, PhilPlans, PhilCare, and Chantilly Nutriment Corporation and Maestro Holdings. Currently, she is the Chairperson and CEO of iACADEMY.

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

Martin K. Tanco, 58, Filipino, Director

Mr. Tanco is a Director of STI ESG.

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

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

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

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

Paolo Martin O. Bautista, 56, Filipino, Executive Director

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

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

Mr. Bautista is an advisor to the Investment Committee of PhilPlans First, Inc. and a member of the board of directors. He is also a member of the board of directors at PhilCare, PhilLife, and Maestro Holdings. He has over 20 years of experience in the areas of corporate finance, mergers and acquisitions, debt and equity capital markets, credit risk management, and securities law. Prior to joining STI Holdings, he was a director at Citigroup Global Markets and a Vice President at the Investment Banking Division of Credit Suisse.

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

Robert G. Vergara, 64, Filipino, Independent Director

Mr. Vergara was elected as an Independent Director of STI ESG on July 27, 2017. He is also the Chairman of the Audit and Risk Committee and a member of the Corporate Governance Committee of STI ESG.

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

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

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

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

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

Yolanda M. Bautista, 73, Filipino, Treasurer

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

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

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

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

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

Arsenio C. Cabrera, Jr., 66, Filipino, Corporate Secretary, General Counsel, and Corporate Information Officer

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

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

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

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

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

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

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

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

(1) Significant Employees

In general, the Company values its human resources. It expects its employees to do their share in achieving the Company's set objectives.

(2) Family Relationships

Mr. Joseph Augustin L. Tanco and Ms. Ma. Vanessa Rose L. Tanco are children of Mr. Eusebio H. Tanco. Mr. Martin Tanco and Mr. Eusebio H. Tanco are cousins.

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

(3) Involvement in Certain Legal Proceedings

None of the above-mentioned directors and executive officers of the Company has been involved in any of the following events for the past five (5) years and up to the date of this SEC Form 17-A:

a. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b. any conviction by final judgment;

c. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

d. being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 10. EXECUTIVE COMPENSATION

(1) The directors each receive per diems amounting to ₱25,000. The per diems are for their attendance to board and committee meetings and are gross of all taxes. There is no arrangement for compensation of directors.

(2) The following table summarizes the aggregate compensation for the fiscal years ended June 30, 2026, 2025 and 2024. The amounts set forth in the table below have been prepared based on what the Company paid its directors and named executive officers for the fiscal years ended June 30, 2026, 2025 and 2024 and what the Company expects to pay for the fiscal year ending June 30, 2027.

	Year Ended	Salaries and Bonus	Other Compensation
Chief Executive Officer and the Top Four Highly Compensated Officers[1]	2024	40,796,717	None
	2025	46,633,946	None
	2026	51,750,603	None
	2027[2]	55,373,145	None
Board of Directors	2024	4,865,385	None
	2025	4,751,833	None
	2026	4,816,453	None
	2027[2]	4,816,453	None

The compensation for board members comprises per diems.

Notes:

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

(3) There are no actions to be taken regarding any bonus, profit sharing, or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Company will participate.

(4) There are no actions to be taken regarding any pension or retirement plan in which any such person will participate.

(5) There are no actions to be taken regarding the granting or extension to any such person of any option, warrant or right to purchase any securities.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners and Management

(a) Security Ownership of Certain Record/Beneficial Owners as of June 30, 2026

As of June 30, 2026, the following stockholders are the only owners of more than 5% of the Company's voting capital stock, whether directly or indirectly, as record owner or beneficial owner.

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

[a]*as percentage of the total issued and outstanding shares, net of treasury shares*

(b) Security Ownership of Management as of June 30, 2026

The following table sets forth the beneficial ownership of each director and executive officer of the Company as of June 30, 2026:

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

[a] *including seven shares issued to individuals as trustee of Mr. Eusebio H.Tanco*

(c) Voting Trust Holders of 5% or More

As of June 30, 2026, no person holds at least 5% or more of a class under a voting trust or similar agreement.

(d) Changes in Control

There are no arrangements entered into by STI ESG or any of its stockholders which may result in a change of control of STI ESG.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

STI ESG has the following major transactions with related parties:

Parcels of Land Acquired through Acquisition of Shares

On June 20, 2024, STI ESG and Total Consolidated Asset Management, Inc. (TCAMI), executed a Deed of Absolute Sale for the acquisition of 76.0 million common shares, each with a par value of ₱1.0, representing 100% of the total issued and outstanding capital stock of Clinquant Holdings, Inc. (CHI), for ₱180.0 million. CHI is the registered and beneficial owner of a 10,000-square-meter parcel of land located on President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. This property is the site for the on-going construction of the STI Academic Center Tanauan.

On June 17, 2026, STI ESG and TCAMI, executed a Deed of Absolute Sale for the acquisition of 190.0 million common shares, each with a par value of ₱1.0, representing 100% of the total issued and outstanding capital stock of Phosphene Holdings, Inc. (PHI), for ₱403.2 million. Under the Share Purchase Agreement executed in June 2024, STI ESG paid a deposit of ₱60.5 million, equivalent to 15% of the purchase price, while the remaining balance of ₱342.7 million was settled on June 17, 2026. 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.

Consultancy Agreement with STI Holdings

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

Contract of Lease

STI ESG entered into a Contract of Lease with First Optima Realty Corporation on January 7, 2014. The contract covers the lease of three (3) parcels of land in Poblacion, Lucena City, Quezon for a period of 25 years commencing on January 1, 2014 and expiring on January 1, 2039 for ₱2.5 million per annum, exclusive of taxes for the fiscal year ended June 30, 2026.

Contract of Lease

STI ESG entered into a Contract of Lease with Cement Center Inc. on August 15, 2017. The lease contract covers the rental of the lessor's property in Sta. Mesa with an area of 3,690.6 sqms for a period of 25 years. The lease is renewable for another 25 years upon mutual agreement by the parties.

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

Educational services and other transactions

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

HMO and other insurance costs

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

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

Transactions with Promoters

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

PART IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

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

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

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

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

There have been no deviations from the Company's 2020 Manual on Corporate Governance.

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

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

The Company ensures that it has at least two (2) independent directors, or such number of independent directors that constitutes twenty percent (20%) of the members of the Board. Presently, there are two (2) incumbent independent directors on the Board.

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

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

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

PART V – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits – See accompanying Index to Financial Statements and Supplementary Schedules.

(b) Reports on SEC Form 17 – C (from July 1, 2025-June 30, 2026)

1. Other Events: Resignation, Removal or Election of Registrant's Directors or Officers

In STI ESG's meeting held on August 28, 2025, the Board of Directors accepted the resignation of Mr. Juan Luis Fausto B. Tubongbanua as Data Protection Officer and appointed Atty. John Matthew D. Callanta as the Company's Data Protection Officer, effective August 28, 2025.

The resignation of Mr. Tubongbanua is not due to any disagreement with the Company on any matter relating to its operations, policies, or practices.

2. Other Events: Notice of 2025 Annual Stockholders' Meeting

In STI ESG's meeting held on October 13, 2025, the Board of Directors approved the holding of the Annual Stockholders' Meeting of STI ESG on December 12, 2025. Furthermore, the Corporation's stockholders of record as of November 15, 2025 shall be entitled to notice of and to vote at the Annual Stockholders' Meeting.

3. Other Events: Pre-screening of the members of STI ESG's Board of Directors

In the meeting of the Corporate Governance Committee of STI ESG held on October 24, 2025, the following individuals were pre-screened and determined to possess the qualifications required and none of the disqualifications provided for by law, relevant rules and regulations and the Company's Manual on Corporate Governance to become members of the Company's Board of Directors:

1. Monico V. Jacob
2. Eusebio H. Tanco
3. Peter K. Fernandez
4. Maria Vanessa Rose L. Tanco
5. Joseph Augustin Eusebio L. Tanco
6. Martin K. Tanco
7. Paolo Martin O. Bautista
8. Jesli A. Lapus

Independent Directors:
9. Robert G. Vergara
10. Ma. Leonora Vasquez-De Jesus

4. Other Events: Declaration of Cash Dividends filed with the SEC

In the meeting of the Board of Directors of STI ESG held on December 12, 2025, the Board approved the declaration of cash dividends in the amount of Php0.10 per share or an aggregate amount of PhP308.2 million (the "Cash Dividends") from the unrestricted retained earnings of the Company as of June 30, 2025.

The Cash Dividends cover stockholders of record as of December 31, 2025 and were settled on January 13, 2026, upon compliance with all necessary regulations.

5. Other Events: Election of Registrant's Directors or Officers

a. The stockholders elected the following Directors of the Company to serve as such for the ensuing year and until the election and qualification of their successors during the Annual Stockholders' Meeting of STI ESG held on December 12, 2025:

1. Monico V. Jacob
2. Eusebio H. Tanco
3. Peter K. Fernandez
4. Maria Vanessa Rose L. Tanco
5. Joseph Augustin Eusebio L. Tanco
6. Martin K. Tanco
7. Paolo Martin O. Bautista
8. Jesli A. Lapus

Independent Directors:
9. Robert G. Vergara
10. Ma. Leonora Vasquez-De Jesus

b. Election of Officers, Committee Heads and Members
In the Organizational Meeting of the Board of Directors immediately succeeding the Annual Stockholders' Meeting, the following were elected officers of the Company to serve as such for the ensuing year and until the election and qualification of their successors:

Jesli A. Lapus	-	Chairman
Monico V. Jacob	-	Vice Chairman & Chief Executive Officer
Peter K. Fernandez	-	President & Chief Operating Officer
Yolanda M. Bautista	-	Treasurer
Robert G. Vergara	-	Lead Independent Director
Engelbert L. De Guzman	-	VP Communications
Merliza D. Santos	-	VP Finance
Juan Luis Fausto B. Tubongbanua	-	VP Corporate and Information Services
Wilfred S. Racadio	-	VP Legal
Karen Precious LR Tabije	-	VP Academics
Anilyn Tonnette C. Medrano	-	AVP Human Resource Development

Ferdie T. Dantes III	-	AVP Academics
Cyril S. Cunanan	-	Compliance Officer
John Matthew D. Callanta	-	Data Protection Officer
Arsenio C. Cabrera, Jr.	-	Corporate Secretary/General Counsel/Corporate Information Officer
Anna Carmina S. Herrera	-	Assistant Corporate Secretary

Executive Committee:	
Chairman Emeritus	Eusebio H. Tanco
Chairperson	Maria Vanessa Rose L. Tanco
Members	Jesli A. Lapus
	Monico V. Jacob
	Peter K. Fernandez
	Joseph Augustin Eusebio L. Tanco
Audit and Risk Committee:	
Chairman	Robert G. Vergara
Member/s	
	Ma. Leonora Vasquez-De Jesus
	Paolo Martin O. Bautista
Corporate Governance Committee:	
Chairman	Ma. Leonora Vasquez-De Jesus
Members	Robert G. Vergara
	Monico V. Jacob
Compensation Committee	
Chairman	Eusebio H. Tanco
Members	Monico V. Jacob
	Yolanda M. Bautista
	Ma. Leonora Vasquez-De Jesus
Retirement Committee	
Chairman	Eusebio H. Tanco
Members	Monico V. Jacob
	Yolanda M. Bautista

c. Appointment of External Auditor

In the same meeting held in December 2025, the stockholders appointed SyCip Gorres Velayo & Company as the Corporation's external auditor for the fiscal year ending June 30, 2026.

SIGNATURE PAGE

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 177 of the Revised Corporation Code of the Philippines, this report is signed on behalf of the registrant by the undersigned, thereunto duly authorized:

STI EDUCATION SERVICES GROUP, INC.
By:

JESLI A. LAPUS
Chairman of the Board
October 13, 2026

PETER K. FERNANDEZ
President and COO
October 13, 2026

MONICO V. JACOB
Vice Chairman and CEO
October 13, 2026

YOLANDA M. BAUTISTA
Treasurer
October 13, 2026

ARSENIO C. CABRERA, JR.
Corporate Secretary
October 13, 2026

Republic of the Philippines)
City of Makati) S. S.

SUBSCRIBED AND SWORN to before me this OCT 13 2026, affiant exhibit to me their respective passport or SSS Number, as follows:

Names	CTC/Passport/SSS Number	Date and Place of Issuance
Jesli A. Lapus	Passport No. P6589685A	28 March 2018, DFA Manila
Monico V. Jacob	Passport No. P6179864B	26 January 2021, DFA Manila
Peter K. Fernandez	Passport No. EC6402263	13 January 2021, DFA Manila
Yolanda M. Bautista	SSS No. 03-2678038-9	
Arsenio C. Cabrera Jr.	Passport No. P6534927B	23 March 2021, DFA NCR South

Doc No. 71;
Page No. 16;
Book No. VI;
Series of 2026

BUWIS RENTAS INTERNAS DSK2025 13397923 30 PISO DOKUMENTARYO 30 PISO

MATHEDEO P. SEPE
Notary Public for Makati City
Appointment No. M-299
Until 31 December 2027
5/F SGV II Building,
6758 Ayala Avenue, Makati City
Roll of Attorneys No. 98448
Admitted to the Bar in 2026
PTR No. 10817229 / Makati / 25 February 2026
IBP No. 533857 / Manila IV / 13 February 2026

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STI Education Services Group, Inc. and Subsidiaries** (collectively referred to as "the Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the fiscal years ended June 30, 2026, 2025 and 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Group, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JESLI A. LAPUS
Chairman of the Board

MONICO V. JACOB
Vice Chairman and CEO

YOLANDA M. BAUTISTA
Treasurer

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

Subscribed and sworn to before me this OCT 13 2026, affiant(s) exhibiting to me their SSS ID/Passport, as follows:

Names	CTC/Passport/SSS Number	Date and Place of Issuance
Mr. Jesli A. Lapus	Passport No. P6589685A	28 March 2018, DFA Manila
Mr. Monico V. Jacob	Passport No. P6179864B	26 January 2021, DFA Manila
Ms. Yolanda M. Bautista	SSS No. 03-2678038-9	

REPUBLIKA NG PILIPINAS BUWIS RENTAS INTERNAS 13397921

Doc. No. 69;
Page No. 15;
Book No. II;
Series of 2026.

MATHEDEO P. SEPE
Notary Public for Makati City
Appointment No. M-299
Until 31 December 2027
5/F SGV II Building,
6758 Ayala Avenue, Makati City
Roll of Attorneys No. 98448
Admitted to the Bar in 2026
PTR No. 10817229 / Makati / 25 February 2026
IBP No. 533857 / Manila IV / 13 February 2026

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

S	T	I		E	D	U	C	A	T	I	O	N		S	E	R	V	I	C	E	S		G	R	O	U	P	,	
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s	t	i	t	u	t	i	o	n	)		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S				

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
sti-esg@sti.edu	(632) 8812-1784	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
63	1st Thursday of November	June 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Arsenio C. Cabrera Jr.	accabrera@htc-law.com.ph	(632) 8813-7111	(+63) 917-5213820

CONTACT PERSON's ADDRESS

5/F, SGV II Building, 6758 Ayala Avenue, Makati City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
STI Education Services Group, Inc.
STI Academic Center Ortigas - Cainta
Ortigas Avenue Extension
Cainta, Rizal

Opinion

We have audited the consolidated financial statements of STI Education Services Group, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at June 30, 2026 and 2025, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended June 30, 2026, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2026, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill

Under PFRS Accounting Standards, the Group is required to annually test the amount of goodwill for impairment. As at June 30, 2026, the Group's goodwill attributable to each of the Group's cash-generating units (CGUs) that are expected to benefit from the business combination (i.e., each school operation) amounted to ₱236.6 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgments and is based on assumptions, specifically forecasted revenue growth, long-term growth rate and discount rate.

The Group's disclosures about goodwill are included in Notes 4 and 15 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and assumptions used. These assumptions include forecasted revenue growth, long-term growth rate and discount rate. We compared the key assumptions used, such as forecasted revenue growth and long-term growth rate against the historical performance of the CGUs and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the goodwill.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended June 30, 2026 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended June 30, 2026, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Loubelle V. Mendoza.

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 24, 2026, valid until August 23, 2029
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027
PTR No. 10765091, January 2, 2026, Makati City

October 13, 2026

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	2026	2025
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱1,863,139,803**	₱1,594,569,687
Receivables (Note 6)	**680,193,829**	433,059,389
Inventories (Note 7)	**154,535,970**	163,797,810
Prepaid expenses and other current assets (Note 8)	**108,930,785**	94,209,952
Equity instruments at fair value through profit or loss (FVPL) [Note 9]	**92,971,351**	11,501,000
Total Current Assets	**2,899,771,738**	2,297,137,838
Noncurrent Assets		
Property and equipment (Note 10)	**8,611,500,712**	8,050,298,699
Investment properties (Note 11)	**1,057,652,642**	674,448,089
Investments in and advances to associates and joint venture (Notes 12 and 13)	**27,736,201**	433,257,841
Equity instruments at fair value through other comprehensive income (FVOCI) [Note 14]	**45,199,600**	78,079,631
Deferred tax assets - net (Notes 29 and 38)	**44,990,394**	40,102,095
Goodwill, intangible and other noncurrent assets (Note 15)	**742,970,846**	697,297,605
Total Noncurrent Assets	**10,530,050,395**	9,973,483,960
TOTAL ASSETS	**₱13,429,822,133**	₱12,270,621,798
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of bonds payable (Note 18)	**₱818,563,449**	₱–
Accounts payable and other current liabilities (Note 16)	**780,733,571**	770,354,255
Unearned tuition and other school fees (Note 21)	**460,306,075**	162,975,778
Current portion of interest-bearing loans and borrowings (Note 17)	**341,843,371**	580,267,162
Current portion of lease liabilities (Note 28)	**71,634,558**	64,327,479
Income tax payable	**30,381,991**	34,074,415
Total Current Liabilities	**2,503,463,015**	1,611,999,089
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Note 17)	**684,433,079**	1,146,065,668
Bonds payable - net of current portion (Note 18)	–	816,706,013
Lease liabilities - net of current portion (Note 28)	**221,611,651**	244,554,579
Pension liabilities - net (Note 27)	**72,311,744**	30,839,983
Other noncurrent liabilities (Note 19)	**12,324,020**	29,596,669
Total Noncurrent Liabilities	**990,680,494**	2,267,762,912
Total Liabilities *(Carried Forward)*	**3,494,143,509**	3,879,762,001

	June 30	
	2026	2025
Total Liabilities *(Brought Forward)*	**₱3,494,143,509**	₱3,879,762,001
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 20)	**3,087,829,443**	3,087,829,443
Additional paid-in capital	**386,916,479**	386,916,479
Treasury stock (Note 20)	**(10,833,137)**	(10,833,137)
Cumulative actuarial gain (Note 27)	**40,637,456**	75,196,684
Unrealized fair value adjustment on equity instruments at FVOCI (Note 14)	**10,356,091**	17,293,321
Other equity reserve (Note 20)	**(46,104,556)**	(46,104,556)
Share in associates':		
Cumulative actuarial gain (Note 12)	**329,306**	130,673
Unrealized fair value loss on equity instruments at FVOCI (Note 12)	–	(37,993)
Retained earnings (Note 20)	**6,461,639,120**	4,875,254,140
Total Equity Attributable to Equity Holders of the Parent Company	**9,930,770,202**	8,385,645,054
Equity Attributable to Non-controlling Interests	**4,908,422**	5,214,743
Total Equity	**9,935,678,624**	8,390,859,797
TOTAL LIABILITIES AND EQUITY	**₱13,429,822,133**	₱12,270,621,798

See accompanying Notes to the Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2026	2025	2024
REVENUES (Note 21)			
Sale of services:			
Tuition and other school fees	**₱3,908,870,002**	₱3,987,803,012	₱3,302,420,800
Educational services	**242,204,606**	228,996,954	175,161,712
Royalty fees	**21,488,132**	21,297,396	17,314,956
Others	**103,607,367**	92,698,473	75,158,046
Sale of goods -			
Sale of educational materials and supplies	**91,946,016**	118,731,751	126,343,019
	4,368,116,123	4,449,527,586	3,696,398,533
COSTS AND EXPENSES			
Cost of educational services (Note 23)	**1,150,179,656**	1,053,039,924	973,552,749
Cost of educational materials and supplies sold (Note 24)	**67,958,510**	93,485,108	96,016,572
General and administrative expenses (Note 25)	**1,352,156,919**	1,265,853,232	1,151,612,241
	2,570,295,085	2,412,378,264	2,221,181,562
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**1,797,821,038**	2,037,149,322	1,475,216,971
OTHER INCOME (EXPENSES)			
Gains on:			
Disposals of interest in an associate (Note 12)	**200,508,336**	24,592,792	–
Sale of property and equipment	**11,988**	–	485,335
Early extinguishment of loan (Note 17)	**–**	–	3,076,465
Interest expense (Notes 17, 18, 22 and 28)	**(175,885,231)**	(233,656,640)	(269,911,588)
Rental income (Note 11, 28, and 30)	**116,129,123**	108,057,759	111,343,563
Interest income (Notes 5, 6 and 22)	**52,419,314**	30,260,330	41,537,349
Fair value gain (loss) on equity instruments at FVPL (Note 9)	**21,300,689**	3,363,500	(852,500)
Recovery of accounts written off (Note 6)	**7,544,451**	8,842,203	5,802,251
Equity in net earnings of associates and joint venture (Notes 12 and 13)	**6,662,836**	22,044,896	18,810,890
Dividend income (Notes 9, 12 and 14)	**5,784,911**	4,288,749	2,890,090
Foreign exchange gain (loss) - net	**210,571**	(5,769,285)	17,258,550
Other income (expenses) - net (Notes 10 and 28)	**28,965,600**	958,498	(2,481,079)
	263,652,588	(37,017,198)	(72,040,674)
INCOME BEFORE INCOME TAX *(Carried Forward)*	**2,061,473,626**	2,000,132,124	1,403,176,297

	Years Ended June 30		
	2026	2025	2024
INCOME BEFORE INCOME TAX *(Brought Forward)*	**₱2,061,473,626**	₱2,000,132,124	₱1,403,176,297
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**181,586,258**	197,428,834	123,421,414
Deferred	**(1,053,378)**	(10,380,118)	3,962,104
	180,532,880	187,048,716	127,383,518
NET INCOME	**1,880,940,746**	1,813,083,408	1,275,792,779
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on pension liabilities (Note 27)	**(38,394,149)**	42,752,690	40,752,216
Tax effect on remeasurement loss (gain) on pension liabilities (Note 29)	**3,834,921**	(4,263,029)	(4,047,782)
Unrealized fair value adjustment on equity instruments at FVOCI (Note 14)	**6,627,307**	(2,947,598)	5,232,161
Share in associate's remeasurement gain (loss) on pension liability (Note 12)	**–**	(168,025)	135,616
Share in associate's unrealized fair value adjustment on equity instruments at FVOCI (Note 12)	**(2,281)**	(3,414)	4,195
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**(27,934,202)**	35,370,624	42,076,406
TOTAL COMPREHENSIVE INCOME	**₱1,853,006,544**	₱1,848,454,032	₱1,317,869,185
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱1,881,247,067**	₱1,812,856,337	₱1,275,727,684
Non-controlling interests	**(306,321)**	227,071	65,095
	₱1,880,940,746	₱1,813,083,408	₱1,275,792,779
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱1,853,312,865**	₱1,848,226,961	₱1,317,804,090
Non-controlling interests	**(306,321)**	227,071	65,095
	₱1,853,006,544	₱1,848,454,032	₱1,317,869,185
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Note 31)	**₱0.61**	₱0.59	₱0.41

See accompanying Notes to the Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2026, 2025 AND 2024

	Capital Stock (Note 20)	Additional Paid-in Capital	Treasury Stock (Note 20)	Cumulative Actuarial Gain (Loss) (Note 27)	Unrealized Fair Value Adjustment on Equity Instruments at FVOCI (Note 14)	Other Equity Reserve (Note 20)	Share in Associates' Cumulative Actuarial Gain (Note 12)	Share in Associates' Unrealized Fair Value Loss on Equity Instruments at FVOCI (Note 12)	Retained Earnings (Note 20)	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at July 1, 2025	**₱3,087,829,443**	**₱386,916,479**	**(₱10,833,137)**	**₱75,196,684**	**₱17,293,321**	**(₱46,104,556)**	**₱130,673**	**(₱37,993)**	**₱4,875,254,140**	**₱8,385,645,054**	**₱5,214,743**	**₱8,390,859,797**
Net income	–	–	–	–	–	–	–	–	**1,881,247,067**	**1,881,247,067**	**(306,321)**	**1,880,940,746**
Other comprehensive income (loss)	–	–	–	**(34,559,228)**	**6,627,307**	–	–	**(2,281)**	–	**(27,934,202)**	–	**(27,934,202)**
Total comprehensive income (loss)	–	–	–	**(34,559,228)**	**6,627,307**	–	–	**(2,281)**	**1,881,247,067**	**1,853,312,865**	**(306,321)**	**1,853,006,544**
Dividend declaration (Note 20)	–	–	–	–	–	–	–	–	**(308,187,717)**	**(308,187,717)**	–	**(308,187,717)**
Realized fair value gain on disposal of equity instruments at FVOCI (Note14)	–	–	–	–	**(13,564,537)**	–	–	–	**13,564,537**	–	–	–
Disposals of interest in an associate (Note 12)	–	–	–	–	–	–	**198,633**	**40,274**	**(238,907)**	–	–	–
Balance at June 30, 2026	**₱3,087,829,443**	**₱386,916,479**	**(₱10,833,137)**	**₱40,637,456**	**₱10,356,091**	**(₱46,104,556)**	**₱329,306**	**₱–**	**₱6,461,639,120**	**₱9,930,770,202**	**₱4,908,422**	**₱9,935,678,624**
Balance at July 1, 2024	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱36,707,023	₱20,240,919	(₱46,104,556)	₱298,698	(₱34,579)	₱3,524,679,379	₱6,999,699,669	(₱3,012,328)	₱6,996,687,341
Net income	–	–	–	–	–	–	–	–	1,812,856,337	1,812,856,337	227,071	1,813,083,408
Other comprehensive income	–	–	–	38,489,661	(2,947,598)	–	(168,025)	(3,414)	–	35,370,624	–	35,370,624
Total comprehensive income	–	–	–	38,489,661	(2,947,598)	–	(168,025)	(3,414)	1,812,856,337	1,848,226,961	227,071	1,848,454,032
Dividend declaration (Note 20)	–	–	–	–	–	–	–	–	(462,281,576)	(462,281,576)	–	(462,281,576)
Deposit for future stock subscription from non-controlling interest holder (Notes 19 and 20)	–	–	–	–	–	–	–	–	–	–	8,000,000	8,000,000
Balance at June 30, 2025	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱75,196,684	₱17,293,321	(₱46,104,556)	₱130,673	(₱37,993)	₱4,875,254,140	₱8,385,645,054	₱5,214,743	₱8,390,859,797
Balance at July 1, 2023	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱2,589	₱15,008,758	(₱46,104,556)	₱163,082	(₱38,774)	₱2,865,327,141	₱6,298,271,025	(₱3,077,423)	₱6,295,193,602
Net income	–	–	–	–	–	–	–	–	1,275,727,684	1,275,727,684	65,095	1,275,792,779
Other comprehensive income	–	–	–	36,704,434	5,232,161	–	135,616	4,195	–	42,076,406	–	42,076,406
Total comprehensive income	–	–	–	36,704,434	5,232,161	–	135,616	4,195	1,275,727,684	1,317,804,090	65,095	1,317,869,185
Dividend declaration (Note 20)	–	–	–	–	–	–	–	–	(616,375,446)	(616,375,446)	–	(616,375,446)
Balance at June 30, 2024	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱36,707,023	₱20,240,919	(₱46,104,556)	₱298,698	(₱34,579)	₱3,524,679,379	₱6,999,699,669	(₱3,012,328)	₱6,996,687,341

See accompanying Notes to the Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2026	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,061,473,626**	₱2,000,132,124	₱1,403,176,297
Adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 10, 11, 15, 23 and 25)	**591,411,163**	520,374,471	485,259,907
Gains on:			
Disposals of interest in an associate (Note 12)	**(200,508,336)**	(24,592,792)	–
Termination of leases (Note 28)	**(14,316,043)**	(1,575,650)	–
Sale of property and equipment	**(11,988)**	–	(485,335)
Early extinguishment of loan (Note 17)	**–**	–	(3,076,465)
Interest expense (Notes 17, 18, 22 and 28)	**175,885,231**	233,656,640	269,911,588
Provisions for:			
Expected credit loss (Notes 6 and 25)	**70,890,006**	56,001,308	24,594,870
Inventory obsolescence (Notes 7 and 25)	**392,946**	325,461	1,013,523
Impairment of goodwill (Notes 15 and 25)	**–**	–	14,268,891
Impairment of investment in and advances to an associate (Note 12)	**–**	–	1,650,340
Interest income (Notes 5, 6, and 22)	**(52,419,314)**	(30,260,330)	(41,537,349)
Fair value (gain) loss on equity instruments at FVPL (Note 9)	**(21,300,689)**	(3,363,500)	852,500
Income from condonation of liability (Note 10)	**(15,261,619)**	–	–
Equity in net earnings of associates and joint venture (Note 12)	**(6,662,836)**	(22,044,896)	(18,810,890)
Dividend income (Notes 9, 12 and 14)	**(5,784,911)**	(4,288,749)	(2,890,090)
Movements in pension (Note 27)	**3,077,612**	6,933,429	27,981,855
Unrealized foreign exchange loss (gain) - net	**(210,571)**	97,392	(7,655,086)
Decrease (increase) in:			
Receivables	**(206,426,494)**	(215,731,209)	(75,874,510)
Inventories	**8,868,894**	(17,952,246)	(23,207,544)
Prepaid expenses and other current assets	**(37,153,845)**	(17,666,193)	(45,872,748)
Increase (decrease) in:			
Accounts payable and other current liabilities	**14,481,489**	22,804,964	104,705,299
Unearned tuition and other school fees	**190,891,856**	154,051,375	93,026,256
Other noncurrent liabilities	**(17,272,649)**	529,425	65,729,151
Net cash generated from operations	**2,540,043,528**	2,657,431,024	2,272,760,460
Interest received	**51,657,724**	26,376,618	41,083,300
Income tax paid	**(162,742,235)**	(161,269,279)	(40,328,986)
Net cash provided by operating activities	**2,428,959,017**	2,522,538,363	2,273,514,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Notes 10 and 37)	**(848,989,264)**	(612,064,077)	(611,570,173)
Investment properties (Notes 11 and 37)	**(345,461,959)**	(4,510,732)	(742,694)
Subsidiary, net of cash received (Note 38)	**33,077**	–	27,652

(Forward)

	June 30		
	2026	2025	2024
Proceeds from disposals of:			
Interest in an associate (Note 12)	**₱548,862,000**	₱88,000,000	~~₱~~ –
Equity instruments at FVOCI (Note 14)	**33,581,237**	–	–
Property and equipment (Note 10)	**12,000**	–	508,916
Dividend received (Notes 9, 12 and 14)	**9,443,780**	25,773,229	17,903,077
Payments for intangible assets and other noncurrent assets (Notes 15 and 37)	**(282,141,604)**	(304,711,011)	(133,908,257)
Cash taken out upon deconsolidation of a subsidiary (Note 14)	–	(185,837,630)	–
Net cash used in investing activities	**(884,660,733)**	(993,350,221)	(727,781,479)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term loans (Note 17)	**–**	198,500,000	1,488,750,000
Payments of:			
Interests (Notes 17, 18 and 22)	**(172,090,745)**	(215,551,280)	(212,247,813)
Long-term loans (Note 17)	**(704,444,445)**	(562,222,222)	(333,050,203)
Dividends (Note 20)	**(308,033,087)**	(460,305,384)	(613,536,656)
Lease liabilities (Note 28)	**(91,370,462)**	(86,659,022)	(83,324,497)
Bonds payable (Note 18)	**–**	–	(2,180,000,000)
Net cash used in financing activities	**(1,275,938,739)**	(1,126,237,908)	(1,933,409,169)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**210,571**	(97,392)	7,655,086
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**268,570,116**	402,852,842	(380,020,788)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,594,569,687**	1,191,716,845	1,571,737,633
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱1,863,139,803**	₱1,594,569,687	₱1,191,716,845

See accompanying Notes to the Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

a. General

STI Education Services Group, Inc. (STI ESG or the Parent Company) and its subsidiaries (hereafter collectively referred to as the "Group") are all incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated on June 2, 1983 and is involved in establishing, maintaining, and operating educational institutions to provide pre-elementary, elementary, secondary, including Senior High School (SHS), and tertiary as well as post-graduate courses, post-secondary and lower tertiary non-degree programs. The Group also develops, adopts and/or acquires, entirely or in part, such curricula or academic services as may be necessary in the pursuance of its main activities, relating but not limited to information technology services, information technology-enabled services, education, hotel and restaurant management, engineering including marine engineering, naval architecture, business studies, psychology and criminology.

The registered office address of the Parent Company is STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal.

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

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

Other features of the licensing agreements are as follows:

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

b. Merger with several majority and wholly-owned subsidiaries

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

- Phase 1: The merger of three (3) majority owned schools and fourteen (14) wholly-owned schools with STI ESG, with STI ESG as the surviving entity. The Phase 1 merger was approved by the Commission on Higher Education (CHED) and the SEC on March 15, 2011 and May 6, 2011, respectively.



- Phase 2: The merger of one (1) majority owned school and eight (8) wholly-owned pre-operating schools with STI ESG, with STI ESG as the surviving entity. The Phase 2 merger was approved by the CHED and the SEC on July 18, 2011 and August 31, 2011, respectively.

- Phase 3: On August 30, 2017, the SEC approved the application for merger of STI College Taft, Inc. (STI Taft) and STI College Dagupan, Inc. (STI Dagupan) with STI ESG as the surviving entity.

On September 25, 2013, STI ESG's Board of Directors (BOD) approved an amendment to the Phases 1 and 2 mergers whereby STI ESG would issue shares at par value, to the stockholders of the non-controlling interests. In 2014, STI ESG issued 1.9 million additional shares at par value to the stockholders of one of the merged schools. As at October 13, 2026, the amendment is still pending approval by the SEC.

Also, STI ESG requested for confirmatory ruling on the tax-free mergers covered by Phases 1 and 3, from the Bureau of Internal Revenue (BIR). As a response to the request made for the Phases 1 and 3 mergers, the BIR informed STI ESG through letters dated November 25, 2022 and September 28, 2022, respectively, that Section 40 C.2 of the Tax Code, as amended by Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, now mandates that for purposes of availing the tax exemption, prior BIR confirmatory ruling is no longer required. In this regard, the Parent Company applied for the issuance of the Certificates Authorizing Registration (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 October 13, 2026, the Parent Company has not received the CARs from the BIR.

On August 5, 2022, CHED approved the transfer of the school operations of STI College Quezon Avenue, Inc. (STI Quezon Ave.) to Tanay, subject to compliance with certain requirements. In various dates in September and October 2022, CHED issued several government recognitions on programs being offered by STI Quezon Ave. These government recognitions issued in 2022 replaced those issued by CHED in 2009 due to the transfer of operations of STI Quezon Ave. to Tanay beginning SY2022-2023. The BOD and stockholders of STI Quezon Avenue, in separate meetings held on November 29, 2022, approved the amendments in its Articles of Incorporation and By-Laws, as follows: (1) change of corporate name from "STI College Quezon Avenue, Inc." to "STI Colleges of Rizal, Inc.", (2) have perpetual existence, (3) change of fiscal year beginning July 1 of each year and ending on June 30 of the following year, among others. On November 12, 2024, the SEC approved the change of corporate name from "STI College Quezon Avenue, Inc." to "STI Colleges of Rizal, Inc.," along with the other aforementioned amendments in its Articles of Incorporation and By-Laws. On September 10, 2025, the BIR approved the change in its fiscal year.

On June 9, 2025, STI ESG advised CHED that STI ESG, Philippine School of Business Administration - Manila, Inc. (formerly: STI College of Novaliches, 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 effective January 2025 and has continued to carry its established name "STI Novaliches." As at October 13, 2026, the

request for issuance of a Certificate of Confirmation in favor of STI ESG is still pending review by CHED.

As at June 30, 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.

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on October 13, 2026.

2. Basis of Preparation and Material Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for equity instruments at FVOCI and equity instruments at FVPL which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Seasonality of Operations

The Group's business is linked to the academic cycle which spans one academic year. The academic cycle for both SHS and Tertiary programs for SY 2025-2026 began in July 2025 and ended in June 2026. The academic cycles for SY 2024-2025 and SY 2023-2024 both started in August of their respective years and ended in June of the following year. Classes across all levels for SY 2023-2024 and SY 2024-2025 were all conducted 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, combining face-to-face and online instruction. The shift to a hybrid learning modality was implemented in consideration of the prevailing external conditions, particularly the elevated transportation costs, to support the continuity of academic delivery for the remaining academic term.

In relation to 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. Classes for the tertiary segment continued 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 beginning around mid-May 2026.

The Group utilizes the electronic Learning Management System (eLMS), a cloud-based software application, to manage the delivery of educational courses and/or training programs for its students. eLMS supports collaboration through integrated tools such as wikis, forums, and discussion groups. It also includes an internal messaging system with bidirectional support for emails and text messaging, as well as a portfolio system that enables students to compile work that supports their learning and achievements. eLMS is a world-class and award-winning learning management system that schools

and universities across the globe are using. This platform facilitates two-way interaction between teachers and students where they can collaborate, assign, and submit homework, take assessments, and track learning progress, among others. The Group has extensive experience with online learning, having utilized eLMS since 2016. This platform was crucial during the pandemic when online learning became the predominant modality. The Group continues to leverage the use of eLMS to enhance students' learning experiences through courseware content, performance tasks, and digital resources, among others, thereby ensuring continuity of education even amidst potential physical classroom disruptions.

The faculty members of the Group regularly undertake competency-based certifications and training programs. The Group adopts a hybrid approach, combining in-person and online training sessions. These training programs are essential to maintaining an acceptable level of competency among faculty members, ensuring they possess the industry-based experience and credentials necessary to effectively teach their assigned courses.

The Group remains committed to ensuring adherence to the guidelines set by the CHED, DepEd, local government units (LGUs), and all pertinent agencies that have released information on the conduct of the limited face-to-face classes.

The 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.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from the International Financial Reporting Interpretations Committee (IFRIC) adopted by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at June 30, 2026 and 2025 and for the years ended June 30, 2026, 2025 and 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns



When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

		Effective Percentage of Ownership					
		2026		2025		2024	
Subsidiaries	**Principal Activities**	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
STI College Batangas, Inc. (STI Batangas)	Educational Institution	**100**	**–**	100	–	100	–
STI College of Kalookan, Inc. (STI Caloocan)[a]	Educational Institution	**100**	**–**	100	–	100	–
STI College of Santa Maria, Inc. (STI Sta. Maria)	Educational Institution	**100**	**–**	100	–	100	–
STI College Tanauan, Inc. (STI Tanauan)	Educational Institution	**100**	**–**	100	–	100	–
STI College Iloilo, Inc. (STI Iloilo)[b]	Educational Institution	**100**	**–**	100	–	100	–
STI College Lipa, Inc. (STI Lipa)	Educational Institution	**100**	**–**	100	–	100	–
STI College Pagadian, Inc. (STI Pagadian)[b]	Educational Institution	**100**	**–**	100	–	100	–
STI Training Academy, Inc. (STI Training Academy)	Educational Institution	**100**	**–**	100	–	100	–
STI College Tuguegarao, Inc. (STI Tuguegarao)[b]	Educational Institution	**100**	**–**	100	–	100	–
NAMEI Polytechnic Institute, Inc. (NAMEI)	Educational Institution	**94**	**–**	94	–	94	–
NAMEI Polytechnic Institute of Mandaluyong, Inc. (NPIM)[b]	Educational Institution	**100**	**–**	100	–	100	–
De Los Santos-STI College, Inc. (De Los Santos-STI College)[c]	Educational Institution	**100**	**–**	100	–	100	–
STI Colleges of Rizal, Inc. (STI Tanay)[d]	Educational Institution	**–**	**100**	–	100	–	100
STI - College Alabang, Inc. (STI Alabang)	Educational Institution	**100**	**–**	100	–	100	–
Clinquant Holdings, Inc. (CHI)[e]	Investment Company	**100**	**–**	100	**–**	100	**–**
Phosphene Holdings, Inc. (PHI)[f]	Investment Company	**100**	**–**	**–**	**–**	**–**	**–**
Philippine School of Business Administration-Manila, Inc. (formerly STI College Novaliches, Inc.)[g]	Educational Institution	**–**	**–**	**–**	–	100	–

[a] *A subsidiary through a management contract*

[b] *As at October 13, 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 CHED of the suspension of its operations for SYs 2016-2017 and 2017-2018 as a result of the implementation of the Government's K to 12 program. De Los Santos-STI College became a wholly owned subsidiary of the Parent Company effective August 4, 2021. De Los Santos-STI College has not resumed its school operations as at October 13, 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 of STI ESG as at June 30, 2024 (see Notes 10 and 38).*

[f] *PHI became a wholly owned subsidiary of STI ESG as at June 30, 2026 (see Notes 11 and 38).*

[g] *STI ESG's ownership interest in Philippine School of Business Administration-Manila, Inc. was reduced from 100% to 6.25% as a result of the investment of STI Holdings in Philippine School of Business Administration-Manila, Inc. pursuant to the subscription agreement executed in June 2024 between STI Holdings and Philippine School of Business Administration-Manila, Inc., and upon SEC's approval of the increase in the authorized capital of Philippine School of Business Administration-Manila, Inc. in January 2025. STI ESG deconsolidated Philippine School of Business Administration-Manila, Inc. and recognized its remaining equity interest amounting to ₱5.0 million, representing 6.25% ownership in Philippine School of Business Administration- Manila, Inc., as "Equity instruments at FVOCI" as at June 30, 2026 and 2025 (see Notes 14 and 39).*

Accounting Policies of Subsidiaries. The separate financial statements of the subsidiaries are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at June 30, except for the accounts of STI Tuguegarao and STI Iloilo whose financial reporting date ends on December 31; and STI Batangas, STI Tanauan, STI Lipa, STI Pagadian, STI Sta. Maria, De Los Santos-STI College, and STI Alabang whose financial reporting date ends on March 31.

Adjustments are made for the effects of significant transactions or events that occur between the financial reporting date of the aforementioned subsidiaries and the financial reporting date of the Group's consolidated financial statements.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not wholly-owned by the Parent Company but rather held by minority interests. These are presented in profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.

On transactions with non-controlling interests without loss of control, the difference between the fair value of the consideration and the book value of the share in the net assets acquired or disposed of is treated as an equity transaction and is presented as "Other equity reserve" within the equity section of the consolidated statement of financial position.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards effective July 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of *Amendments to PAS 21, Lack of exchangeability*, did not have any significant impact on the consolidated financial statements.

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 June 30, 2026 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements of the Group when these amendments are adopted.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share in the acquiree's identifiable net assets. Acquisition-related costs are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Business Combination Involving Entities under Common Control

Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory (business combinations under common control), the Group may account such business combinations under the acquisition method of accounting or pooling of interests method, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered.

In cases where the business combination has no substance, the Group shall account for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction.



Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial Recognition and Measurement
Financial assets are classified at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. It is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments). This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and



- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at June 30, 2026 and 2025, the Group's financial assets at amortized cost include cash and cash equivalents, receivables (except for advances to officers and employees) and rental and utility deposits under "Goodwill, intangible and other noncurrent assets" account.

Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments). Upon initial recognition, the Group can elect to classify its equity investments as equity instruments at FVOCI, irrevocably, when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading nor are contingent consideration recognized in a business combination in accordance with PFRS 3. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments at FVOCI are not subject to impairment assessment.

As at June 30, 2026 and 2025, the Group's listed and non-listed equity investments are classified as financial assets at FVOCI.

Financial assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

As at June 30, 2026 and 2025, the Group's listed equity investments for trading are classified as financial assets at FVPL.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group applies a simplified approach in calculating ECLs for receivables from students. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. As for the other financial assets, the Group applied a general approach in the calculation since these accounts had no significant deterioration in credit risk since their initial recognition.



A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- The Group has transferred its right to receive cash flows from the asset and either (a) has transferred all the risks and rewards of ownership of the asset substantially, or (b) the Group has neither transferred nor retained all the risks and rewards of the asset substantially, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

b. Financial liabilities

Initial Recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, or as other financial liabilities.

The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in the case of other financial liabilities, net of directly attributable transaction costs which include the Group's bond issuance costs, such as taxes and various fees paid to investment banks, law firms, auditors, regulators, and so on.

As at June 30, 2026 and 2025, the Group does not have financial liabilities at FVPL. The Group's financial liabilities as at June 30, 2026 and 2025 are measured at amortized cost.

Subsequent Measurement
After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statements of comprehensive income.

Other financial liabilities include interest-bearing loans and borrowings, bonds payable, accounts payable and other current liabilities (excluding government and other statutory liabilities), lease liabilities, and other noncurrent liabilities (excluding advance rent and deferred lease liability).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The net realizable value of educational materials is the selling price in the ordinary course of business, less estimated costs necessary to make the sale. The net realizable value of promotional materials and school materials and supplies is the current replacement cost.

Prepaid Expenses and Other Current Assets
Prepaid expenses are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months or within the normal operating cycle.

Creditable Withholding Taxes (CWT). CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by Philippine taxation laws and regulations. CWT is presented as part of "Prepaid taxes" under the "Prepaid expenses and other current assets" account in the consolidated statement of financial position. CWT is stated at its estimated net realizable value.

Property and Equipment
The Group's property and equipment consists of land, buildings, equipment, furniture and fixtures, leasehold improvements, library holdings, construction in-progress and right-of-use (ROU) assets that do not qualify as investment properties.

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value, excluding the costs of day-to-day servicing. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred and the recognition criteria are met. Land is stated at cost less any impairment in value.



The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling or removing the underlying asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives or lease term (in the case of ROU assets), whichever is shorter:

Buildings	20 to 25 years
Office and school equipment	5 to 15 years
Office furniture and fixtures	5 years
Leasehold improvements	5 years or term of the lease agreement, whichever is shorter
Transportation equipment	4 to 5 years
Computer equipment and peripherals	3 years
Library holdings	5 years
Renewable energy equipment	5 years
Right-of-use asset – land	25 years or term of the lease agreement, whichever is shorter
Right-of-use asset – building	2 to 10 years
Right-of-use asset – transportation equipment	3 to 5 years

The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the periods and depreciation and amortization method are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation or amortization is charged to current operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes the costs of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for operational use.

Investment Properties

Investment properties primarily include land and condominium units held by the Group for office or commercial lease and for capital appreciation. Condominium units are carried at cost less accumulated depreciation and any impairment in value, while land is carried at cost less any impairment in value. The carrying amount includes the cost of constructing a significant portion of an existing investment

property if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Depreciation of condominium units is computed on a straight-line basis over 20 to 25 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of the property for subsequent accounting is its carrying value at the date of the change in use. If the property occupied by the Group as owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for use, capital appreciation and/or rental purposes.

Asset Acquisition

When property is acquired through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Investments in Associates and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

STI ESG has interest in Philippine Healthcare Educators, Inc. (PHEI), a joint venture company (see Note 13). A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's interest in associates and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there is a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial reporting dates of the associates, joint venture and the Parent Company are identical, except for Global Resource for Outsourced Workers, Inc. (GROW) and PHEI which follow December 31 and March 31, respectively, as their financial reporting dates. The associates' and joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Adjustments are made to the Group's share in the effects of significant transactions or events that occur between the financial reporting date of the above-mentioned associates and joint ventures and the financial reporting date of the Group's consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on its investment in associates and joint venture. The Group determines at each financial reporting date whether there is any objective evidence that the investment in associates and joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and joint venture and its carrying value and recognizes the amount in profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The associates of the Group, which are all incorporated in the Philippines, are as follows:

Associates	**Principal Activities**	**2026**	2025	2024
Accent Healthcare/STI-Banawe, Inc. (STI Accent) [(a)]	Medical and related Services	**49**	49	49
STI - College Marikina, Inc. (STI Marikina)	Educational Institution	**24**	24	24
GROW	Recruitment Agency	**16**	16	16
STI Holdings [(b)]	Holding Company	**–**	4	5

[(a)] *Dormant entity*

[(b)] *On various dates during fiscal year ended June 30, 2026 and 2025, STI ESG disposed its interest in STI Holdings resulting in the change in STI ESG's ownership interest in STI Holdings from 4.37% to 0.67% as at June 30, 2026 and from 5.05% to 4.37% as at June 30, 2025 (see Notes 4, 9 and 12).*

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group has assessed the useful life of intangible assets as having a finite useful life to be the shorter of its contractual term or economic life. Amortization is on a straight-line basis over the estimated useful lives of three years.

Impairment of Nonfinancial Assets
The carrying values of investments in and advances to associates and joint venture, property and equipment, investment properties, intangible assets and advances to suppliers are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Provisions for impairment are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets, excluding goodwill and intangible assets with indefinite useful life, an assessment is made at each reporting date as to whether there is any indication that previously recognized provisions for impairment may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the



last provision for impairment was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization (in the case of property and equipment, investment properties and intangible assets), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGUs to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which the goodwill has been allocated, an impairment loss is recognized in the consolidated statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the end of each reporting period.

Capital Stock and Additional Paid-in Capital
Common stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of the consideration received in excess of par value are recognized as additional paid-in capital.

Treasury Stocks
Own equity instruments which are reacquired (treasury stocks) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

Retained Earnings and Dividend on Common Stock of the Parent Company
The amount included in retained earnings includes profit attributable to the Parent Company's equity holders and reduced by dividends on capital stocks. Dividends on capital stocks are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company. Dividends that are approved after the financial reporting date are dealt with as an event after the financial reporting period.

Earnings per Share Attributable to the Equity Holders of the Parent Company
Earnings per share is computed by dividing net income attributed to equity holders of the Parent Company for the year by the weighted average number of shares issued and outstanding after giving retroactive effect to stock split and stock dividend declaration, if any.

Diluted earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive convertible common shares.

Revenue Recognition
Revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses whether it is acting as a principal or an agent in every revenue arrangement. It is acting as a principal when it has the primary responsibility for providing the goods or services. The Group also acts as a principal when it has the discretion in establishing the prices and



bears inventory and credit risk. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value-added tax (VAT).

The following specific recognition criteria must also be met before revenue is recognized:

Tuition and Other School Fees. Revenue from tuition and other school fees is satisfied over time and is recognized as income over the corresponding school term to which they pertain on the basis of the time lapsed over the service period. Fees received pertaining to the school year commencing after the financial reporting date are recorded under the "Unearned tuition and other school fees" account in the consolidated statement of financial position. Unearned tuition and other school fees are amortized over the related school term.

Educational Services and Royalty Fees. Revenues from educational services and royalty fees are satisfied over time based on a percentage of monthly franchise receipts and are recognized in accordance with the terms of the licensing agreements.

Sale of Educational Materials and Supplies. Revenue is satisfied at a point in time and is recognized at the time of sale when control of the goods is transferred to the customer.

Other Revenues. Other revenues include income related to the software license subscriptions provided to franchised schools. These revenues are satisfied at a point in time and are recognized at the time of sale when control or rights to the goods or services are transferred to the customer.

The following are the revenue streams outside the scope of PFRS 15:

Rental Income. Rental income is recognized on a straight-line basis over the term of the lease agreement.

Interest Income. Interest income is recognized as the interest accrues considering the effective yield on the asset.

Dividend Income. Revenue is recognized when the Group's right to receive the payment is established.

The following are contract balances relative to PFRS 15:

Receivables. Receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Group performs under the contract. The Group's "Unearned tuition and other school fees" account represents contract liabilities which will be recognized as revenue when the related educational services are rendered. This includes advance payment for tuition and other school fees for the school year commencing after the financial reporting date.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss in the year these are incurred.



Pension Cost

The Group has the following pension plans (Plan) covering substantially all of its regular and permanent employees:

Entity	Type of Plan
Parent Company	Funded, noncontributory defined benefit plan
Subsidiaries	Unfunded, noncontributory defined benefit plan

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as an expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed for some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.



Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement. A reassessment is made after the inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the agreement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and the date of renewal or extension period for scenario (b).

Right-of-use Assets. The Group classifies its ROU assets as part of property and equipment. Refer to the accounting policies for property and equipment.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases with Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

The Group shall account for a modification to a lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. A lessee recognizes the effect of a rent concession by recognizing the reduction in payment as other income in profit or loss in the consolidated statement of comprehensive income.



Group as a Lessor. The Group had lease agreements for the lease of its investment properties. These leases, where the Group retains all the risks and benefits of ownership of the asset substantially, are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the financial reporting date.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and carryforward benefit of net operating loss carryover (NOLCO), and to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of NOLCO can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.



Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Prepaid expenses and other current assets" or "Accounts payable and other current liabilities" accounts in the consolidated statement of financial position.

Operating Segment
For management purposes, the Group is organized into business units based on the geographical location of the students and assets. Financial information about operating segments is presented in Note 3 to the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post-year-end events that provide additional information about the Group's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Segment Information

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

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

Management monitors the operating results of its business segments separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on consolidated net income and EBITDA. EBITDA is defined as net income or 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, gain on termination of lease, gain on early extinguishment of loan, and income from condonation of liability. Depreciation and interest expense for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.

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

	Year Ended June 30		
	2026	2025	2024
Consolidated net income	**₱1,880,940,746**	₱1,813,083,408	₱1,275,792,779
Depreciation and amortization [(1)] (see Notes 10, 11, 15, 23 and 25)	**518,148,566**	454,594,557	419,986,229
Gains on:			
Disposals of interest in an associate	**(200,508,336)**	(24,592,792)	–
Termination of leases [(2)]	**(14,316,043)**	(1,575,650)	–
Early extinguishment of loan (see Note 17)	–	–	(3,076,465)
Provision for income tax (see Note 29)	**180,532,880**	187,048,716	127,383,518
Interest expense [(1)] (see Notes 17, 18, and 22)	**155,695,528**	210,329,689	248,388,355
Interest income (see Notes 5, 6, and 22)	**(52,419,314)**	(30,260,330)	(41,537,349)
Fair value loss (gain) on equity instruments at FVPL (see Note 9)	**(21,300,689)**	(3,363,500)	852,500
Income from condonation of liability [(2)] (see Note 10)	**(15,261,619)**	–	–
Equity in net earnings of associates and joint venture (see Notes 12 and 13)	**(6,662,836)**	(22,044,896)	(18,810,890)
Foreign exchange loss (gain) – net	**(210,571)**	5,769,285	(17,258,550)
Consolidated EBITDA	**₱2,424,638,312**	₱2,588,988,487	₱1,991,720,127

[(1)] *Depreciation and interest expense exclude those related to ROU assets and lease liabilities, respectively.*

[(2)] *Reported as part of "Other income".*

Inter-Segment Transactions

Segment revenue, segment expenses and operating results include transfers among geographical segments. The transfers are accounted for at market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

Geographical Segment Data

The following tables present revenue and income information for the years ended June 30, 2026, 2025 and 2024, and certain assets and liabilities information as at June 30, 2026, 2025 and 2024 regarding geographical segments:

	For the year ended June 30, 2026					
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
Revenues						
External revenue	**₱2,346,916,354**	**₱354,003,407**	**₱1,467,745,461**	**₱58,807,058**	**₱140,643,843**	**₱4,368,116,123**
Results						
Income before other income (expenses) and income tax	**₱883,156,526**	**₱149,170,242**	**₱705,329,465**	**₱11,377,368**	**₱48,787,437**	**₱1,797,821,038**
Equity in net earnings of associates and joint venture	**6,662,836**	**-**	**-**	**-**	**-**	**6,662,836**
Interest expense	**(163,773,349)**	**(4,126,273)**	**(4,596,009)**	**(1,035,846)**	**(2,353,754)**	**(175,885,231)**
Interest income	**45,401,301**	**37,626**	**6,963,193**	**6,445**	**10,749**	**52,419,314**
Other income[(a)]	**361,361,750**	**399,751**	**18,051,987**	**155,834**	**486,347**	**380,455,669**
Provision for income tax	**(168,672,259)**	**(2,756,429)**	**(9,104,192)**	**-**	**-**	**(180,532,880)**
Net Income	**₱964,136,805**	**₱142,724,917**	**₱716,644,444**	**₱10,503,801**	**₱46,930,779**	**₱1,880,940,746**
EBITDA						**₱2,424,638,312**

	As at June 30, 2026					
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
Assets and Liabilities						
Segment assets[(b)]	**₱9,970,257,867**	**₱795,454,083**	**₱2,118,764,546**	**₱79,345,735**	**₱156,644,117**	**₱13,120,466,348**
Goodwill (see Note 15)	**236,629,190**	**-**	**-**	**-**	**-**	**236,629,190**
Investments in and advances to associates and joint venture (see Note 12)	**27,736,201**	**-**	**-**	**-**	**-**	**27,736,201**
Deferred tax assets - net (see Note 29)	**26,466,601**	**2,712,701**	**13,855,065**	**279,261**	**1,676,766**	**44,990,394**
Total Assets	**₱10,261,089,859**	**₱798,166,784**	**₱2,132,619,611**	**₱79,624,996**	**₱158,320,883**	**₱13,429,822,133**
Segment liabilities[(c)]	**₱568,933,155**	**₱107,141,481**	**₱540,236,650**	**₱17,000,646**	**₱50,433,725**	**₱1,283,745,657**
Interest-bearing loans and borrowings (see Note 17)	**1,026,276,450**	**-**	**-**	**-**	**-**	**1,026,276,450**
Bonds payable (see Note 18)	**818,563,449**	**-**	**-**	**-**	**-**	**818,563,449**
Pension liabilities (see Note 27)	**44,992,207**	**4,474,504**	**19,199,014**	**605,777**	**3,040,242**	**72,311,744**
Lease liabilities (see Note 28)	**108,132,185**	**103,213,644**	**45,430,105**	**11,696,649**	**24,773,626**	**293,246,209**
Total Liabilities	**₱2,566,897,446**	**₱214,829,629**	**₱ 604,865,769**	**₱29,303,072**	**₱78,247,593**	**₱3,494,143,509**
Other Segment Information						
Capital expenditures for property and equipment and investment properties						**₱1,462,773,089**
Depreciation and amortization[(d)]						**518,148,566**
Noncash expenses other than depreciation and amortization						**81,901,839**

[(a)] Other income exclude equity in net earnings of associates and joint venture, interest expense and interest income.

[(b)] Segment assets exclude goodwill, investments in and advances to associates and joint venture, and net deferred tax assets.

[(c)] Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities.

[(d)] Depreciation and amortization exclude those related to ROU assets.

	For the year ended June 30, 2025					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱2,457,697,251	₱330,860,794	₱1,471,393,016	₱53,112,449	₱136,464,076	₱4,449,527,586
Results						
Income before other income (expenses) and income tax	₱1,083,793,835	₱145,446,016	₱752,551,547	₱11,212,769	₱44,145,155	₱2,037,149,322
Equity in net earnings of associates and joint venture	22,044,896	–	–	–	–	22,044,896
Interest expense	(218,117,900)	(4,997,974)	(6,655,104)	(928,855)	(2,956,807)	(233,656,640)
Interest income	25,422,237	30,414	4,792,903	6,756	8,020	30,260,330
Other income[a]	136,667,731	1,993,792	4,994,855	129,912	547,926	144,334,216
Provision for income tax	(179,697,670)	(3,160,846)	(4,190,200)	–	–	(187,048,716)
Net Income	₱870,113,129	₱139,311,402	₱751,494,001	₱10,420,582	₱41,744,294	₱1,813,083,408
EBITDA						₱2,588,988,487

	As at June 30, 2025					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets[b]	₱8,553,138,927	₱705,773,459	₱2,097,123,917	₱71,214,485	₱133,381,884	₱11,560,632,672
Goodwill (see Note 15)	236,629,190	–	–	–	–	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	433,257,841	–	–	–	–	433,257,841
Deferred tax assets - net (see Note 29)	19,820,054	2,873,776	15,428,588	252,350	1,727,327	40,102,095
Total Assets	₱9,242,846,012	₱708,647,235	₱2,112,552,505	₱71,466,835	₱135,109,211	₱12,270,621,798
Segment liabilities[c]	₱450,943,400	₱78,183,632	₱425,501,855	₱9,963,584	₱32,408,646	₱997,001,117
Interest-bearing loans and borrowings (see Note 17)	1,726,332,830	–	–	–	–	1,726,332,830
Bonds payable (see Note 18)	816,706,013	–	–	–	–	816,706,013
Pension liabilities (see Note 27)	5,696,568	4,837,257	16,913,459	254,795	3,137,904	30,839,983
Lease liabilities (see Note 28)	116,746,594	40,005,514	106,275,671	11,185,930	34,668,349	308,882,058
Total Liabilities	₱3,116,425,405	₱123,026,403	₱548,690,985	₱21,404,309	₱70,214,899	₱3,879,762,001
Other Segment Information						
Capital expenditures for property and equipment and investment properties						₱801,482,642
Depreciation and amortization[d]						454,594,557
Noncash expenses other than depreciation and amortization						70,217,823

[a] *Other income exclude equity in net earnings of associates and joint venture, interest expense and interest income.*

[b] *Segment assets exclude goodwill, investments in and advances to associates and joint venture, and net deferred tax assets.*

[c] *Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities.*

[d] *Depreciation and amortization exclude those related to ROU assets.*

	For the year ended June 30, 2024					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱2,094,904,112	₱287,297,914	₱1,165,127,321	₱71,242,354	₱77,826,832	₱3,696,398,533
Results						
Income before other income (expenses) and income tax	₱738,693,241	₱110,244,141	₱588,827,547	₱15,664,471	₱21,787,571	₱1,475,216,971
Equity in net earnings of associates and joint venture	18,810,890	–	–	–	–	18,810,890
Interest expense	(256,039,688)	(3,719,018)	(6,390,653)	(1,313,970)	(2,448,259)	(269,911,588)
Interest income	38,424,877	26,102	3,074,077	5,500	6,793	41,537,349
Other income[a]	134,100,847	349,570	2,618,648	117,058	336,552	137,522,675
Provision for income tax	(120,020,582)	(2,212,353)	(5,150,583)	–	–	(127,383,518)
Net Income	₱553,969,585	₱104,688,442	₱582,979,036	₱14,473,059	₱19,682,657	₱1,275,792,779
EBITDA						₱1,991,720,127

	As at June 30, 2024					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets[b]	₱7,794,234,323	₱682,262,822	₱1,792,286,647	₱113,698,314	₱71,579,918	₱10,454,062,024
Goodwill (see Note 15)	236,629,190	–	–	–	–	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	496,276,072	–	–	–	–	496,276,072
Deferred tax assets - net (see Note 29)	16,642,597	2,797,372	12,557,491	690,949	1,296,597	33,985,006
Total Assets	₱8,543,782,182	₱685,060,194	₱1,804,844,138	₱114,389,263	₱72,876,515	₱11,220,952,292
Segment liabilities[c]	₱595,636,209	₱57,008,678	₱251,954,267	₱11,789,034	₱25,101,760	₱941,489,948
Interest-bearing loans and borrowings (see Note 17)	2,086,114,412	–	–	–	–	2,086,114,412
Bonds payable (see Note 18)	814,967,275	–	–	–	–	814,967,275
Pension liabilities (see Note 27)	44,008,750	5,921,760	13,681,541	1,616,515	1,430,678	66,659,244
Lease liabilities (see Note 28)	122,808,579	42,466,080	101,690,258	18,828,574	29,240,581	315,034,072
Total Liabilities	₱3,663,535,225	₱105,396,518	₱367,326,066	₱32,234,123	₱55,773,019	₱4,224,264,951
Other Segment Information						
Capital expenditures for property and equipment and investment properties						₱644,280,180
Depreciation and amortization[d]						419,986,229
Noncash expenses other than depreciation and amortization						76,190,964

[a] *Other income exclude equity in net earnings of associates and joint venture, interest expense and interest income.*

[b] *Segment assets exclude goodwill, investments in and advances to associates and joint venture, and net deferred tax assets.*

[c] *Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities.*

[d] *Depreciation and amortization exclude those related to ROU assets.*

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates used are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements, giving due consideration to materiality. Actual results could differ from such estimates.

The Group believes the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its consolidated financial statements.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Group's consolidated financial statements.

Recognition of revenue from tuition and other school fees, educational services and royalty fees over time. The Group concluded that tuition and other school fees, educational services, and royalty fees are to be recognized over time on the basis of time lapsed over the service period. This approach reflects the principle that revenue should be recognized as the Group satisfies its performance obligations in rendering its services to students and franchisees. Since the students and franchisees receive and consume the benefits of the services as they are provided, there is no need for another entity to re-perform the services that the Group has provided to date. This demonstrates that students and franchisees simultaneously receive and consume the benefits of the Group's services as the performance obligations are satisfied over time.

Recognition of revenue from the sale of educational materials and supplies at the point in time. Revenue from the sale of educational materials and supplies is recognized at the point in time when the control of the asset is transferred to the customer, generally upon receipt of the goods by franchisees and students. It is also the point in which the customer is obliged to pay for the asset without any further conditions or actions and the Group has transferred physical possession of the asset.

Asset Acquisition. On June 20, 2024, STI ESG and Total Consolidated Asset Management, Inc. (TCAMI) executed a deed of absolute sale for STI ESG's acquisition of 100.0% of the total issued and outstanding capital stock of TCAMI's wholly owned subsidiary, CHI. Further, on June 17, 2026, STI ESG and TCAMI executed a deed of absolute sale for STI ESG's acquisition of 100.0% of the total issued and outstanding capital stock of TCAMI's wholly owned subsidiary, PHI. Management considered the substance of the assets and activities of the acquired entities and assessed that the acquisition of these subsidiaries does not represent a business, but rather an acquisition of the land, the primary asset of the subsidiaries at the date of acquisition. The cost of the acquisition is allocated to the assets acquired based upon their relative fair values and no goodwill or deferred tax is recognized (see Notes 11 and 38).

Determination of Control Arising from a Management Contract. The Parent Company has a management contract with STI Caloocan. Management has concluded that the Parent Company, in substance, has the power to direct its relevant activities and has the means to obtain the majority of the benefits of STI Caloocan, a non-stock corporation, through the management contract. Management has assessed that it has control of STI Caloocan and accordingly, classifies the entity as subsidiary effective from the date control was obtained.



Assessment of Significant Influence on an Associate Following Disposals. The Parent Company has an equity interest of 4.37% in STI Holdings as at June 30, 2025. However, management has assessed that it has retained significant influence through interlocking members of the BOD and key management personnel. Accordingly, the Parent Company classified these shares of stock held as an investment in an associate as at June 30, 2025.

As at June 30, 2026, STI ESG holds 66.5 million quoted equity shares of STI Holdings, representing ownership interest of 0.67%. Following the significant reduction of STI ESG's investment in STI Holdings during the year, from 4.37% to 0.67%, STI ESG 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" (see Notes 9 and 12).

Contingencies. The Group is currently a party in a number of cases involving claims and disputes related to the collection of receivables and labor cases. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling defense in these matters and is based upon an analysis of potential results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the consolidated financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 33).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of the expected credit losses. ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the credit-adjusted effective interest rate.

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- *Probability of default.* The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD.

- *Loss given default.* LGD represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money.

- *Exposure at default.* EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Simplified approach for receivables from students. The Group applies the simplified approach in calculating ECLs of receivables from students. The Group develops loss rates based on days past due for each grouping of receivables per school term. The methodology is initially based on the Group's historically observed default rates. The Group will then adjust the historical credit loss experience using forward-looking information. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The Group's impairment calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the impairment models that are considered accounting judgments and estimates include:

- The Group's criteria for defining default and for assessing if there has been a significant increase in credit risk;
- The segmentation of financial assets when impairment is assessed on a collective basis;
- The choice of inputs and the various formulas used in the impairment calculation;
- Determination of relationships between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the impairment models.

It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The amount and timing of the ECLs, as well as the probability assigned thereto, have been based on the available information as at report date.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macro-economic variables include the following key indicators for the Philippines: unemployment rates, inflation rates and GDP growth rate. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.



The Group has not identified any uncertain event that it has assessed to be relevant to the risk of a default occurring but for which it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

The Group recognized provision for ECL amounting to ₱70.9 million, ₱56.0 million and ₱24.6 million for the years ended June 30, 2026, 2025 and 2024, respectively. Allowance for ECL on receivables amounted to ₱164.7 million and ₱156.7 million as at June 30, 2026 and 2025, respectively.

In June 2026, the BOD of STI ESG approved the write-off of receivables aggregating to ₱62.9 million for the year ended June 30, 2026 while in June 2025, the BOD of STI ESG approved the write-off of receivables aggregating to ₱54.9 million for the year ended June 30, 2025.

The carrying amounts of receivables as at June 30, 2026 and 2025 are disclosed in Note 6 to the consolidated financial statements.

Estimating Useful Lives of Nonfinancial Assets. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment, investment properties, excluding land, and intangible assets based on the period over which the property and equipment, investment properties and intangible assets are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment, investment properties and intangible assets is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets while for intangible assets with a finite life, estimated useful life is based on the economic useful benefit of the intangible assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives of property and equipment, investment properties and intangible assets would increase recorded expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of the Group's property and equipment, investment properties and intangible assets as at June 30, 2026 and 2025. The carrying values of nonfinancial assets subject to depreciation and amortization are as follows:

	2026	2025
Property and equipment (excluding land and construction in-progress) (see Note 10)	**₱5,012,271,567**	₱5,008,054,943
Investment properties (excluding land) (see Note 11)	**398,080,162**	422,523,988
Intangible assets (see Note 15)	**27,643,405**	29,298,912

Impairment of Nonfinancial Assets. PFRS requires nonfinancial assets, excluding goodwill and intangible assets with indefinite useful life, to be tested for impairment when certain impairment indicators are present, irrespective of whether there are any indications of impairment. Nonfinancial assets include property and equipment, investment properties, investment in and advances to associates and joint venture, intangible assets and other noncurrent assets.

Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value of these assets. While STI ESG believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group.

The carrying value of property and equipment, investment properties, investments in and advances to associates and joint venture, intangible assets and other noncurrent assets are disclosed in Notes 10, 11, 12, 13 and 15, respectively.

STI ESG recognized provision for impairment of its investment in a joint venture amounting to ₱1.7 million for the year ended June 30, 2024. No impairment was recognized for the years ended June 30, 2026 and 2025. As at June 30, 2026 and 2025, the carrying value of the investments in and advances to associates and joint venture amounted to ₱27.7 million and ₱433.3 million, respectively (see Notes 12, 13 and 25).

Impairment of Goodwill and Intangible Assets with Indefinite Useful Life. Acquisition method requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date. It also requires the acquirer to recognize any goodwill as the excess of the acquisition cost over the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The Group's business acquisitions have resulted in goodwill and intangible assets with indefinite useful life which are subject to an annual impairment testing. This requires an estimation of the value in use of the CGUs to which the goodwill and intangible assets with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Using the updated information and various scenarios of future financial performance and cash flows, an assessment of the recoverability of certain assets as at reporting period was conducted.

The recoverable amounts of CGUs have been determined based on the value in use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. The significant assumptions used in the value in use calculations are forecasted revenue growth, long-term growth rate and discount rate.

Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a group having substantially the same risks and characteristics. Management used the weighted average cost of capital wherein the costs of equity and debt financing are weighted. The weighted average cost of capital is the overall required return on the CGUs. A pre-tax discount rate of 12.30% and 12.70% were used as at June 30, 2026 and 2025, respectively. The growth rate used in extrapolating the cash flows beyond the period covered by the CGU's recent budgets was 5.00%.

Impairment testing showed that the CGUs' recoverable amounts were greater than their carrying amounts, except for NPIM in 2024. STI ESG recognized a provision for impairment of goodwill amounting to ₱14.3 million for the year ended June 30, 2024, representing impairment of goodwill assigned to NPIM. No impairment was recognized for the years ended June 30, 2026 and 2025. Goodwill amounted to ₱236.6 million as at June 30, 2026 and 2025 while intangible assets with indefinite useful life amounted to ₱27.6 million as at June 30, 2026 and 2025 (see Note 15).

Realizability of Deferred Tax Assets. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets recognized as at June 30, 2026 and 2025 are disclosed in Note 29 to the consolidated financial statements.

Measurement of Lease Liabilities. The Group's lease liabilities are measured based on the present value of lease payments over the lease term using the Group's IBR.

- *Determination of Lease Term*
  The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

  The Group determined that renewal periods of leases with longer periods are not included as part of the lease term as these are not reasonably certain to be exercised.

- *Estimating the Incremental Borrowing Rate*
  The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group's lease liabilities as at June 30, 2026 and 2025 are disclosed in Note 28 to the consolidated financial statements.

Determining Pension Liabilities. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions were described in Note 27 and included among others, discount rate and future salary increases. In accordance with revised PAS 19, *Employee Benefits*, actual results that differ from the Group's assumptions are included in OCI and are not reclassified to profit or loss in subsequent periods. While it is believed that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other pension obligations.

The carrying values of net pension liabilities as at June 30, 2026 and 2025 are disclosed in Note 27 to the consolidated financial statements.

5. Cash and Cash Equivalents

This account consists of:

	2026	2025
Cash on hand and in banks	**₱877,321,753**	₱786,908,551
Cash equivalents	**985,818,050**	807,661,136
	₱1,863,139,803	₱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 ₱38.0 million, ₱23.3 million and ₱35.1 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Note 22).

6. Receivables

This account consists of:

	2026	2025
Tuition and other school fees	**₱651,295,344**	₱386,262,179
Educational services (see Note 30)	**93,818,130**	135,262,240
Rent, utilities, and other related receivables (see Note 28)	**50,153,396**	32,085,758
Receivables from officers and employees (see Note 30)	**14,117,254**	14,021,874
Interest receivables (see Notes 5 and 22)	**5,099,351**	4,337,761
Others	**30,407,502**	17,765,499
	844,890,977	589,735,311
Less allowance for expected credit losses	**164,697,148**	156,675,922
	₱680,193,829	₱433,059,389

The terms and conditions of the receivables are as follows:

a. Tuition and other school fees receivables include receivables from:

	2026	2025
Students	**485,500,950**	311,020,792
DepEd (see Note 33)	**104,489,881**	19,848,963
CHED (see Note 33)	**4,228,913**	1,414,408
Development Bank of the Philippines (DBP) (see Note 33)	**1,072,075**	1,904,810
Others	**56,003,525**	52,073,206
	₱651,295,344	₱386,262,179

Receivables from students and DepEd, representing SHS Vouchers, as at June 30, 2026 includes ₱179.8 million and ₱95.9 million, respectively, pertaining to tuition and other school fees of SHS and JHS students for SY 2026–2027. Classes for the SHS and JHS programs for SY 2026–2027 commenced on June 29, 2026 and are scheduled to end in May 2027. Accordingly, the related receivables aggregating to ₱275.7 million and contract liabilities amounting to ₱321.1 million were recognized as at June 30, 2026. Revenues pertaining to these receivables will be recognized over the applicable school terms as the related educational services are rendered. The remaining balance principally pertains to receivables for SY 2025–2026.

Other receivables on tuition and other school fees consist mainly of amounts due from third parties for scholarships and sponsorships granted to certain students.

These receivables are expected to be collected within the next fiscal year.

b. Receivables for 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, Inc. (PSBA Manila) and Philippine School of Business Administration Inc.-Quezon City (PSBA Quezon City), collectively referred to as "PSBA", in the total amount of ₱68.2 million and ₱31.6 million as at June 30, 2026 and 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 39).

   Interest earned from past due accounts amounted to ₱14.5 million, ₱7.0 million and ₱6.4 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Note 22).

c. Rent, utilities and other related receivables are expected to be collected in full within the next fiscal year (see Note 28).

d. Receivables from officers and employees substantially represent advances for official business expenses which are necessary and reasonable to carry out the operations of head office and the schools. These advances are normally liquidated within one month from the date the advances are obtained (see Note 30).

e. Interest receivables represent accrued interest income on the Group's short-term investments, typically maturing within three months, and earning interest at prevailing market rates (see Notes 5 and 22).

f. Others consist primarily of receivables from former vendors of STI ESG, former employees, and Social Security System amounting to ₱6.3 million, ₱3.9 million, and ₱8.9 million, respectively, as at June 2026; and amounting to ₱0.9 million, ₱3.7 million, and ₱8.0 million, respectively, as at June 2025. In addition, this account includes the receivable from Metro Pacific Health Corporation (MPHC) amounting to ₱5.9 million arising from the disposal of STI ESG's equity instrument at FVOCI (see Note 14). Also included in this account are receivables from the retirement trustee bank of STI ESG amounting to ₱2.3 million and ₱1.9 million, representing retirement benefits advanced by STI ESG to its former employees, as at June 30, 2026 and 2025, respectively. All outstanding receivables are expected to be collected within the next fiscal year.

The movements in allowance for expected credit losses are as follows:

	2026		
	Tuition and Other School Fees	**Others**	**Total**
Balance at beginning of year	**₱149,863,053**	**₱6,812,869**	**₱156,675,922**
Provisions - net (see Note 25)	**65,159,965**	**5,730,041**	**70,890,006**
Write-off	**(62,868,780)**	**–**	**(62,868,780)**
Balance at end of year	**₱152,154,238**	**₱12,542,910**	**₱164,697,148**

	2025		
	Tuition and Other School Fees	Others	Total
Balance at beginning of year	₱147,172,518	₱8,410,477	₱155,582,995
Provisions - net (see Note 25)	50,563,192	5,438,116	56,001,308
Write-off	(47,872,657)	(7,035,724)	(54,908,381)
Balance at end of year	₱149,863,053	₱6,812,869	₱156,675,922

In June 2026 and 2025, the BOD of STI ESG approved the write-off of receivables amounting to ₱62.9 million and ₱54.9 million for the years ended June 30, 2026 and 2025, respectively. These receivables primarily pertain to outstanding tuition and other school fees for SY 2023–2024 and SY 2022–2023, respectively.

Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱7.5 million, ₱8.8 million and ₱5.8 million for the years ended June 30, 2026, 2025 and 2024, respectively. These amounts are presented in the "Other income (expenses)" section in the consolidated statements of comprehensive income.

7. Inventories

This account consists of:

	2026	2025
At cost:		
Educational materials:		
Uniforms	**₱123,716,041**	₱129,972,473
Textbooks and other education-related materials	**5,308,096**	7,093,070
	129,024,137	137,065,543
Promotional materials:		
Proware materials	**17,195,706**	18,503,327
Marketing materials	**406,731**	1,197,512
	17,602,437	19,700,839
School materials and supplies	**7,909,396**	7,031,428
	₱154,535,970	₱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 June 30, 2026 and 2025. Allowance for inventory obsolescence amounted to ₱25.9 million and ₱25.5 million as at June 30, 2026 and 2025, respectively. Provision for inventory obsolescence resulting from the excess of cost over the net realizable value of these obsolete inventories recognized for the years ended June 30, 2026, 2025 and 2024 amounted to ₱0.4 million, ₱0.3 million and ₱1.0 million, respectively (see Note 25).

Inventories charged to cost of educational materials and supplies sold amounted to ₱68.0 million, ₱93.5 million and ₱96.0 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Note 24).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2026	2025
Input VAT – net	**₱54,039,878**	₱44,540,845
Prepaid taxes	**23,792,990**	18,739,737
Prepaid subscriptions and licenses	**20,928,993**	20,244,199
Advances to suppliers	**7,228,621**	7,694,690
Prepaid insurance	**1,187,260**	1,121,965
Infrastructure and software maintenance	**320,833**	329,932
Others	**1,432,210**	1,538,584
	₱108,930,785	₱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 incurred on ongoing construction projects and purchase of goods and services.

Prepaid taxes primarily consist of prepayments for local business and real property taxes. These prepayments are recognized as expense over the applicable period, typically within the next fiscal year.

Prepaid subscriptions and licenses substantially pertain to Microsoft licenses and eLearning Management System (eLMS) subscriptions which were paid in advance in preparation for the succeeding school year. These subscriptions are normally renewed annually and are recognized as expense in accordance with the terms of the respective agreements.

Advances to suppliers primarily relate to prepayments for the procurement of students' school uniforms, as well as commencement-related expenses. The balance as at June 30, 2026 also includes prepayments in connection with the document management system and digitization of student records.

Prepaid insurance consists of various insurance coverages, including life and accident insurance, comprehensive general liability, and fire insurance on buildings (including equipment and furniture). These insurance premiums are normally renewed annually and are recognized as expense over the respective period of the coverage.

Prepaid infrastructure and software maintenance include the unexpired portion of the annual support and maintenance of the Group's payroll system, as well as firewall and web application subscriptions. These costs are recognized as expenses over their respective periods of coverage, which are 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 represents 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 ₱93.0 million and ₱11.5 million as at June 30, 2026 and 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 June 30, 2026 and 2025, these shares had carrying values of ₱11.1 million and ₱11.5 million, respectively. STI ESG recognized fair value loss on equity instruments at FVPL amounting to ₱0.4 million and ₱0.9 million for the years ended June 30, 2026 and 2024, respectively, and fair value gain on equity instruments at FVPL amounting to ₱3.4 million for the year ended June 30, 2025.

STI ESG recognized dividend income from RCR amounting to ₱0.7 million for the year ended June 30, 2026 and ₱0.6 million each for the years ended June 30, 2025 and 2024.

As at June 30, 2026, STI ESG holds 66.5 million quoted equity shares of STI Holdings, representing 0.67% ownership interest, with a fair value of ₱1.23 per share or an aggregate amount of ₱81.8 million. Following the significant reduction in 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 instrument 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 ₱21.7 million for year ended June 30, 2026 (see Note 12).

10. **Property and Equipment**

The rollforward analyses of this account are as follows:

	2026													
	Land	**Buildings**	**Office and School Equipment**	**Office Furniture and Fixtures**	**Leasehold Improvements**	**Transportation Equipment**	**Computer Equipment and Peripherals**	**Library Holdings**	**Renewable Energy Equipment**	**Construction-in-Progress**	**Right-of-use Asset - Land**	**Right-of-use Asset - Building**	**Right-of-use Asset - Transportation Equipment**	**Total**
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of year	**₱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	**302,750,393**	**183,725,280**	**65,256,832**	**14,298,682**	**14,622,300**	**11,230,084**	**48,228,046**	**2,220,560**	**21,119,999**	**388,957,775**	–	**110,659,673**	**2,634,726**	**1,165,704,350**
Reclassification	–	**123,679,585**	**3,104,286**	–	**9,223,908**	–	–	**(1,285,000)**	–	**(134,722,779)**	–	–	–	–
Lease termination/modification (see Note 28)	–	–	–	–	–	–	–	–	–	–	**(41,337,847)**	**162,276**	**(729,695)**	**(41,905,266)**
Depreciation and amortization (see Notes 23 and 25)	–	**(367,113,477)**	**(43,427,382)**	**(16,250,766)**	**(7,597,781)**	**(6,303,296)**	**(38,073,338)**	**(2,545,337)**	**(8,023,097)**	–	**(6,321,193)**	**(62,285,481)**	**(4,655,923)**	**(562,597,071)**
Balance at end of year	**₱3,148,236,076**	**₱4,421,374,716**	**₱154,977,089**	**₱48,184,814**	**₱26,787,243**	**₱15,589,922**	**₱61,108,635**	**₱7,642,275**	**₱38,493,619**	**₱450,993,069**	**₱50,635,522**	**₱182,748,506**	**₱4,729,226**	**₱8,611,500,712**
At June 30, 2026														
Cost	**₱3,148,236,076**	**₱7,435,572,316**	**₱896,341,714**	**₱343,251,745**	**₱235,666,942**	**₱29,862,417**	**₱506,743,650**	**₱137,511,361**	**₱53,800,993**	**₱450,993,069**	**₱90,090,306**	**₱351,714,420**	**₱36,468,135**	**₱13,716,253,144**
Accumulated depreciation and amortization	–	**(3,014,197,600)**	**(741,364,625)**	**(295,066,931)**	**(208,879,699)**	**(14,272,495)**	**(445,635,015)**	**(129,869,086)**	**(15,307,374)**	–	**(39,454,784)**	**(168,965,914)**	**(31,738,909)**	**(5,104,752,432)**
Net book value	**₱3,148,236,076**	**₱4,421,374,716**	**₱154,977,089**	**₱48,184,814**	**₱26,787,243**	**₱15,589,922**	**₱61,108,635**	**₱7,642,275**	**₱38,493,619**	**₱450,993,069**	**₱50,635,522**	**₱182,748,506**	**₱4,729,226**	**₱8,611,500,712**

	2025													
	Land	Buildings	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Renewable Energy Equipment	Construction-in-Progress	Right-of-use Asset - Land	Right-of-use Asset - Building	Right-of-use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of year	₱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
Reclassification	–	194,484,977	1,598,320	–	–	–	–	–	15,661,479	(211,744,776)	–	–	–	–
Reclassification from investment properties (see Note 11)	140,143,382	–	–	–	–	–	–	–	–	–	–	–	–	140,143,382
Lease termination (see Note 28)	–	–	–	–	–	–	–	–	–	–	–	(13,888,769)	–	(13,888,769)
Depreciation and amortization (see Notes 23 and 25)	–	(326,664,898)	(31,706,080)	(12,423,152)	(8,207,376)	(2,211,544)	(36,313,576)	(2,508,126)	(5,974,248)	–	(8,079,506)	(50,424,484)	(7,275,924)	(491,788,914)
Balance at end of year	₱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 ₱1,155.9 million and ₱1,105.4 million as at June 30, 2026 and 2025, respectively. There were no idle property and equipment as at June 30, 2026 and 2025.

Additions and Reclassifications

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.

In connection with STI ESG's acquisition of the Calamba property, the related lease agreement was effectively terminated on October 30, 2025. As a result, STI ESG derecognized the related lease liability of ₱54.7 million and right-of-use asset with a carrying amount of ₱40.9 million, resulting in the recognition of a gain on lease termination of ₱13.9 million for the year ended June 30, 2026 (see Note 28).

Land Acquired via Deed of Sale on Installments. On June 10, 2024, STI ESG and Avida Land Corp. (Avida) executed a contract to sell for STI ESG's acquisition of a parcel of land with a total area of 3,266 square meters, located at South Park District, Alabang, Muntinlupa City, for a total purchase price of ₱228.8 million, inclusive of taxes. The purchase price is payable in three installments: (i) the amount of ₱45.1 million, inclusive of ₱24.7 million VAT, was settled on June 10, 2024 (ii) the amount of ₱81.6 million was paid by STI ESG upon the execution of the Deed of Sale on Installments (the "Deed"); and (iii) the amount of ₱102.1 million was paid by STI ESG on the 16th month after the execution of the Deed.

On September 30, 2024, STI ESG and Avida executed the Deed. On the same date, STI ESG settled the second installment amounting to ₱81.6 million. STI ESG likewise paid ₱9.2 million for taxes and other charges related to the sale. In view of this, STI ESG recognized this acquisition as "Land" under "Property and equipment" on September 30, 2024. On the same date, the related installment payments for the asset acquisition were applied to the total purchase price, and STI ESG recognized the remaining balance of the purchase price amounting to ₱102.1 million as liability under "Accounts payable", which was subsequently settled in February 2026 (see Note 16).

STI ESG is entitled to physical possession and control over the lot upon execution of the Deed. As at October 13, 2026, the construction of the new STI Academic Center Alabang is ongoing and is expected to be completed in time for the opening of SY2027-2028 (see Notes 15 and 33).

Reclassification from Investment Properties to Property and Equipment. On October 1, 2022, STI ESG acquired two parcels of land with improvements in Meycauayan City, Bulacan, with a total area of 2,459 square meters for ₱140.1 million, inclusive of taxes and transfer fees. The Group assumed lease agreements on the property, the last of which expired in July 2025. Following the preparation for the construction of a new school building for STI Meycauayan, STI ESG reclassified the property from "Investment properties" to "Property and equipment" as at June 30, 2025.



Solar Project. The Group has completed the solar panel installation projects in several schools owned and operated by STI ESG namely: STI Pasay-EDSA, STI Novaliches, STI Las Piñas, STI Sta. Mesa, and STI Batangas. The solar panel installation project at STI Novaliches was completed in July 2024 while the rest of the projects were completed on various dates in September 2024. These projects have a combined cost of ₱22.8 million, including the costs for roofing repairs in preparation for the solar installation, and have an aggregate capacity of 674 kilowatts of electricity.

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, were completed as of June 30, 2026. These solar projects contribute to energy cost efficiencies for the respective campuses and support the Group's sustainability initiatives.

Renovation and Rehabilitation Projects. STI ESG has undertaken renovation works at its Tanay property. The initial phase, which addressed exterior facilities, has a total contract cost of ₱14.5 million and was completed in January 2024. The subsequent phase, which focused on interior improvements, has a total project cost of ₱14.6 million, and was completed in August 2024.

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 June 30, 2026.

Classroom Expansion Projects. The Group has undertaken classroom expansion projects for several schools, namely, STI Las Piñas, STI Cubao, STI Sta Mesa, STI Caloocan, STI Lucena, STI San Jose del Monte, STI Global City, and STI Lipa. These expansion projects, with an aggregate cost of ₱140.9 million, primarily involve the partitioning of vacant or multi-purpose areas and were all completed, except for STI Lucena, as at June 30, 2025. The classroom expansion project for STI Lucena is expected to be completed by end of October 2026. These additional classrooms can accommodate an aggregate of approximately 7,000 students.

New Buildings. The new three-storey building at STI Lipa has a total cost of ₱40.0 million, which includes all costs of materials, labor, tools, equipment, furniture, and incidental expenses. The new building which serves as the campus canteen and parking facility was completed in December 2024.

The new five-storey school building at the STI Ortigas-Cainta campus with a total construction cost of ₱217.3 million was designed to accommodate approximately up to 4,500 students. The first and second floors of this building with aggregate cost of ₱86.9 million were completed in September 2024 while the remaining sections of the building were completed in January 2025. The first and second floors of the building were opened for use at the start of SY2024–2025. The construction of the sewage treatment plant for this new school building at the STI Ortigas-Cainta is expected to be completed by end of October 2026.

The construction works for the new four-storey building with a roof deck at STI Fairview were completed in June 2026. The STI Fairview project, with a total project cost of ₱91.0 million, is designed to accommodate 1,800 additional students.

Maritime Simulators. In May 2026, STI Training Academy recognized the maritime simulators received from a third party with an aggregate value of ₱15.3 million. The related liability was subsequently reversed to other income after the third party condoned its collection.

Property and Equipment under Construction. The Group continued to invest in the expansion of its educational infrastructure with total construction-in-progress amounting to ₱451.0 million and ₱196.8 million as at June 30, 2026 and 2025, respectively. The balance as at June 30, 2025 is primarily related to the costs incurred for the construction of STI Academic Center Tanauan, and the new school buildings which have been recently completed at STI Fairview and STI Batangas. The construction-in-progress account as at June 30, 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 in time for the second term of SY 2026-2027.

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 acquired in 2024. This building is expected to accommodate up to 10,000 students and is expected to be completed in time for SY2027-2028.

The construction works for the three-storey building at STI Batangas were completed during the first week of October 2026. The STI Batangas project, with a total project cost of ₱32.0 million, is expected to serve approximately 900 additional students.

*Capitalized Borrowing Co*sts. Total borrowing costs capitalized as part of property and equipment amounted to ₱5.1 million for the year ended June 30, 2026 (nil for the year ended June 30, 2025). The average interest capitalization rate for the year ended June 30, 2026 was 6.85%, which was the effective rate of borrowing.

Collaterals

Transportation equipment, recognized as ROU assets, are pledged as security for the related lease liabilities as at June 30, 2026 and 2025 (see Note 28). The net book value of these equipment items amounted to ₱4.7 million and ₱7.5 million as at June 30, 2026 and 2025, respectively.

11. Investment Properties

The roll forward analyses of this account are as follows:

	2026		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of year	**₱251,924,101**	**₱784,817,822**	**₱1,036,741,923**
Additions	**407,648,379**	**2,714,759**	**410,363,138**
Reclassification from property and equipment	**–**	**5,010,940**	**5,010,940**
Balance at end of year	**659,572,480**	**792,543,521**	**1,452,116,001**
Accumulated Depreciation:			
Balance at beginning of year	**–**	**362,293,834**	**362,293,834**
Depreciation (see Note 25)	**–**	**27,158,585**	**27,158,585**
Reclassification from property and equipment	**–**	**5,010,940**	**5,010,940**
Balance at end of year	**–**	**394,463,359**	**394,463,359**
Net book value	**₱659,572,480**	**₱398,080,162**	**₱1,057,652,642**

	2025		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of year	₱392,067,483	₱780,307,090	₱1,172,374,573
Additions	–	4,510,732	4,510,732
Reclassification to property and equipment (see Note 10)	(140,143,382)	–	(140,143,382)
Balance at end of year	251,924,101	784,817,822	1,036,741,923
Accumulated Depreciation:			
Balance at beginning of year	–	335,601,702	335,601,702
Depreciation (see Note 25)	–	26,692,132	26,692,132
Balance at end of year	–	362,293,834	362,293,834
Net book value	₱251,924,101	₱422,523,988	₱674,448,089

As at June 30, 2026 and 2025, investment properties primarily include condominium units of STI ESG which are held for office or commercial lease.

Renovation and fit-out works. Additions during the year ended June 30, 2026 represent capital expenditures incurred for the electrical and ventilation works in one of STI ESG's investment properties amounting to ₱2.7 million. STI ESG recorded additions amounting to ₱4.5 million, mainly related to fit-out works carried out in one of STI ESG's investment properties, during the year ended June 30, 2025.

Land Acquired through Acquisition of Shares. On June 17, 2026, STI ESG and TCAMI, executed a Deed of Absolute Sale for the acquisition of 190.0 million common shares, with a par value of ₱1.0, representing 100% of the total issued and outstanding capital stock of PHI, for ₱403.2 million. Under the Share Purchase Agreement executed in June 2024, STI ESG paid a deposit of ₱60.5 million, equivalent to 15% of the purchase price, while the remaining balance of ₱342.7 million was settled on June 17, 2026. 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 where the construction of STI Academic Center Tanauan is ongoing (see Note 38). The land is valued at ₱407.6 million, following the allocation of the acquisition cost to other identifiable assets and liabilities of PHI which had a net liability carrying amount of ₱4.4 million.

Reclassification from property and equipment. STI ESG reclassified a property from "Property and equipment" to "Investment properties" as it is now held for future lease/sale. The property was fully depreciated as at the date of reclassification.

Description of valuation techniques used and key inputs to valuation of investment properties
The fair values of investment properties were determined by an independent professionally qualified appraiser accredited by the SEC. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Land
Level 3 fair value of land was derived using the market approach. The market approach is a comparative approach to value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered. Sales prices of comparable land in close proximity (external factor) are adjusted for differences in key attributes (internal factors) such as location and size.

Using the latest available valuation report as at June 30, 2026 and 2025, the following shows the valuation technique used in measuring the fair value of the land, as well as the significant unobservable inputs used:

	2026	2025
Fair value	**₱965,919,000**	₱570,917,000
Valuation Date	**June 2026/June 2025**	June 2025/June 2023
Valuation technique	**Market approach**	Market approach
Unobservable input	**Net price per square meter**	Net price per square meter
Relationship of unobservable inputs to fair value	**The higher the price per square meter, the higher the fair value**	The higher the price per square meter, the higher the fair value

These refer to several parcels of land owned by STI ESG located in various locations and are primarily held for capital appreciation and rental purposes. These properties are not utilized by the Group in the conduct of its operations.

The highest and best use of the land is commercial utility.

Condominium Units
Level 3 fair values of condominium units have also been derived using the market approach.

Using the latest available valuation report as at June 30, 2026 and 2025, the following table shows the valuation technique used in measuring the fair value of the condominium units, as well as the significant unobservable inputs used:

	2026	2025
Fair value	**₱1,733,910,000**	₱1,591,386,000
Valuation Date	**June 2026/June 2025**	June 2025/June 2023
Valuation technique	**Market approach**	Market approach
Unobservable input	**Net price per square meter**	Net price per square meter
Relationship of unobservable inputs to fair value	**The higher the price per square meter, the higher the fair value**	The higher the price per square meter, the higher the fair value

The highest and best use of the condominium units is commercial utility.

Rental
Rental income earned from investment properties amounted to ₱95.9 million, ₱92.6 million and ₱96.9 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Note 28). Direct operating expenses, including depreciation, real property taxes, insurance, janitorial, security services and repairs and maintenance, arising from investment properties amounted to ₱46.8 million, ₱41.5 million and ₱36.8 million for the years ended June 30, 2026, 2025 and 2024, respectively.

12. Investments in and Advances to Associates and Joint Venture

The details and movements of this account are as follows:

	2026	2025
Investments		
Acquisition costs	**₱471,417,497**	₱539,106,330
Disposals	**(364,233,610)**	(67,688,833)
Reclassification (see Note 9)	**(66,220,478)**	–
Balance at end of year	**40,963,409**	471,417,497
Accumulated equity in net losses:		
Balance at beginning of year	**(36,611,764)**	(41,444,037)
Disposals	**15,686,321**	4,271,857
Equity in net earnings of associates and joint venture	**6,662,836**	22,044,896
Reclassification (see Note 9)	**6,015,302**	–
Dividends received	**(3,658,869)**	(21,484,480)
Balance at end of year	**(11,906,174)**	(36,611,764)
Accumulated share in associates' other comprehensive income:		
Balance at beginning of year	**102,448**	264,119
Disposals	**193,625**	9,768
Reclassification (see Note 9)	**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 year	**329,306**	102,448
	29,386,541	434,908,181
Less allowance for impairment loss (see Note 13)	**1,650,340**	1,650,340
	27,736,201	433,257,841
Advances (see Note 30)	**–**	48,134,540
Less allowance for impairment loss	**–**	48,134,540
	–	–
	₱27,736,201	₱433,257,841

The carrying values of the Group's investments in and advances to associates and joint venture are as follows:

	2026	2025
Associates (see Note 30):		
STI Holdings	**₱–**	₱408,539,619
STI Accent*	**–**	48,134,540
GROW	**25,573,500**	22,457,345
Joint venture - PHEI (see Note 13)	**3,813,041**	3,911,217
	29,386,541	483,042,721
Less allowance for impairment loss	**1,650,340**	49,784,880
	₱27,736,201	₱433,257,841

**The share in equity of STI Accent for the years ended June 30, 2026, 2025 and 2024 is not material to the consolidated financial statements.*

As at June 30, 2026 and 2025, the carrying amount of the investments in STI Marikina and STI Accent amounted to nil. STI ESG received dividends from STI Marikina which was recognized as income amounting to ₱1.8 million, ₱1.5 million and ₱1.2 million for the years ended June 30, 2026, 2025, and 2024, respectively.

Provision for impairment on investment in joint venture for the year ended June 30, 2024 amounted to ₱1.7 million (see Notes 13 and 25). In June 2026, the Board of Directors (BOD) of STI ESG approved the write-off of advances to STI Accent aggregating ₱48.1 million. There were no movements in allowance for impairment in value of investments in and advances to associates and joint venture for the year ended June 30, 2025.

Information about associates and indirect associates and their major transactions are discussed below:

STI Holdings. STI Holdings is a holding company whose primary purpose is to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, or otherwise dispose of real properties as well as personal and movable property of any kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock, so owned, but not to act as dealer in securities and to invest in and manage any company or institution. STI Holdings aims to focus on education and education-related activities and investments.

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 consolidated statement of comprehensive income for the year ended June 30, 2026. STI ESG's ownership interest in STI Holdings further decreased from 2.50% to 0.67% as at June 30, 2026.

Following the significant reduction in the investment of STI ESG in STI Holdings to a minimal ownership interest, STI ESG reclassified the remaining balance of its investment in STI Holdings to "Equity instruments at FVPL" and remeasured the investment based on fair value as at June 30, 2026 (see Note 9).

Condensed financial information of STI Holdings as at and for the periods ended December 31, 2025 (prior to reclassification), June 30, 2025 and June 30, 2024 is as follows:

	December 31, 2025	June 30, 2025	June 30, 2024
Current assets	**₱4,490,020,952**	₱3,599,666,499	₱3,679,207,879
Noncurrent assets	**13,873,862,342**	13,414,592,085	11,762,613,967
Current liabilities	**(2,593,726,935)**	(1,954,174,091)	(1,770,507,834)
Noncurrent liabilities	**(2,216,029,934)**	(2,574,912,967)	(3,098,938,003)
Total equity	**13,554,126,425**	12,485,171,526	10,572,376,009
Equity attributable to holders of non-controlling interests	**128,361,612**	118,112,753	(90,813,426)
STI ESG's cumulative total comprehensive income taken up by STI Holdings	**(4,499,351,126)**	(7,348,794,840)	(5,614,994,741)
Total equity, net of cumulative total comprehensive income taken up by STI Holdings	**9,183,136,911**	5,254,489,439	4,866,567,842
Proportion of the Group's ownership	**2.50%**	4.37%	5.05%
Equity attributable to equity holders of the Parent Company	**229,405,717**	229,621,188	245,761,676
Excess of acquisition cost over carrying value of net assets	**229,405,717**	229,405,717	229,405,717
Effect of change in ownership %	**(458,811,434)**	(50,487,286)	–
Carrying amount of investment	**₱ –**	₱408,539,619	₱475,167,393

	December 31, 2025	June 30, 2025	June 30, 2024
Revenues	**₱2,833,466,155**	₱5,559,461,807	₱4,700,323,668
Expenses	**(1,753,385,722)**	(3,343,865,944)	(3,091,972,670)
Income from operations	**1,080,080,433**	2,215,595,863	1,608,350,998
Other comprehensive income (loss)	**(14,147,160)**	31,619,606	44,703,772
Total comprehensive income	**1,065,933,273**	2,247,215,469	1,653,054,770
Comprehensive income attributable to equity holders of non-controlling interest	**14,662,321**	24,519,346	17,159,815
STI ESG's total comprehensive income taken up by STI Holdings	**(934,691,521)**	(1,849,476,976)	(1,337,671,868)
Total comprehensive income attributable to equity holders of the parent company net of STI ESG's total comprehensive income taken up by STI Holdings	**145,904,073**	422,257,839	332,542,717
Proportion of the Group's ownership	**2.50%**	4.37%	5.05%
Share in total comprehensive income	**₱3,644,858**	₱18,435,352	₱16,801,488

STI Accent. STI Accent is engaged in providing medical and other related services. It ceased operations on June 20, 2012 after the contract of usufruct between STI Accent and Dr. Fe Del Mundo Medical Center Foundation Philippines, Inc. to operate the hospital and its related healthcare service businesses was rescinded in May 2012. As at June 30, 2026 and 2025, allowance for impairment loss on the Parent Company's investment in STI Accent and related advances amounted to nil and ₱48.1 million, respectively. In June 2026, the BOD of STI ESG approved the write-off of the related advances to STI Accent aggregating ₱48.1 million.

Others. The carrying amount of the Group's investments in GROW and PHEI represents the aggregate carrying values of individually immaterial associates.

The aggregate financial information of individually immaterial associates are as follows:

	2026	2025	2024
Current assets	**₱249,691,000**	₱225,645,221	₱188,843,745
Noncurrent assets	**41,188,510**	39,536,165	36,129,515
Current liabilities	**(124,962,079)**	(114,288,787)	(101,648,317)
Noncurrent liabilities	**(23,315,304)**	(18,376,458)	(12,207,467)
	₱142,602,127	₱132,516,141	₱111,117,476

	2026	2025	2024
Revenues	**₱562,502,415**	₱495,713,767	₱389,594,161
Expenses	**(543,444,138)**	(473,231,266)	(377,531,625)
Total comprehensive income	**19,058,277**	22,482,501	12,062,536
Share in comprehensive income	**₱3,017,978**	₱3,609,544	₱2,009,402

Terms and conditions relating to advances to associates and joint venture are disclosed in Note 30 to the consolidated financial statements.

13. Interest in Joint Venture

On March 19, 2004, STI ESG, together with the University of Makati (UMak) and another shareholder, incorporated PHEI. The Parent Company and UMak each own 40.00% of the equity of PHEI with the balance owned by another shareholder. PHEI was envisioned as the College of Nursing of UMak.

The following were certain key terms under the agreement signed in 2003 by the Parent Company and UMak:

a. The Parent Company shall be primarily responsible for the design of the curriculum for the Bachelor's Degree in Nursing (BSN) and Master's Degree in Nursing Informatics with such curriculum duly approved by the University Council of UMak;

b. UMak will allow the use of its premises as a campus of BSN while the premises of iACADEMY, Inc. (iACADEMY) will be the campus of the post graduate degree.

c. The Parent Company will recruit the nursing faculty while UMak will provide the faculty for basic courses that are non-technical in nature.

On October 2, 2023, the BOD of PHEI approved the cessation of its school operations effective December 31, 2023.

The BOD of STI ESG, in its February 27, 2024 meeting, approved the termination of the Joint Venture Agreement (JVA) between STI ESG and the University of Makati. The BOD of STI ESG also directed the amendment of the Articles of Incorporation of PHEI for the purpose of shortening the corporate life of PHEI.

In a meeting of the BOD and the stockholders of PHEI held on March 3, 2025, it was agreed to shorten PHEI's corporate life to June 30, 2026. On June 30, 2025, the SEC approved the amendment of the Articles of Incorporation of PHEI stating that the term of existence of PHEI is until June 30, 2026.

STI ESG recognized a provision for impairment of its investment in a joint venture amounting to ₱1.7 million for the year ended June 30, 2024. No impairment was recognized for the years ended June 30, 2026 and 2025. The cost of STI ESG's investment in PHEI amounted to ₱5.0 million while its carrying value amounted to ₱2.3 million as at June 30, 2026 and 2025 (see Note 12).

The Group's share in the net losses of its joint venture amounted to ₱98.2 thousand, ₱33.1 thousand and ₱71.7 thousand for the years ended June 30, 2026, 2025 and 2024, respectively.

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

This account consists of:

	2026	2025
Quoted equity shares	**₱14,099,600**	₱11,880,016
Unquoted equity shares	**31,100,000**	66,199,615
	₱45,199,600	₱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 consolidated statements of financial position. The fair values of these shares are based on the quoted market price as at the financial reporting date.

b. Unquoted Equity Shares

Unquoted equity shares pertain to shares that are not listed in a stock exchange.

Disposal of Investment in De Los Santos Medical Center, Inc. On May 16, 2026, STI ESG sold its entire investment in *De Los Santos Medical Center, Inc* (DLSMC) consisting of 57,972 common shares to MPHC for a total consideration of ₱39.5 million, equivalent to ₱681.49 per share, pursuant to Deeds of Absolute Sale (the Deeds). MPHC paid 85% of the purchase price aggregating to ₱33.6 million upon execution of the Deeds, while the remaining balance amounting to ₱5.9 million was paid in July 2026, upon completion of the conditions specified in the Deeds.

Accordingly, upon disposal of the investment, STI ESG transferred the cumulative unrealized fair value gain of ₱13.6 million, previously recognized in other comprehensive income, to retained earnings. Capital gains taxes arising from this transaction totaling to ₱2.0 million were paid by STI ESG while documentary stamp taxes aggregating to ₱43.5 thousand was settled by MPHC in accordance with the provisions of the sale agreements. The carrying value of the investment in DLSMC amounted to ₱35.1 million as at June 30, 2025 (nil as at June 30, 2026).

STI ESG recognized dividend income from unquoted equity shares at FVOCI amounting to ₱3.3 million, ₱2.2 million, and ₱1.1 million for the years ended June 30, 2026, 2025, and 2024, respectively.

Investment in Philippine School of Business Administration-Manila, Inc. (formerly STI College Novaliches, Inc.). 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., as at June 30, 2026 and 2025.

On June 24, 2024, STI Holdings and STI College Novaliches, Inc. executed a Subscription Agreement wherein STI Holdings subscribed to 75.0 million common shares of STI College Novaliches, Inc. at ₱1.0 per share or ₱75.0 million, subject to the SEC's approval of the increase in the authorized capital stock of STI College Novaliches, Inc. from 5.0 million common shares at ₱1.0 per share or ₱5.0 million to 300.0 million common shares at ₱1.0 per share or ₱300.0 million. The deposit for future stock subscription in the amount of ₱75.0 million was paid by STI Holdings in June 2024. On January 27, 2025, the SEC approved STI College Novaliches, Inc.'s application to increase its authorized capital stock. As a result, STI ESG's ownership interest in STI College Novaliches, Inc. was reduced from 100% to 6.25%. STI College Novaliches, Inc. became a direct subsidiary of STI Holdings, with 93.75% ownership, effective January 2025. Consequently, STI ESG deconsolidated STI College Novaliches, Inc. and recognized its remaining equity interest amounting to ₱5.0 million, representing 6.25% ownership in STI College Novaliches, Inc., under "Equity instruments at FVOCI".

The roll forward analysis of the "Unrealized fair value adjustment on equity instruments at FVOCI" account as shown in the equity section of the consolidated statements of financial position follows:

	2026	2025
Balance at beginning of year	**₱17,293,321**	₱20,240,919
Unrealized fair value adjustments on equity instruments at FVOCI	**6,627,307**	(2,947,598)
Realized fair value gain on disposal of equity instruments at FVOCI	**(13,564,537)**	–
Balance at end of year	**₱10,356,091**	₱17,293,321

15. Goodwill, Intangible and Other Noncurrent Assets

This account consists of:

	2026	2025
Advances to suppliers	**₱452,919,185**	₱345,042,564
Goodwill	**236,629,190**	236,629,190
Intangible assets - net	**27,643,405**	29,298,912
Rental and utility deposits	**24,046,554**	23,246,120
Deposits for purchase of shares	**–**	60,484,800
Others	**1,732,512**	2,596,019
	₱742,970,846	₱697,297,605

Advances to Suppliers

As at June 30, 2026 and 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, (3) design and set-up of the new enrollment system, and (4) implementation and subscription costs for the new financial system. The balance as at June 30, 2026 also includes advance payments for the construction of the STI Academic Center Meycauayan. The related costs for these projects, except for the enrollment and financial system, will be recognized under "Property and Equipment" as construction progresses, or when the goods are received, or services are rendered (see Note 10).

The enrolment system is currently undergoing pilot testing in selected schools, with a phased rollout across the STI ESG network scheduled to commence within SY 2026-2027. The financial system is presently in the User Acceptance Testing (UAT) phase and is expected to be implemented in early 2027. The related expenditures form part of STI ESG's digital transformation capital expenditures and are currently presented as noncurrent advances to suppliers pending completion of the related implementation milestones.

Goodwill

As at June 30, 2026 and 2025, the Group's goodwill acquired through business combinations have been allocated to certain schools which are considered as separate CGUs.

	Amount
STI Caloocan	₱64,147,877
STI Cubao	28,327,670
STI Alabang	23,023,960
STI Pasay-EDSA	22,292,630
STI Novaliches	21,803,322
STI Global City	11,360,085
STI Sta. Mesa	11,213,342
STI Lipa	8,857,790
STI Ortigas-Cainta	7,476,448
NAMEI	6,962,343
STI Dagupan	6,835,818
STI Meycauayan	5,460,587
STI Tanauan	4,873,058
STI Las Piñas	2,922,530

(*Forward*)

	Amount
STI Batangas	₱2,585,492
STI Kalibo	2,474,216
STI Naga	2,305,368
STI Sta. Maria	1,776,696
STI Calbayog	1,325,721
STI Dumaguete	604,237
	₱236,629,190

Management performs its impairment test at the end of each reporting period for all the CGUs. The recoverable amounts are computed based on value-in-use calculations using cash flow projections. Future cash flows are discounted using a pre-tax discount rate of 12.30% and 12.70% in June 2026 and 2025, respectively. The cash flow projections are based on a five-year financial planning period as approved by senior management. Management used forecasted revenue increase ranging from 0.47% to 63.95% and 1.53% to 54.19% in June 2026 and 2025, respectively, for the next five years. For certain CGUs, management used forecasted revenue decrease ranging from 0.16% to 20.37% and 1.05% to 23.49% in June 2026 and 2025, respectively, for the next two years. The long-term growth rate applied beyond the five-year forecast is 5.00% in June 2026 and 2025. The Group recognized a provision for impairment on goodwill amounting to ₱14.3 million for the year ended June 30, 2024. No provision for impairment on goodwill was recognized for the years ended June 30, 2026 and 2025 (see Note 25).

Key assumptions used in the value-in-use calculations
The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Forecasted revenue growth - Revenue forecasts are management's best estimates considering factors such as historical/industry trends, target market analysis, government regulations and other economic factors. The revenue forecast of each CGU is primarily dependent on the number of students enrolled and tuition fee rates which vary for each school.

- Long-term growth rate - Rates are based on published industry research.

- Discount rate - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The Group used the WACC rate as affected by the beta of companies with similar activities and capital structure with the CGUs. WACC is driven by cost of equity and debt which consider lending rates with a tenor of 10 years to consider both liquidity and risk.

Sensitivity to changes in assumptions
Regarding the assessment of value-in-use of the CGUs, management believes that a reasonably possible change in the assumptions would not cause the carrying values of the CGUs to materially exceed their recoverable amounts.

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

This account also includes the Group's accounting and payroll software as at June 30, 2026 and 2025.

The roll forward analyses of this account follow:

	2026	2025
Cost, net of accumulated amortization:		
Balance at beginning of year	**₱29,298,912**	₱31,192,337
Amortization (see Notes 23 and 25)	**(1,655,507)**	(1,893,425)
Balance at end of year	**₱27,643,405**	₱29,298,912
Cost	**₱73,095,036**	₱73,095,036
Accumulated amortization	**(45,451,631)**	(43,796,124)
Net carrying amount	**₱27,643,405**	₱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.

Deposit for Purchase of Shares
On June 17, 2026, STI ESG completed its acquisition of 100% of the outstanding shares of PHI from TCAMI. Accordingly, the deposit for purchase of shares amounting to ₱60.5 million, previously presented under "Goodwill, intangible and other noncurrent assets", was applied against the acquisition cost and recognized as part of "Investment properties" (see Notes 11, 30 and 38).

16. Accounts Payable and Other Current Liabilities

This account consists of:

	2026	2025
Accounts payable (see Note 30)	**₱337,634,572**	₱401,197,167
Accrued expenses:		
School activities, programs and other related expenses	**83,325,525**	65,338,927
Contracted services	**58,050,833**	47,789,507
Salaries, wages and benefits	**48,578,957**	43,714,247
Interest	**21,053,901**	38,606,956
Utilities	**20,658,163**	14,971,195
Advertising and promotion	**7,503,187**	5,369,064
Rent (see Note 28)	**228,108**	203,108
Insurance	**52,341**	2,533,309
Others	**751,646**	339,764
Excess payments for refund	**68,017,161**	41,383,909
Network events fund	**36,176,190**	30,440,006
Statutory payables	**29,358,240**	26,301,736
Dividends payable (see Note 20)	**20,131,361**	19,976,731
Current portion of refundable deposits (see Note 19)	**17,713,794**	5,993,506
Current portion of advance rent (see Note 19)	**15,063,948**	2,737,695
Student organizational fund	**14,671,795**	20,970,989
Others	**1,763,849**	2,486,439
	₱780,733,571	₱770,354,255

The terms and conditions of the liabilities are as follows:

a. Accounts payable are noninterest-bearing and are normally settled within a 30 to 60-day term.

   As 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 (see Note 10).

b. Accrued expenses, network events fund, student organization fund, and other payables are expected to be settled within the next fiscal year.

c. Excess payments for refund represent 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 next fiscal year.

d. Statutory payables primarily include taxes and other payables to government agencies which are generally settled on or before the respective due dates, typically within 5 to 30 days following the end of the taxable month or quarter, in accordance with BIR regulations.

e. Dividends payable 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 and are expected to be settled within the next fiscal year.

g. Advance rent pertains to amount received by the Group which will be earned and applied within the next fiscal year.

h. The terms and conditions of payables to related parties are disclosed in Note 30 to the consolidated financial statements.

17. **Interest-bearing Loans and Borrowings**

This account consists of:

	2026	2025
Term loans[(a)]	**₱1,026,276,450**	₱1,726,332,830
Less current portion	**341,843,371**	580,267,162
Noncurrent portion	**₱684,433,079**	₱1,146,065,668

[(a)]Net of unamortized debt issuance costs of ₱7.1 million and ₱11.4 million as at June 30, 2026 and 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 repriceable 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 repriceable 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.



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. Interest rate was repriced at 7.5344% effective September 18, 2026.

These outstanding loans are unsecured and are due based on the following schedule as at June 30, 2026:

Fiscal Year	Amount
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:

	2026	2025
Balance at beginning of year	**₱577,777,778**	₱500,000,000
Proceeds	**–**	200,000,000
Payments	**(144,444,445)**	(122,222,222)
Balance at end of year	**433,333,333**	577,777,778
Deferred finance cost	**(2,986,160)**	(4,086,412)
Balance at end of year	**430,347,173**	573,691,366
Less current portion	**143,344,193**	143,344,193
Noncurrent portion	**₱287,002,980**	₱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.

On September 18, 2024 and March 18, 2025, STI ESG settled the principal payments due under its BPI Term Loan facility amounting to ₱50.0 million and ₱72.2 million, respectively. STI ESG subsequently settled additional principal payments of ₱72.2 million each on September 18, 2025 and March 18, 2026. In addition, STI ESG made a principal payment amounting to ₱72.2 million on September 18, 2026, 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.

STI ESG received from BPI an Indicative Term Sheet dated October 2, 2026 which was conformed to by STI ESG on October 12, 2026. The Indicative Term Sheet is for a Medium-Term Loan Facility of up to ₱500 million and is available for full drawdown or staggered amounts within one year from signing of the relevant loan agreement. The parameters set in the Indicative Term Sheet are substantially the same as the terms and conditions under the previous Term Loan Agreement except for the addition of a one-year grace period from date of initial drawdown for principal repayment.

Financial Covenants. The Term Loan Agreement prescribes that the following financial covenants shall be observed and computed annually based on the audited consolidated financial statements of the Group 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 of the Group.

The Group's D/E ratio and DSCR, as defined in the Term Loan Agreement with BPI, are as follows:

	2026	2025
Total liabilities [(a)]	**₱1,844,839,899**	₱2,543,038,843
Total equity	**9,935,678,624**	8,390,859,797
Debt-to-equity ratio	**0.19:1.00**	0.30:1.00

[(a)] *Including only all interest-bearing Indebtedness*

	2026	2025
EBITDA (see Note 3) [(b)]	**₱2,424,638,312**	₱2,588,988,487
Total interest-bearing liabilities [(c)]	**1,270,655,831**	762,528,616
Debt service cover ratio	**1.91:1.00**	3.40:1.00

[(b)] *EBITDA for the last twelve months*
[(c)] *Total interest-bearing debts and interests due in the next twelve months*

The classification of STI ESG's 10-year series of bonds, due in March 2027, under current liabilities resulted in a lower DSCR as at reporting date. As at June 30, 2026 and 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 June 30, 2026:

Fiscal Year	Amount
2027	₱200,000,000
2028	200,000,000
2029	200,000,000
	₱600,000,000

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

	2026	2025
Balance at beginning of year	**₱800,000,000**	₱1,000,000,000
Payments	**(200,000,000)**	(200,000,000)
Balance at end of year	**600,000,000**	800,000,000
Deferred finance cost	**(4,070,723)**	(5,571,546)
Balance at end of year	**595,929,277**	794,428,454
Less current portion	**198,499,178**	198,499,178
Noncurrent portion	**₱397,430,099**	₱595,929,276

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.

STI ESG made principal repayments under its Metrobank Term Loan facility amounting to ₱100.0 million each on September 18, 2024 and March 18, 2025. On September 18, 2025 and March 18, 2026, STI ESG settled principal payments amounting to ₱100.0 million each under the same facility with Metrobank. Subsequently, STI ESG fully settled the remaining balance of the term loan facility with Metrobank through principal payment of ₱600.0 million on September 18, 2026.

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 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). As at October 13, 2026, STI ESG has not drawn from this new Term Loan Facility.

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

1. Debt-to-equity (D/E) ratio of not greater than 2.50x, shall mean the proportion of the Total Debt to Equity, and
2. Debt Service Cover Ratio (DSCR) of at least 1.05x, shall mean the proportion of EBITDA to Debt Service.

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

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

The Group's D/E ratio and DSCR, as defined in the Term Loan Agreement with Metrobank, are as follows:

	2026	2025
Total liabilities [(a)]	**₱3,033,837,434**	₱3,716,786,223
Total equity	**9,935,678,624**	8,390,859,797
Debt-to-equity ratio	**0.31:1.00**	0.44:1.00

[(a)] *Excluding unearned tuition and other school fees*

	2026	2025
EBITDA (see Note 3) [(b)]	**₱2,424,638,312**	₱2,588,988,487
Total interest-bearing liabilities [(c)]	**1,270,655,831**	762,528,616
Debt service cover ratio	**1.91:1.00**	3.40:1.00

[(b)] *EBITDA for the last twelve months*
[(c)] *Total interest-bearing debts and interests due in the next twelve months*

The classification of STI ESG's 10-year series of bonds, due in March 2027, under current liabilities resulted in a lower DSCR as at reporting date. As at June 30, 2026 and 2025, STI ESG is in compliance with the Metrobank loan covenants. The loans under the original Term Loan Agreement with Metrobank were fully settled in September 2026.

Term Loan Agreement with China Banking Corporation (Chinabank)

On May 7, 2019, STI ESG and Chinabank entered into a seven-year term loan agreement up to ₱1,200.0 million. The credit facility 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
	₱360,000,000

The movements in STI ESG's term loan with Chinabank were as follows:

	2026	2025
Balance at beginning of year	**₱360,000,000**	₱600,000,000
Repayments	**(360,000,000)**	(240,000,000)
Balance at end of year	–	360,000,000
Deferred finance cost	–	(1,786,990)
Balance at end of year	–	358,213,010
Less current portion	–	238,423,791
Noncurrent portion	**₱–**	₱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. Under the Agreement, STI ESG was required to comply with certain financial covenants, which were computed based on its unaudited interim consolidated financial statements as at and for the six months ended December 31 of each year and its audited consolidated financial statements as at and for the year ended 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 Accounting Standards 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 Accounting Standards 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 with Chinabank, STI ESG was required to comply with certain financial covenants, including the prescribed D/E and DSCR requirements, which were tested semi-annually as at June 30 and December 31 of each year. As at June 30, 2025, STI ESG complied with all covenant requirements under the agreement, with a D/E ratio of 0.44:1.00 and a DSCR of 3.40:1.00, as defined in the loan agreement. The related term loan facility was fully settled in March 2026. Accordingly, the related financial covenant requirements were no longer applicable as at June 30, 2026.



Corporate Notes Facility
In 2014, STI ESG entered into a Corporate Notes Facility Agreement with Chinabank for up to ₱3,000.0 million. From this facility, STI ESG drew ₱1,200.0 million in 2015, while STI WNU, Inc. drew ₱300.0 million under an accession agreement. The proceeds were used for capital expenditures and general corporate purposes.

STI ESG settled ₱30.0 million of principal in March 2023 and, on September 19, 2023, paid the remaining principal balance of ₱80.0 million in full. The unamortized premium of ₱3.1 million as of that date was derecognized and recorded as "Gain on early extinguishment of loan" in the consolidated statement of comprehensive income for the year ended June 30, 2024.

Interest Expense
Interest incurred on the loans (including amortization of debt issuance costs) amounted to ₱99.2 million, ₱155.0 million and ₱93.0 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Note 22).

18. Bonds Payable

This account consists of:

	2026[(1)]	2025[(2)]
Fixed-rate bonds due 2027	**₱820,000,000**	₱820,000,000
Less unamortized debt issuance costs	**1,436,551**	3,293,987
	₱818,563,449	₱816,706,013

(1) Balance classified under current liabilities
(2) Balance classified under noncurrent liabilities

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

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

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

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

The bonds were rated 'PRS A plus' with a Positive Outlook by PhilRatings in November 2024. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, this indicates that the obligor's capacity to meet its financial commitments on the obligation is still strong. The "plus" further qualifies the assigned rating. A "Positive Outlook" indicates that there is a potential for the present credit rating to be upgraded in the next 12 months.

On November 17, 2025, PhilRatings assigned STI ESG's outstanding 10-year bond series an Issue Credit Rating of PRS Aa, with Stable Outlook. This represents an upgrade from the previous rating of PRS A plus, with a Positive Outlook. Obligations rated PRS Aa are of high quality and are subject to very low credit risk. This means that the obligor's capacity to meet its financial commitment on the obligation is very strong. A Stable Outlook indicates that the rating is likely to be maintained or 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
					2026	2025	
2017	Quarterly	10 years	6.3756%	₱820,000,000	**₱818,563,449**	₱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 section in the statement of financial position as at June 30, 2026.

Covenants

The bonds provide certain restrictions and requirements with respect to, among others, changes in majority ownership and management, merger or consolidation with other corporation resulting in loss of control over the overall resulting entity and sale, lease, transfer or otherwise disposal of all or substantially all its assets. The bonds' Trust Agreement and Supplemental Trust Agreement (the "Bond Trust Agreements") also contain, among others, covenants regarding incurring additional debt and declaration of dividends. The Parent Company is required to maintain a debt-to-equity (D/E) ratio of not more than 1.50:1.00 and Interest Coverage Ratio (ICR) of not less than 3.00:1.00 computed based on the consolidated financial statements. Testing of compliance with required ratios is done on June 30 and December 31 of each year.

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

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

The proposed amendments on the use of the ICR will better reflect the financial capability of STI ESG to service the interest payments on the Bonds and other loans as they fall due and shall also provide STI ESG with operational flexibility. The Proposed Amendment revising the definition of EBITDA will better gauge the core profitability of STI ESG and the cash income it generates year on year.

On April 23, 2024, the Trustee certified that it has obtained the consent of the bondholders as of April 1, 2024 of the Series 10Y Bonds due 2027, holding or representing at least fifty percent (50%) plus one peso (Php1.00) of the aggregate principal amount of the said bonds then outstanding, who have validly executed and properly delivered consent forms to the Trustee, in accordance with the terms of the Consent Solicitation Statement.

Thus, on April 26, 2024, pursuant to the Consent Solicitation Statement, STI ESG and China Banking Corporation, through its Trust and Asset Management Group, executed the "Second Supplemental Trust Agreement" to effect the amendments to the Trust Agreement dated March 10, 2017 and Supplemental Trust Agreement dated August 19, 2020.



Following are the amendments made:

Section 7.01(k) of the Amended Trust Agreement shall be amended as set forth below:

"Section 7.01 Affirmative Covenants of the Issuer

The Issuer hereby covenants and agrees that, for as long as the Bonds or any portion thereof remain outstanding, the Issuer shall:

(k) maintain and observe the following financial ratios:
(i) an Interest Coverage Ratio of not less than 3.00:1.00; and
(ii) a maximum Debt-to-Equity Ratio of 1.50:1.00

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 Accounting Standards."

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 June 30, 2026 and 2025 are as follows:

	June 30, 2026	June 30, 2025
Total liabilities [(a)]	**₱3,033,837,434**	₱3,716,786,223
Total equity	**9,935,678,624**	8,390,859,797
Debt-to-equity ratio	**0.31:1.00**	0.44:1.00

[(a)] Excluding unearned tuition and other school fees

	June 30, 2026	June 30, 2025
EBITDA (see Note 3) [(b)]	**₱2,424,638,312**	₱2,588,988,487
Total interest payments [(c)]	**103,253,657**	173,181,158
Interest coverage ratio	**23.48:1.00**	14.95:1.00

[(b)] EBITDA for the last twelve months
[(c)] Total interests due in the next twelve months

As at June 30, 2026 and 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 were capitalized and amortized using the effective interest rate method. The carrying value of the unamortized bond issuance costs amounted to ₱1.4 million and ₱3.3 million as at June 30, 2026 and 2025, respectively. Amortization of bond issuance costs amounting to ₱1.9 million, ₱1.7 million and ₱6.5 million for the years ended June 30, 2026, 2025 and 2024, respectively, were recognized as part of "Interest expense" account in the consolidated statements of comprehensive income.

Interest Expense
Interest expense (including amortization of bond issuance costs) associated with the bonds payable recognized in the consolidated statements of comprehensive income amounted to ₱54.1 million, ₱54.0 million and ₱151.0 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Note 22).

19. Other Noncurrent Liabilities

	2026	2025
Advance rent - net of current portion (see Note 16)	**₱5,043,273**	₱13,350,487
Refundable deposit - net of current portion (see Note 16)	**4,734,884**	13,912,200
Deferred lease liability	**2,545,863**	2,333,982
	₱12,324,020	₱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 charged to "Deferred lease liability" and amortized on a straight-line basis over the respective lease term.

20. Equity

Capital Stock
The details of the issued and outstanding number of common shares and amount as at June 30, 2026 and 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 year	3,087,829,443	₱3,087,829,443
Less treasury stocks	(5,952,273)	(5,952,273)
Issued and outstanding at end of year	3,081,877,170	₱3,081,877,170

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

Retained Earnings

On December 12, 2025, the Parent Company's BOD approved the 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 cash dividends amounting to ₱0.15 per share or an aggregate amount of ₱462.3 million in favor of all stockholders of record as at December 31, 2024. The dividends were paid on January 17, 2025.

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

Consolidated retained earnings include retained earnings of subsidiaries amounting to ₱845.9 million and ₱611.6 million as at June 30, 2026 and 2025, respectively, which are not available for dividend declaration. STI ESG's retained earnings available for dividend declaration computed based on the guidelines provided in the SEC Memorandum Circular No. 16 of 2023 amounted to ₱5,615.7 million and ₱4,263.7 million as at June 30, 2026 and 2025, respectively.

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

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

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

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

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

Non-controlling Interests

Equity attributable to non-controlling interests as at June 30, 2026 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 October 13,



2026, STI Training Academy is completing the requirements for its application to increase its authorized capital stock.

21. Revenues

Disaggregated Revenue Information

The disaggregated revenue information is presented in the consolidated statements of comprehensive income and segment information, as discussed in Note 3 to the consolidated financial statements, in a manner that reflects the various sources and categories of revenues generated by the Group for the years ended June 30, 2026, 2025 and 2024.

Timing of revenue recognition

	2026	2025	2024
Services transferred over time	**₱4,172,562,740**	₱4,238,097,362	₱3,494,897,468
Goods and services transferred at a point in time	**195,553,383**	211,430,224	201,501,065
Total consolidated revenues	**₱4,368,116,123**	₱4,449,527,586	₱3,696,398,533

Contract Balances

The Group's receivables are disclosed in Note 6 while the contract liabilities are presented as "Unearned tuition and other school fees" in the consolidated statements of financial position. The commencement of SHS and JHS classes for SY 2026-2027 on June 29, 2026 resulted in the recognition of related student receivables and unearned tuition and other school fees as at June 30, 2026 (see Note 6). The related revenue recognized up to June 30, 2026 was not material to the consolidated financial statements. There is no significant change in the contract liability and the timing of revenue recognition for SY2024-2025.

Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱163.0 million, ₱93.0 million and ₱43.9 million for the years ended June 30, 2026, 2025 and 2024, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the years ended June 30, 2026, 2025 and 2024.

Performance Obligations

The performance obligations related to revenues from tuition and other school fees are satisfied over time since the students receive and consume the benefit provided by the Group upon performance of the services. The payment for these services is normally due within the related school term(s).

The performance obligations related to revenues from educational services and royalty fees are also satisfied over time since the franchised schools receive and consume the benefit provided by STI ESG upon performance of the services. The payment for these services is normally due within 30 days.

On the other hand, the performance obligations related to the sale of educational materials and supplies and other revenues are satisfied upon receipt by the customers since the control of the goods and products is transferred at this point. The payment for the sale of educational materials and supplies is generally due within 30 days from delivery.

As at June 30, 2026 and 2025, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) which are expected to be satisfied within one year amounted to ₱460.3 million and ₱163.0 million, respectively.

The contract liabilities as at June 30, 2026 primarily represent the unearned portion of SHS and JHS students' assessments for SY 2026-2027, which were initially recognized as contract liabilities at the commencement of the school year. The related revenues will be recognized over time as the educational services are rendered throughout the SY 2026-2027. The balance likewise includes advance collections of tuition and other school fees relating to school terms commencing after the reporting date and will likewise be recognized as revenues in the applicable school term(s) for SY 2026-2027. The contract liabilities as at June 30, 2025, on the other hand, primarily represented advance collections of tuition and other school fees for school terms commencing after June 30, 2025, and were subsequently recognized as revenues during SY 2025-2026 as the related performance obligations were satisfied.

The Group does not have any performance obligations that are expected to be satisfied in more than one year.

22. Interest Income and Interest Expense

Sources of interest income are as follows:

	2026	2025	2024
Cash and cash equivalents (see Note 5)	**₱37,960,415**	₱23,270,012	₱35,096,204
Past due receivables (see Note 6)	**14,458,899**	6,990,318	6,441,145
	₱52,419,314	₱30,260,330	₱41,537,349

Sources of interest expense are as follows:

	2026	2025	2024
Interest-bearing loans and borrowings (see Note 17)	**₱99,193,094**	₱155,021,045	₱93,019,391
Bonds payable (see Note 18)	**54,137,356**	54,018,658	150,979,292
Lease liabilities (see Note 28)	**20,189,703**	23,326,951	21,523,233
Others	**2,365,078**	1,289,986	4,389,672
	₱175,885,231	₱233,656,640	₱269,911,588

23. Cost of Educational Services

This account consists of:

	2026	2025	2024
Faculty salaries and benefits (see Note 26)	**₱472,773,611**	₱479,102,296	₱407,315,980
Depreciation and amortization (see Notes 10, 11, and 15)	**355,228,877**	306,679,099	282,218,538
Student activities, programs and other related expenses	**262,896,252**	204,256,524	216,617,040
School materials and supplies	**26,711,950**	23,958,917	23,939,025

(*Forward*)

	2026	2025	2024
Rental (see Note 28)	**₱23,023,262**	₱ 29,381,185	₱28,631,055
Infrastructure and software maintenance costs	**6,418,299**	6,931,852	9,609,961
Courseware development costs	**1,909,342**	1,811,602	1,703,088
Others	**1,218,063**	918,449	3,518,062
	₱1,150,179,656	₱1,053,039,924	₱973,552,749

24. Cost of Educational Materials and Supplies Sold

This account consists of:

	2026	2025	2024
Educational materials and supplies	**₱55,547,259**	₱80,271,920	₱81,771,119
Promotional materials	**12,411,251**	13,213,188	14,245,453
	₱67,958,510	₱93,485,108	₱96,016,572

25. General and Administrative Expenses

This account consists of:

	2026	2025	2024
Salaries, wages and benefits (see Note 26)	**₱370,264,421**	₱346,330,550	₱327,518,501
Depreciation and amortization (see Notes 10, 11, and 15)	**236,182,286**	213,695,372	203,041,369
Light and water	**168,846,685**	160,234,947	143,683,158
Outside services	**128,727,394**	120,055,935	106,992,499
Professional fees	**119,132,632**	111,037,509	97,346,259
Provisions for:			
ECL (see Note 6)	**70,890,006**	56,001,308	24,594,870
Inventory obsolescence (see Note 7)	**392,946**	325,461	1,013,523
Impairment of goodwill (see Note 15)	**–**	–	14,268,891
Impairment of investments in and advances to associates and joint venture (see Note 12)	**–**	–	1,650,340
Taxes and licenses	**57,908,120**	48,132,305	37,084,244
Repairs and maintenance	**31,989,951**	31,954,509	30,004,374
Transportation	**31,077,884**	34,431,517	31,173,751
Advertising and promotions	**26,487,535**	37,060,238	39,665,248
Insurance	**20,984,086**	19,265,422	17,042,117
Meetings and conferences	**17,221,681**	18,273,728	17,013,512
Association dues	**14,849,930**	8,896,643	4,736,978
Entertainment, amusement and recreation	**12,107,232**	13,398,189	15,452,517

(*Forward*)

	2026	2025	2024
Rental (see Note 28)	**₱9,885,216**	₱12,618,141	₱12,273,334
Payment channels and bank charges	**9,815,738**	7,537,081	4,542,655
Office and housekeeping supplies	**8,062,020**	10,372,395	6,336,351
Communication	**5,305,329**	4,821,880	4,939,760
Infrastructure and software maintenance costs	**2,750,700**	2,255,439	3,328,990
Training and seminars	**1,218,987**	1,147,244	918,218
Subscriptions and affiliations	**885,783**	1,332,414	827,241
Others	**7,170,357**	6,675,005	6,163,541
	₱1,352,156,919	₱1,265,853,232	₱1,151,612,241

26. Personnel Cost

This account consists of:

	2026	2025	2024
Salaries and wages (see Note 24 and 25)	**₱723,049,140**	₱712,869,941	₱618,846,256
Pension expense (see Note 27)	**10,618,887**	13,891,054	34,663,340
Other employee benefits	**109,370,005**	98,671,851	81,324,885
	₱843,038,032	₱825,432,846	₱734,834,481

27. Pension Plans

The Group has separate, funded, noncontributory, defined benefit pension plans covering substantially all its faculty members and regular employees. The benefits are based on the employees' salaries and length of service.

Under the existing regulatory framework, RA No. 7641 (Retirement Pay Law) requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Retirement benefits are payable in the event of termination of employment due to: (i) early, normal, or late retirement; (ii) physical disability; (iii) voluntary resignation; or (iv) involuntary separation from service. For plan members retiring under normal, early or late terms, the retirement benefit is equal to a percentage of final monthly salary for every year of credited service.

In case of involuntary separation from service, the benefit is determined in accordance with the Termination Pay provision under the Philippine Labor Code or similar legislation on involuntary termination.

The funds are administered by the trustee banks under the supervision of the Board of Trustees of the plan. The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (Investment policy). The Board of Trustees implements the Investment policy in accordance with the investment strategy, as well as various principles and objectives.

In June 2024, the BOD of STI ESG approved the "STI Education Services Group, Inc. Multi-Employer Retirement Plan (STI ESG Multi-employer Retirement Plan)". As at October 13, 2026, STI ESG is in the process of completing the necessary requirements to update its retirement plan registered with the BIR.

The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of comprehensive income for the years ended June 30, 2026, 2025 and 2024 and the pension asset/liability recognized in the consolidated statements of financial position as at June 30, 2026, 2025 and 2024:

	2026	2025	2024
Pension expense (recognized under "Salaries, wages and benefits" account):			
Current service cost	**₱8,660,899**	₱8,115,174	₱7,790,762
Past service cost	**–**	1,344,442	21,903,585
Net interest cost	**1,957,988**	4,431,438	4,968,993
	₱10,618,887	₱13,891,054	₱34,663,340

	2026	2025	2024
Net pension liabilities (recognized in the consolidated statements of financial position):			
Present value of defined benefit obligations	**₱231,648,552**	₱213,486,037	₱192,512,964
Fair value of plan assets	**(159,336,808)**	(182,646,054)	(125,853,720)
	₱72,311,744	₱30,839,983	₱66,659,244

The Group offsets its pension assets and liabilities on a per company basis for presentation in the consolidated statements of financial position since pension assets are restricted for the settlement of pension liabilities only.

	2026	2025	2024
Changes in the present value of defined benefit obligations:			
Balance at beginning of year	**₱213,486,037**	₱192,512,964	₱159,147,499
Current service cost	**8,660,899**	8,115,174	7,790,762
Past service cost	**–**	1,344,442	21,903,585
Actuarial loss (gain) on pension obligation from change in:			
Financial assumptions	**5,462,701**	2,910,940	(8,118,040)
Deviations of experience from assumptions	**(704,428)**	3,797,092	2,727,249
Benefits paid	**(8,777,242)**	(8,070,267)	(875,750)
Interest cost	**13,520,585**	12,875,692	9,937,659
Balance at end of year	**₱231,648,552**	₱213,486,037	₱192,512,964
Changes in the fair value of plan assets:			
Balance at beginning of year	**₱182,646,054**	₱125,853,720	₱79,717,894
Benefits paid	**(8,777,242)**	(8,070,267)	(875,750)
Interest income	**11,562,597**	8,444,253	4,968,666
Actuarial gain (loss) on plan assets	**(33,635,876)**	49,460,722	35,361,424
Contributions	**7,541,275**	6,957,626	6,681,486
Balance at end of year	**₱159,336,808**	₱182,646,054	₱125,853,720
Actual return on plan assets	**(₱22,073,279)**	₱57,904,975	₱40,330,090

The principal assumptions used in determining pension liabilities are shown below:

	2026	2025	2024
Discount rate	**6.33%**	6.69%	6.22%
Future salary increases	**4.00%**	4.00%	4.00%

As at June 30, 2026, the discount rate and future salary increase rate are 6.89% and 5.00%, respectively.

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The major categories of the Group's total plan assets as a percentage of the fair value of the total plan assets are as follows:

	2026	2025
Cash and cash equivalents	**3%**	4%
Short-term fixed income	**42%**	33%
Investments in:		
Equity securities	**54%**	63%
Debt securities	**1%**	-
	100%	100%

The plan assets of the Group are maintained by ATRAM Trust Corporation and Land Bank of the Philippines - Trust Banking Group.

Details of the Group's net assets available for plan benefits and their corresponding market values are as follows:

	2026	2025
Cash and cash equivalents	**₱4,672,218**	₱6,965,343
Short-term fixed income	**67,832,789**	60,363,619
Investments in:		
Equity securities	**85,959,738**	114,473,089
Debt securities	**871,663**	844,003
Others	**400**	–
	₱159,336,808	₱182,646,054

Short-term Fixed Income. Short-term fixed income investments include time deposits and special savings deposits.

Investments in Equity Securities. Investments in equity securities pertain to investment in shares of STI Holdings, the ultimate parent company, which has a fair value of ₱1.23 per share and ₱1.64 per share as at June 30, 2026 and 2025, respectively. As at June 30, 2026, total unrealized gain from investments in equity securities of a related party amounted to ₱1.4 million while unrealized gain of ₱30.1 million was recognized as at June 30, 2025.

Investments in Debt Securities. As at June 30, 2026 and 2025, investments in debt securities consist of Retail Treasury Bonds (RTBs) maturing on October 20, 2026, with an interest rate of 6.25% per annum. These RTBs are fully guaranteed by the Government of the Republic of the Philippines.

STI ESG expects to contribute ₱8.1 million to its retirement fund in 2027.

Management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans are guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The average duration of the defined benefit obligation as at June 30, 2026 is 9 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2026	2025
Less than one year	**₱104,596,956**	₱93,068,728
More than one year to five years	**68,664,965**	43,722,970
More than five years to 10 years	**95,865,852**	103,260,368
More than 10 years to 15 years	**129,594,566**	111,258,850
More than 15 years to 20 years	**74,984,812**	74,881,538
More than 20 years	**270,338,060**	210,043,302

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions are held constant:

	Effect on Present Value of Defined Benefit Obligation		
	2026	2025	2024
Discount rates			
Increase by 1%	**(₱10,635,077)**	(₱10,180,937)	(₱10,451,493)
Decrease by 1%	**12,969,348**	12,274,495	11,111,149
Future salary increases			
Increase by 1%	**13,154,677**	12,630,614	11,474,512
Decrease by 1%	**(11,161,307)**	(10,980,695)	(10,179,698)
Employee turnover			
Increase by 10%	**1,407,573**	1,182,988	980,699
Decrease by 10%	**(1,407,573)**	(1,182,988)	(980,699)

28. **Leases**

As Lessor

The Group entered into several lease agreements, as lessors, on their buildings and condominium units under operating lease agreements with varying terms and periods. Certain leases are subject to annual repricing based on a pre-agreed rate.

The Group also earns rental income from occasional use of some of the Group's facilities and properties primarily used for school operations such as gymnasiums.

Total rental income amounted to ₱116.1 million, ₱108.1 million and ₱111.3 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Notes 11 and 30).

The Group receives refundable deposits as security for its observance and faithful compliance with the terms and conditions of the lease agreements and advanced rental payment which will be applied on the last months of the lease. The current and noncurrent portion of advance rent and deposit liabilities are recorded under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts, respectively, in the consolidated statements of financial position. These pertain to the advances and refundable deposits made by the lessees to STI ESG (see Notes 16 and 19).

Future minimum rental receivable for the remaining lease terms follows:

	2026	2025
Within one year	**₱114,007,401**	₱79,797,845
After one year but not more than five years	**100,390,285**	101,763,093
	₱214,397,686	₱181,560,938

As Lessee

The Group leases land and building spaces, where the corporate office and schools are located, under lease agreements with varying terms and periods ranging from 1 to 25 years. The lease rates are subject to annual repricing based on a pre-agreed rate. Certain transportation equipment were acquired under lease agreements with varying terms and periods ranging from 3 to 5 years.

The total rental expense charged to operations amounted to ₱32.9 million, ₱42.0 million and ₱40.9 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Notes 23 and 25). Certain subsidiaries also paid their lessors rental deposits equivalent to several months of rental payments as security for its observance and faithful compliance with the terms and conditions of the agreement (see Note 15).

The following are the amounts recognized in consolidated statements of comprehensive income:

	2026	2025	2024
Depreciation expense of ROU assets included in property and equipment (see Note 10)	**₱73,262,597**	₱65,779,914	₱65,273,678
Expenses relating to short-term leases (see Notes 23 and 25)	**29,784,049**	38,754,017	38,843,077
Interest expense on lease liabilities (see Note 22)	**20,189,703**	23,326,951	21,523,233
Variable lease payments (see Notes 23 and 25)	**3,124,429**	3,245,309	2,061,312
	₱126,360,778	₱131,106,191	₱127,701,300

The rollforward analyses of lease liabilities are as follows:

	2026	2025
Beginning balance	**₱308,882,058**	₱315,034,072
Additions (see Note 10)	**113,854,580**	72,644,476
Interest expense (see Note 22)	**20,189,703**	23,326,951
Payments	**(91,370,462)**	(86,659,022)
Lease termination/modification (see Note 10)	**(58,309,670)**	(15,464,419)
Ending balance	**293,246,209**	308,882,058
Less current portion	**71,634,558**	64,327,479
Noncurrent portion	**₱221,611,651**	₱244,554,579

STI ESG amended its original lease agreement for STI Laoag, a school owned and operated by STI ESG, which previously covered only parts of the leased building to now leasing the entire structure. The original lease agreement, which was set to expire on September 1, 2027, was effectively terminated and replaced with a revised lease agreement. The new lease agreement covers the lease of the entire building, with a monthly rental of ₱0.5 million for a five-year term ending in May 2029.

The termination of the previous lease resulted in the derecognition of the related ROU asset for the building, with a carrying value of ₱13.9 million. STI ESG likewise recognized a gain on termination of lease amounting to ₱1.6 million, representing the difference between the carrying value of the ROU asset and the lease liability as of the lease termination date. This gain is reported under "Other income (expenses)" in the Group's consolidated statement of comprehensive income for the year ended June 30, 2025. On the other hand, the new lease agreement for STI Laoag resulted in the recognition of an ROU Asset - Building amounting to ₱26.4 million. Similarly, STI ESG, entered into new lease agreements for STI Fairview and STI Puerto Princesa. The new lease agreements resulted in the recognition of ROU asset - Building aggregating to ₱23.2 million (see Note 10) as at June 30, 2025.

Effective June 1, 2026, STI ESG renewed its lease agreement for its STI Sta. Maria campus for another ten-year term ending May 31, 2036. The renewal resulted in the recognition of ROU asset - Building amounting to ₱76.6 million. In addition, STI Alabang entered into a new lease agreement for its campus for a two-year term commencing September 1, 2025 and ending August 31, 2027 and resulted in the recognition of ROU asset - Building amounting to ₱17.9 million (see Note 10). In addition, STI ESG renewed several other lease agreements which resulted in the recognition of ROU asset - Building aggregating ₱16.1 million (see Note 10) as at June 30, 2026.

STI ESG acquired the Calamba property in October 2025. As a result, the lease agreement covering the property was effectively terminated on October 30, 2025, when STI ESG became the owner of the underlying asset. Consequently, STI ESG derecognized lease liabilities amounting to ₱54.7 million and right-of-use asset with a carrying amount of ₱40.9 million, resulting in recognition of a gain on lease termination of ₱13.9 million for the year ended June 30, 2026 (see Note 10).

Shown below is the maturity analysis of the undiscounted lease payments:

	2026	2025
Within one year	**₱92,281,186**	₱84,331,636
After one year but not more than five years	**187,731,318**	207,748,367
More than five years	**102,900,655**	110,859,507
	₱382,913,159	₱402,939,510

29. **Income Tax**

All domestic subsidiaries qualifying as private educational institutions are subject to tax under RA No. 8424, "An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes" which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporations – Sec 27(B) of the said Act defines and provides that: a "Proprietary Educational Institution" is any private school maintained and administered by private individuals or groups with an issued permit to operate from DepEd, CHED, or TESDA, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of ten percent (10.0%) on its taxable income.

The Group is subject to preferential income tax rate of 10.0% (MCIT rate of 2.0%, as the case may be).

The components of recognized net deferred tax assets are as follows:

	2026	2025
Deferred tax assets:		
Lease liabilities	**₱29,324,620**	₱30,888,206
Unearned tuition and other school fees	**19,060,684**	16,297,578
Allowance for ECL	**16,220,798**	15,608,303
Pension liabilities	**7,217,655**	3,078,823
Excess of cost over net realizable value of inventories	**2,585,364**	2,546,070
Advance rent	**2,010,722**	1,608,818
NOLCO	**–**	2,007,515
	76,419,843	72,035,313
Deferred tax liabilities:		
Right-of-use assets	**(23,811,325)**	(23,998,672)
Excess of fair value of land and building over derecognized receivables	**(2,834,097)**	(2,933,057)
Intangible assets	**(2,762,187)**	(2,762,187)
Excess of rental under operating lease computed on a straight-line basis	**(1,261,494)**	(1,013,097)
Unamortized debt issue costs	**(745,348)**	(1,223,839)
Unrealized forex gain	**(14,998)**	(2,366)
	(31,429,449)	(31,933,218)
Net deferred tax assets	**₱44,990,394**	₱40,102,095

Certain deferred tax assets of the Group were not recognized as at June 30, 2026 and 2025 as it is not probable that future taxable profits will be sufficient against which these can be utilized.

The following are the deductible temporary differences and unused NOLCO for which no deferred tax assets were recognized:

	2026	2025
NOLCO	**₱100,601,166**	₱168,002,250
Allowance for impairment of investment in and advances to associate and joint venture	**1,650,340**	49,784,880
	₱102,251,506	₱217,787,130

As at June 30, 2026 and 2025, the Group did not recognize any deferred tax asset on the allowance for impairment on investment in associate and joint venture because management does not expect to generate enough capital gains against which these capital losses can be offset. The Group, likewise, did not recognize any deferred tax asset on the allowance for impairment losses on advances to associates and joint venture since no deduction is expected to be claimed upon actual write-off of these advances in the future.

The Group has incurred NOLCO in the taxable years 2023 up to 2026 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years as follows:

Period	Availment Period	Beginning	Addition	Applied	Expired	End
2026	2027-2029	₱–	₱180,000	₱–	₱–	₱180,000
2025	2026-2028	24,478,732	39,800	–	–	24,518,532
2024	2025-2027	33,752,940	–	–	–	33,752,940
2023	2024-2026	23,917,319	–	6,104,369	17,812,950	–
		₱82,148,991	₱219,800	₱6,104,369	₱17,812,950	₱58,451,472

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The Group has incurred NOLCO for the years ended June 30, 2022 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Period	Availment Period	Beginning	Addition	Applied	Expired	End
2022	2023-2027	₱56,075,763	₱–	₱19,208,889	–	₱36,866,874
2021	2022-2026*	49,852,646	–	10,982,233	33,587,593	5,282,820
		₱105,928,409	₱–	₱30,191,122	33,587,593	₱42,149,694

**Availment period up to end of December 2026.*

The reconciliation of the provision for income tax on income before income tax computed at the effect of the applicable statutory income tax rate to the provision for income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2026	2025	2024
Provision for income tax at statutory income tax rate:	**₱206,147,363**	₱200,013,212	₱140,317,630
Income tax effects of:			
Gain on disposals of interest in an associate	**(20,050,834)**	(2,459,279)	–
Interest income already subjected to final tax	**(3,796,042)**	(2,314,897)	(3,475,782)
Nondeductible (income) expenses	**(772,607)**	428,479	28,224
Equity in net earnings of associates and joint venture	**(666,284)**	(2,204,490)	(1,881,089)
Dividend income	**(578,491)**	(428,875)	(289,009)
Change in unrecognized deferred tax assets	**(2,029,495)**	(3,165,810)	(5,539,321)
Royalty fees subjected to final tax	–	(2,129,740)	(1,731,496)
Nondeductible expense pertaining to provision for impairment of goodwill and equity instruments	–	–	1,426,889

(*Forward*)

	2026	2025	2024
Provision for impairment of investments in and advances to subsidiaries, associates and joint venture	**₱–**	₱–	(₱165,034)
Others	**2,279,270**	(689,884)	(1,307,494)
Provision for income tax	**₱180,532,880**	₱187,048,716	₱127,383,518

30. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) enterprises or individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; and (c) enterprises or individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the Parent Company, key management personnel, including directors and officers of the Group and close members of the family of any such enterprise or individual.

The following are the Group's transactions with its related parties:

	Amount of Transactions During the Period			**Outstanding Receivable (Payable)**			
Related Party	**2026**	2025	2024	**2026**	2025	**Terms**	**Conditions**
Ultimate Parent [1]							
STI Holdings							
Dividends paid	**₱304,062,306**	₱456,093,458	₱608,124,607	**₱–**	₱–	Due and demandable; noninterest-bearing	Unsecured
Advisory fees	**14,400,000**	14,400,000	14,400,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividend income	**3,658,869**	21,484,480	15,012,987	–	–	Due and demandable; noninterest-bearing	Unsecured; no impairment
Reimbursements from Parent Company	**19,091**	16,425	13,756	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursements to Parent Company	**24,232**	–	–	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Deposit for future stock subscription	–	–	75,000,000	–	–	Noninterest-bearing; to be settled upon issuance of shares	Unsecured
Associates							
STI Marikina							
Educational services and sale of educational materials and supplies	**16,550,802**	15,951,786	15,336,320	**346,626**	433,874	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividend income	**1,756,890**	1,464,075	1,171,260	–	–	Due and demandable; noninterest-bearing	Unsecured; no impairment
GROW							
Rental income	**787,934**	750,410	714,676	**5,956,967**	10,114,590	30 days upon receipt of billings	Unsecured; no impairment
Reimbursement for various expenses and other charges	**376,833**	389,415	174,079	**4,091,735**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	**77,600**	–	21,166	**(196,983)**	(119,383)	Refundable upon end of contract	Unsecured

(Forward)

	Amount of Transactions During the Period			Outstanding Receivable (Payable)			
Related Party	**2026**	2025	2024	**2026**	2025	**Terms**	**Conditions**
STI Accent							
Reimbursement for various expenses and other charges	~~**₱ –**~~	~~**₱** –~~	~~**₱** –~~	~~**₱ –**~~	₱48,134,540	30 days upon receipt of billings; noninterest-bearing	Unsecured; written off
Affiliates [2]							
GROW VITE							
Janitorial and staffing services	**38,024,186**	33,665,237	28,476,623	**(4,023,146)**	(3,860,907)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Rental income and other charges	**1,948,455**	1,845,128	2,817,347	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	**1,053,967**	1,082,857	88,675	**115,712**	264,990	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	–	–	49,959	**(421,744)**	(421,744)	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilCare							
HMO coverage	**20,400,189**	14,367,788	8,785,790	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Rental income and other charges	**10,426,655**	–	6,347,448	**9,112,402**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	**1,708,283**	–	–	**1,001,617**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	**1,092,090**	–	–	**1,092,090**	(1,950,480)	Refundable upon end of contract	Unsecured
STI WNU							
Educational services and sale of educational materials and supplies	**20,801,562**	29,007,950	33,545,445	–	14,704,479	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	**8,157,578**	7,746,999	7,818,817	–	4,073,570	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Phil First Insurance Co., Inc.							
Insurances	**21,616,524**	17,516,911	17,468,318	**(24,766)**	(169,595)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Rental income and other charges	–	220,714	–	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Philippines First Condominium Corporation							
Association dues, utilities and other charges	**10,297,319**	10,347,183	9,876,804	**(3,453)**	(1,432,591)	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilPlans							
Rental Income	**3,936,744**	4,686,600	–	–	234,330	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	**1,783,590**	1,968,866	–	**256,058**	520,769	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	**–**	937,320	–	**(937,320)**	(937,320)	Refundable upon end of contract	Unsecured; no impairment

(*Forward*)

	Amount of Transactions During the Period			Outstanding Receivable (Payable)			
Related Party	**2026**	2025	2024	**2026**	2025	**Terms**	**Conditions**
Venture Securities, Inc.							
Reimbursement for various expenses and other charges	**₱1,749,995**	₱353,253	~~₱~~ –	**₱178,296**	₱177,220	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	**1,501,230**	–	–	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	**–**	750,615	–	**(750,615)**	(750,615)	Refundable upon end of contract	Unsecured; no impairment
PhilLife							
Insurance	**319,967**	604,744	790,708	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Rental income and related charges	–	–	182,342	**68,953**	68,953	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
iACADEMY							
Reimbursement for various expenses and other charges	**18,871**	11,622	–	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
TCAMI							
Purchase of shares of PHI	**342,747,200**	–	60,484,800	–	60,484,800	15% deposit; Full payment upon contract execution	Unsecured; no impairment
Purchase of shares of CHI	–	–	180,000,000	–	–	Full payment upon contract execution	Unsecured; no impairment
Reimbursement for various expenses - PHI	**4,080,600**	–	–	**(4,080,600)**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses - CHI	**28,086**	–	–	**(3,499,747)**	(3,471,661)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Philippine School of Business Administration-Manila, Inc. [3]							
Educational services and sale of educational materials and supplies	–	26,173,688	–	**–**	26,173,688	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Assignment of assets and liabilities - net	–	4,164,303	–	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Diamond							
Reimbursement for various expenses and other charges	–	–	59,511,839	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Techzone Philippines Inc.							
Reimbursement of insurance charges	**–**	494,492	–	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Officers and employees							
Advances for various expenses	**57,693,416**	54,628,545	56,493,766	**14,117,254**	14,021,874	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
Others							
Other charges	–	3,278	–	**66,942**	215,766	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
	~~₱~~891,101,064	₱721,128,142	**~~₱~~**1,202,707,532	**~~₱~~22,466,278**	₱166,509,147		

[1] As at June 30, 2025, STI ESG accounted for its investment in its ultimate parent company, STI Holdings, as investment in an associate. As at June 30, 2026, following the significant reduction in STI ESG's ownership interest in STI Holdings to 0.67%, the remaining ownership interest was remeasured at fair value and reclassified as "Equity instruments at FVPL (see Notes 4, 9 and 12).

[2] Affiliates pertain to various entities under common control of a major shareholder.

[3] STI ESG recognized its remaining equity interest in Philippine School of Business Administration- Manila, Inc. (formerly STI College Novaliches, Inc.) of 6.25% under "Equity instruments at FVOCI" as at June 30, 2025 (see Note 14).

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:

	2026	2025
Rent, utilities, and other related receivables (see Note 6)	**₱21,940,772**	₱11,596,618
Receivables from officers and employees (see Note 6)	**14,117,254**	14,021,874
Educational services (Note 6)	**346,626**	45,385,611
Advances to associates and joint venture (see Note 12)	**–**	48,134,540
Deposit for purchase of shares (see Note 15)	**–**	60,484,800
Accounts payable (see Note 16)	**(13,938,374)**	(13,114,296)
	₱22,466,278	₱166,509,147

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

	Amount of Transactions During the Period			Outstanding Receivable (Payable)			
Related Party	**2026**	2025	2024	**2026**	2025	**Terms**	**Conditions**
Subsidiaries							
STI Caloocan							
Reimbursement for various expenses	**₱121,785,359**	₱152,205,757	₱135,182,027	**(₱342,461,839)**	(₱311,718,036)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
NAMEI							
Rental income and other related charges	**20,808,000**	20,808,000	20,808,000	**123,649,375**	101,076,566	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**37,401,380**	4,383,766	3,092,171	**(36,220,642)**	(7,649,009)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Lipa							
Educational services, sale of educational materials and supplies,	**62,331,407**	58,245,726	57,131,201	**122,248,377**	156,228,713	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**6,232,563**	4,539,124	1,901,760	**26,972,849**	39,849,342	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Training Academy							
Reimbursement for various expenses	**3,436,166**	3,990,983	19,785,620	**57,061,193**	53,625,027	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Rental income and other related charges	**6,175,150**	7,410,180	6,884,073	**25,269,089**	25,269,089	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI De Los Santos College							
Reimbursement for various expenses	–	28,105	317,165	**(47,127,441)**	(47,127,441)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment

(*Forward*)

	Amount of Transactions During the Period			Outstanding Receivable (Payable)			
Related Party	**2026**	2025	2024	**2026**	2025	**Terms**	**Conditions**
STI Tanay							
Rental income and other related charges	**₱10,284,758**	₱10,284,758	₱10,284,758	**₱39,697,854**	₱34,556,787	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**8,864,451**	8,613,240	6,699,542	**6,665,487**	11,141,565	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies	**16,464,655**	16,159,960	10,558,831	–	8,531,306	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Batangas							
Reimbursement for various expenses	**27,895,495**	6,354,208	8,119,185	**(39,673,193)**	(6,423,653)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tanauan							
Reimbursement for various expenses	**12,532,529**	953,054	993,739	**(17,131,390)**	6,156	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Educational services and sale of educational materials and supplies	**17,249,857**	18,241,905	16,167,578	–	16,699,424	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Alabang							
Educational services and sale of educational materials and supplies	**15,243,163**	14,567,861	12,425,294	**33,619,169**	36,312,246	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**636,293**	625,261	449,768	**54,897**	73,598	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Iloilo							
Reimbursement for various expenses	–	–	71,096	**19,227,538**	19,227,538	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Pagadian							
Reimbursement for various expenses	–	–	65,076	**8,986,341**	8,986,341	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Sta. Maria							
Reimbursement for various expenses	**6,721,718**	1,884,946	5,021,473	**(8,048,946)**	3,206,550	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies	**31,065,345**	29,949,482	25,156,744	–	4,002,002	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tuguegarao							
Reimbursement for various expenses	–	–	70,231	**3,914,560**	3,914,560	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
NPIM							
Rental income and other related charges	–	60,524	–	–	17,870,775	30 days from billing or cut-off date; noninterest-bearing	Unsecured; written off

(Forward)

	Amount of Transactions During the Period			Outstanding Receivable (Payable)			
Related Party	**2026**	2025	2024	**2026**	2025	**Terms**	**Conditions**
Reimbursement for various expenses	**₱2,564**	₱7,966	₱–	**₱–**	₱2,891,213	30 days from billing or cut-off date; noninterest-bearing	Unsecured; written off
STI College Novaliches, Inc.[1]							
Educational services, sale of educational materials and supplies	–	24,728,721	52,107,495	–	443,929	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
CHI							
Reimbursement for various expenses and other charges	**74,300**	73,440	–	**147,740**	73,440	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment

[1] *STI ESG deconsolidated Philippine School of Business Administration- Manila, Inc. (formerly STI College Novaliches, Inc.) and recognized its remaining equity interest of 6.25% under "Equity instruments at FVOCI" as at June 30, 2025 (see Note 14).*

Compensation and Benefits of Key Management Personnel

Compensation and benefits of key management personnel of the Group are as follows:

	2026	2025	2024
Short-term employee benefits	**₱65,209,140**	₱59,521,434	₱52,475,314
Post-employment benefits	**1,297,808**	2,294,653	2,921,222
	₱66,506,948	₱61,816,087	₱55,396,536

31. Basic and Diluted Earnings Per Share on Net Income Attributed to Equity Holders of the Parent Company

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

	2026	2025	2024
Net income attributable to equity holders of the Parent Company (a)	**₱1,881,247,067**	₱1,812,856,337	₱1,275,727,684
Common shares outstanding at beginning and end of year (b) (see Note 20)	**3,081,877,170**	3,081,877,170	3,081,877,170
Basic and diluted earnings per share on net income attributable to equity holders of the Parent Company (a)/(b)	**₱0.61**	₱0.59	₱0.41

The basic and diluted earnings per share are the same for the years ended June 30, 2026, 2025 and 2024 as there are no dilutive potential common shares.

32. STI Gift of Knowledge Certificates (GOKs)

On December 9, 2002, the BOD of the Parent Company approved the offer for sale and issue of up to ₱2.0 billion worth of GOKs.

The STI GOKs are noninterest-bearing certificates that entitle the holders or any designated scholars to redeem academic units in any member of the STI Group or equivalent academic units in any STI school on certain designated redemption dates or, to require STI Group to pay in cash the par value of the outstanding STI GOKs on designated graduation dates. The redemption dates range from the SY 2004-2005 to six years from date of issue of the STI GOKs. The graduation dates range from four to ten years from issue date. A total offer size of 2,409,600 academic units for the entire STI Group or its equivalent units in any STI school will be offered at serial redemption dates at their corresponding par values.

In 2003, the SEC issued an Order of Registration and a Certificate of Permit to Sell Securities for the said STI GOKs.

The Parent Company is planning to amend the terms of the GOKs to conform with future business strategies. As at October 13, 2026, there has been no sale nor issuance of GOKs. Hence, pursuant to Section 17.2 (a) of the Securities Regulation Code (SRC), STI ESG is not required to file the reports required under Section 17 of the SRC.

33. Contingencies and Commitments

Contingencies

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

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

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

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

   The Trial Court, however, determined that Defendant Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages (Damages). The Trial Court determined that the actions of STI ESG's Finance Officer insofar as (a) receipt of the

earnest money, (b) lack of written authority from STI ESG during the negotiation and (c) continued assurances to the Plaintiffs in relation to the BIR ruling on the tax-free exchange and then sudden withdrawal from the transaction constitute bad faith.

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

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

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

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

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

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

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

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

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

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

b. 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. Capital Commitments

As at June 30, 2026 and 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 June 30, 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 commitment related to the acquisition of a parcel of land and acquisition of shares.

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 10).

On June 20, 2024, STI ESG entered into a Share Purchase Agreement with TCAMI to acquire 100% of the issued and outstanding capital stock of PHI for ₱403.2 million. A deposit of ₱60.5 million was paid upon signing of the agreement while the remaining balance was due on the third anniversary of the Share Purchase Agreement or on an earlier date mutually agreed upon by the parties. STI ESG also had the option to cancel the transaction within the three-year period after the execution of the Share Purchase Agreement, in which case, the deposit would be refundable by TCAMI. STI ESG subsequently settled the balance on June 17, 2026 upon the execution of the Deed of Absolute Sale (see Note 10).

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 ₱227.8 million and ₱194.3 million have been paid as at June 30, 2026 and 2025. STI ESG's contractual commitment and obligation for the construction of STI Academic Center Tanauan has a total contract cost of ₱438.5 million, of which ₱267.8 million and ₱109.3 million have been paid as at June 30, 2026 and June 30, 2025, respectively. Similarly, STI ESG has a contractual commitment and obligation for the construction of STI Academic Center Meycauayan. The total contract cost for the construction of the building is ₱492.2 million, of which ₱241.9 million has been paid as at June 30, 2026 (see Notes 10 and 15).

Furthermore, STI ESG's contractual commitment for the newly constructed four-storey building at STI Fairview has an aggregate cost of ₱91.0 million, of which ₱75.5 million and ₱54.9 million have been paid as at June 30, 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 June 30, 2026 and June 30, 2025, respectively (see Note 10).

The Group's contractual commitments for building exterior and repainting works across several schools within the STI network have an aggregate cost of ₱110.3 million, of which ₱92.4 million and ₱11.5 million have been paid as at June 30, 2026 and June 30, 2025, respectively (see Note 10).

b. Others

i. In December 2023, STI ESG and Home Development and Mutual Fund (Pag-IBIG) entered into a memorandum of agreement on the implementation of Pag-IBIG Health and Education Loan Programs (Pag-IBIG HELPs). Under the loan program, the qualified Pag-IBIG member shall be able to pay his/her beneficiary's educational-related expenses to STI ESG at a special discount rate of 20% of the tuition fee, subject to the terms and conditions of the program as follows:

- Entitled to the discount are Pag-IBIG Fund members and their immediate family members;
- The discount is applicable to tuition fees only of incoming college and senior high school students and transferees for tertiary programs and senior high tracks, and specializations; and
- The discount cannot be availed in conjunction with another promo/discount.

This agreement is in effect for a period of two (2) years from the date of signing and will be automatically renewed for an additional two-year term upon expiration, subject to the same terms and conditions, or as may be stipulated by STI ESG and Pag-IBIG Fund. Either party may opt not to renew the agreement by providing a written notice at least two months before its expiration.

ii. 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 DepEd under the SHS Voucher Program through the Private Education Assistance Committee (PEAC), which facilitates the direct transfer of funds to the participating schools.

iii. On December 17, 2018, the CHED, Unified Student Financial Assistance System for Tertiary Education Board (UniFAST) and STI ESG signed a memorandum of agreement to avail of the Tertiary Education Subsidy (TES) and Student Loan Program (SLP) for its students under the Universal Access to Quality Tertiary Education Act (UAQTEA) and its Implementing Rules and Regulations (IRR). RA No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of 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.

Under the 2026 Revised TES Guidelines, effective beginning the first semester of SY2026–2027, TES benefits shall be disbursed by the CHED Regional Offices directly to qualified and validated grantees, primarily through direct credit to their accounts or through check payments. When these payment methods are not applicable, the benefits may be coursed through participating HEIs, which are required to release the amounts to the grantees within the prescribed period.

iv. 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. This program covers successive cohorts of eligible freshmen

enrolled in SY 2021-2022, SY 2022-2023 and SY 2023-2024 and throughout the duration of their respective courses or programs.

In May 2026, STI ESG and DBP executed a new MOA for the implementation of the DBP Integrated Scholastic Program for Inclusive and Responsive Education (DBP INSPIRE), which provides financial assistance to qualified students from underprivileged Filipino families enrolled in DBP-accredited tertiary schools. The program covers tuition, as well as other school fees for all year levels of the course. The program also covers student support fund intended for miscellaneous fees and living allowance to be determined and set by DBP. The program will cover qualified scholars beginning SY 2026–2027 throughout the duration of their respective courses or programs. The MOA is valid for six (6) years from execution date and is automatically renewable unless otherwise earlier terminated.

34. Financial Risk Management Objectives and Policies

The principal financial instruments of the Group comprise cash and cash equivalents and interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's school operations. The Group has various other financial assets and liabilities such as receivables, accounts payable and other current liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company's BOD and management reviews and agrees on the policies for managing each of these risks as summarized as follows.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet its currently maturing commitments. The Group's liquidity profile is managed to be able to finance its operations and capital expenditures, and other financial obligations. To cover its financing requirements, the Group uses internally generated funds and interest-bearing loans and borrowings. As part of its liquidity risk management program, the Group regularly evaluates the projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund- raising initiatives.

Any excess funds are primarily invested in short-dated and principal-protected bank products that provide flexibility of withdrawing the funds anytime. The Group regularly evaluates available financial products and monitors market conditions for opportunities to enhance yields at acceptable risk levels.

The Group's current liabilities are mostly made up of trade liabilities with a 30 to 60-day payment terms, 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 June 30, 2026 and 2025, the Group's current assets amounted to ₱2,899.8 million and ₱2,297.1 million, respectively, while current liabilities amounted to ₱2,503.5 million and ₱1,612.0 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱460.3 million and ₱163.0 million as at June 30, 2026 and 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.

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, 2026 and 2025, as defined in the term loan agreements (see Note 17).

The Second Supplemental Trust Agreement replaced the DSCR measure with ICR, as discussed in Note 18 of the consolidated financial statements. The Group's policy is to keep the DSCR not lower than 1.05:1.00 and the ICR not lower than 3.00:1.00. DSCRs, as defined in the loan agreement, as at June 30, 2026 and 2025 are 1.91:1.00 and 3.40:1.00, respectively. ICRs, as defined in the bond trust agreement, as at June 30, 2026 and 2025 are 23.48:1.00 and 14.95:1.00, respectively. STI ESG has been compliant with the financial covenants imposed under the loan and bond trust agreements.

The tables below summarize the maturity profile of the Group's financial assets held for liquidity purposes and other financial liabilities based on undiscounted contractual payments.

	2026				
	On demand	Less than 3 Months	3 to 12 Months	More than 1 Year	Total
Financial Assets					
Loans and receivables at amortized cost:					
Cash and cash equivalents	**₱1,863,139,803**	**₱–**	**₱–**	**₱–**	**₱1,863,139,803**
Receivables[1]	**321,743,036**	**5,099,351**	**339,234,188**	**–**	**666,076,575**
Rental and utility deposits (included as part of the "Goodwill, intangible and other noncurrent assets" account)	**–**	**–**	**–**	**24,046,554**	**24,046,554**
Equity instruments at FVPL	**92,971,351**	**–**	**–**	**–**	**92,971,351**
Equity instruments at FVOCI	**–**	**–**	**–**	**45,199,600**	**45,199,600**
	₱2,277,854,190	**₱5,099,351**	**₱339,234,188**	**₱69,246,154**	**₱2,691,433,883**
Financial Liabilities					
Other financial liabilities:					
Bonds payable					
Principal	**₱–**	**₱–**	**₱820,000,000**	**₱–**	**₱820,000,000**
Interest	**–**	**–**	**39,209,940**	**–**	**39,209,940**
Interest-bearing loans and borrowings					
Principal	**–**	**172,222,222**	**172,222,222**	**688,888,889**	**1,033,333,333**
Interest	**–**	**35,193,760**	**28,849,957**	**58,406,393**	**122,450,110**
Accounts payable and other current liabilities[2]	**751,375,331**	**–**	**–**	**–**	**751,375,331**
Lease liabilities	**–**	**15,380,197**	**76,900,988**	**290,631,974**	**382,913,159**
Other noncurrent liabilities[3]	**–**	**–**	**–**	**4,734,884**	**4,734,884**
	₱751,375,331	**₱222,796,179**	**₱1,137,183,107**	**₱1,042,662,140**	**₱3,154,016,757**

	2025				
	On demand	Less than 3 Months	3 to 12 Months	More than 1 Year	Total
Financial Assets					
Loans and receivables at amortized cost:					
Cash and cash equivalents	₱1,594,569,687	₱–	₱–	₱–	₱1,594,569,687
Receivables[1]	136,160,090	102,031,669	82,544,917	98,300,839	419,037,515
Rental and utility deposits (included as part of the "Goodwill, intangible and other noncurrent assets" account)	–	–	–	23,246,120	23,246,120
Equity instruments at FVPL	11,501,000	–	–	–	11,501,000
Equity instruments at FVOCI	–	–	–	78,079,631	78,079,631
	₱1,742,230,777	₱102,031,669	₱82,544,917	₱199,626,590	₱2,126,433,953
Financial Liabilities					
Other financial liabilities:					
Bonds payable					
Principal	₱–	₱–	₱–	₱ 820,000,000	₱820,000,000
Interest	–	–	52,279,920	39,209,940	91,489,860
Interest-bearing loans and borrowings					
Principal	–	292,222,222	292,222,222	1,153,333,334	1,737,777,778
Interest	–	61,094,704	52,685,551	201,785,487	315,565,742
Accounts payable and other current liabilities[2]	641,990,019	–	102,062,500	–	744,052,519
Lease liabilities	–	14,055,273	70,276,363	318,607,874	402,939,510
Other noncurrent liabilities[3]	–	–	–	13,912,200	13,912,200
	₱641,990,019	₱367,372,199	₱569,526,556	₱2,546,848,835	₱4,125,737,609

[1] Excluding receivables from officers and employees amounting to ₱14.1 million and 14.0 million as at June 30, 2026 and 2025, respectively.
[2] Excluding government and other statutory liabilities amounting to ₱29.4 million and ₱26.3 million as at June 30, 2026 and 2025, respectively.
[3] Excluding advance rent and deferred lease liability amounting to ₱7.6 million and ₱15.7 million as at June 30, 2026 and 2025, respectively.

The Group's current ratios are as follows:

	2026	2025
Current assets	**₱2,899,771,738**	₱2,297,137,838
Current liabilities	**2,503,463,015**	1,611,999,089
Current ratios	**1.16:1.00**	1.43:1.00

The classification of STI ESG's 10-year series of bonds, due in March 2027, under current liabilities resulted in a lower current ratio as at reporting date. Management continuously monitors STI ESG's liquidity requirements and expects to meet the related obligation through a combination of internally generated funds and long-term borrowings.

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from students, franchisees, or counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for each counterparty and by monitoring expenses in relation to such limits.

It is the Group's policy to require the students to pay all their tuition and other school fees before they can get their report cards and other credentials. In addition, receivable balances are monitored continuously such that exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As at June 30, 2026 and 2025, there is no significant concentration of credit risk.

Credit Risk Exposures. The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position:

	2026		2025	
	Gross Maximum Exposure[1]	**Net Maximum Exposure[2]**	Gross Maximum Exposure[1]	Net Maximum Exposure[2]
Financial Assets				
At amortized cost:				
Cash and cash equivalents[3]	**₱1,862,325,440**	**₱1,841,325,440**	₱1,593,746,484	₱1,572,746,484
Receivables[4]	**666,076,575**	**666,076,575**	419,037,515	419,037,515
Rental deposits[5]	**24,046,554**	**24,046,554**	23,246,120	23,246,120
	₱2,552,448,569	**₱2,531,448,569**	₱2,036,030,119	₱2,015,030,119

[1] Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.
[2] Gross financial assets after taking into account any collateral held or other credit enhancements or offsetting arrangements or insurance in case of bank deposits.
[3] Excluding cash on hand
[4] Excluding receivables from officers and employees amounting to ₱14.1 million and ₱14.0 million as at June 30, 2026 and 2025, respectively.
[5] Included as part of "Goodwill, intangible and other noncurrent assets" account.

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on STI ESG's credit rating system as at June 30, 2026 and 2025:

	2026			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**
Class A	**₱1,972,116,309**	**₱298,683,954**	**₱–**	**₱2,270,800,263**
Class B	**–**	**246,519,020**	**–**	**246,519,020**
Class C	**–**	**187,283,524**	**12,542,910**	**199,826,434**
Gross carrying amount	**1,972,116,309**	**732,486,498**	**12,542,910**	**2,717,145,717**
ECL	**–**	**152,154,238**	**12,542,910**	**164,697,148**
Carrying amount	**₱1,972,116,309**	**₱580,332,260**	**₱–**	**₱2,552,448,569**

	2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Class A	₱1,616,914,665	₱330,618,515	₱–	₱1,947,533,180
Class B	–	153,357,412	–	153,357,412
Class C	–	85,002,580	6,812,869	91,815,449
Gross carrying amount	1,616,914,665	568,978,507	6,812,869	2,192,706,041
ECL	–	149,863,053	6,812,869	156,675,922
Carrying amount	₱1,616,914,665	₱419,115,454	₱–	₱2,036,030,119

The following credit quality categories of financial assets are managed by the Group as internal credit ratings. The credit quality of the financial assets was determined as follows:

- Class A - *Cash and cash equivalent*, *Receivables, and Rental and utility deposits* are classified as "Class A" based on the good credit standing or rating of the counterparty. *Receivables* classified as "Class A" are those with a high probability of collection and/or customer or counterparties who possess strong to very strong capacity to meet its obligations.
- Class B - these are *Receivables* from customers who settle their obligations within tolerable delays.
- Class C - these pertain to *Receivables* from customers with payment behavior normally extending beyond the credit terms and have a high probability of becoming impaired.

The table below shows the aging analysis of receivables from students on which the amount of allowance was based on lifetime expected credit losses:

	Current	Within the Semester	After the Semester but within the School Year	After the School Year	ECL	Total
2026	**₱180,819,270**	**₱117,398,156**	**₱74,829,714**	**₱112,453,810**	**(₱152,154,238)**	**₱333,346,712**
2025	₱567,593	₱140,164,927	₱85,285,692	₱85,002,580	(₱149,863,053)	₱161,157,739

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate financial instruments are subject to fair value interest rate risk while floating-rate financial instruments are subject to cash flow interest rate risk. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's long-term loans and bonds. While the Group's long-term debts have floating interest rates, the Group elected to have the interest rate repriced every six months on its loans, thus minimizing the exposure to market changes in interest rates. The Parent Company's 7-year bonds, which had a fixed interest rate, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate.

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

The following table demonstrates the sensitivity, to a reasonably possible change in interest rates, with all other variables held constant, of the consolidated statements of comprehensive income and consolidated statements of changes in equity for the years ended June 30, 2026, 2025 and 2024:

	Effect on Income Before Income Tax		
Increase/decrease in Basis Points (bps)	**2026**	2025	2024
+100 bps	**(₱18,648,148)**	(₱25,770,864)	(₱29,433,333)
-100 bps	**18,648,148**	25,770,864	29,433,333

Capital Risk Management Policy

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

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

The Group monitors capital using the D/E ratio, which is computed as the total of current and noncurrent liabilities, net of unearned tuition, and other school fees, divided by total equity. The Group monitors its D/E ratio to keep it at a level acceptable to the Group, the lender banks, and the STI ESG bondholders. The Group's policy is to keep the D/E ratio at a level not exceeding 1.50:1.00. STI ESG is compliant with the D/E ratio requirement as at June 30, 2026 and 2025, as defined in the term loan and trust agreements, (see Notes 17 and 18).

The Group considers its equity contributed by stockholders as capital.

	2026	2025
Capital stock	**₱3,087,829,443**	₱3,087,829,443
Additional paid-in capital	**386,916,479**	386,916,479
Retained earnings (see Note 20)	**6,461,639,120**	4,875,254,140
	₱9,936,385,042	₱8,350,000,062

The Group's debt-to-equity ratios are as follows:

	2026	2025
Total liabilities*	**₱3,033,837,434**	₱3,716,786,223
Total equity	**9,935,678,624**	8,390,859,127
Debt-to-equity ratio	**0.31:1.00**	0.44:1.00

**Excluding unearned tuition and other school fees*

The Group's asset-to-equity ratios are as follows:

	2026	2025
Total assets	**₱13,429,822,133**	₱12,270,621,798
Total equity	**9,935,678,624**	8,390,859,797
Asset-to-equity ratio	**1.35:1.00**	1.46:1.00

No changes were made in the objectives, policies or processes during the years ended June 30, 2026, 2025 and 2024.

35. Fair Value Information of Financial Instruments

The following tables set forth the carrying amounts and estimated fair values of financial assets and liabilities recognized as at June 30, 2026 and 2025. There are no material unrecognized financial assets and liabilities as at June 30, 2026 and 2025.

	2026				
	Carrying Amount	**Fair Value**	**Level 1** (1)	**Level 2** (2)	**Level 3** (3)
Financial Assets					
At amortized cost:					
Rental and utility deposits	**₱24,046,554**	**₱24,046,554**	**₱–**	**₱–**	**₱24,046,554**
Equity instruments at FVOCI	**45,199,600**	**45,199,600**	**14,099,600**	**16,100,000**	**15,000,000**
	₱69,246,154	**₱69,246,154**	**₱14,099,600**	**₱16,100,000**	**₱39,046,554**
Financial Liabilities					
At amortized cost:					
Refundable deposits	**₱22,448,678**	**₱17,717,338**	**₱–**	**₱–**	**₱17,717,338**
Bonds payable	**818,563,449**	**818,044,898**	**–**	**818,044,898**	**–**
	₱841,012,127	**₱835,762,236**	**₱–**	**₱818,044,898**	**₱17,717,338**

(1) *Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities*

(2) *Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable*

(3) *Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable*

	2025				
	Carrying Amount	Fair Value	Level 1 (1)	Level 2 (2)	Level 3 (3)
Financial Assets					
At amortized cost:					
Rental and utility deposits	₱23,246,120	₱23,246,120	₱–	₱–	₱23,246,120
Equity instruments at FVOCI	78,079,631	78,079,631	11,880,016	56,199,615	10,000,000
	₱101,325,751	₱101,325,751	₱11,880,016	₱56,199,615	₱33,246,120
Financial Liabilities					
At amortized cost:					
Refundable deposits	₱19,905,706	₱16,956,093	₱–	₱–	₱16,956,093
Bonds payable	816,706,013	729,004,970	–	729,004,970	–
	₱836,611,719	₱745,961,063	₱–	₱729,004,970	₱16,956,093

(1) *Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities*

(2) *Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable*

(3) *Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable*

Fair Value of Financial Instruments

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

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

Rental and Utility Deposits. The carrying values of these deposits are not significantly different from the fair values as at June 30, 2026 and 2025. Moreover, the fair values of utility deposits are not determinable since the timing of its refund is linked to the cessation of service which is not predictable.

Equity instruments at FVPL and FVOCI. The fair values of publicly traded equity instruments at FVPL and FVOCI, classified under Level 1, are determined by reference to market bid quotes as at financial reporting date. The fair values of unquoted shares are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions. Such techniques include using recent arm's-length market transactions and reference to the current market value of another instrument which is substantially the same.

Interest-bearing Loans and Borrowings. The carrying value of floating rate interest-bearing loans and borrowings approximates fair value because of regular repricing based on market conditions.

Fixed-rate Bonds. The estimated fair value of the 10-year bonds, maturing in 2027 which carries a fixed interest rate is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows were 6.71% and 7.21% as at June 30, 2026 and 2025, respectively.

Refundable Deposits. The fair values of the refundable deposits are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates ranging from 4.94% to 6.98% and 5.13% to 6.66%as at June 30, 2026 and 2025, respectively, adjusted for 2.0% credit spread rate that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

On June 30, 2026 and 2025, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

36. Changes in Liabilities Arising from Financing Activities

	June 30, 2025	Cash Flows	Interest Expense (see Note 22)	Capitalized Borrowing Costs (see Note 10)	Dividends Declared (see Note 20)	Reclassified as Current	Effect of Lease Termination/ Modification (see Notes 10 and 28)	New/ Renewed Leases (see Note 28)	June 30, 2026
Current portion of interest-bearing loans and borrowings	₱580,267,162	(₱704,444,445)	₱4,388,065	₱–	₱–	₱461,632,589	₱–	₱–	₱341,843,371
Bonds payable	816,706,013	–	1,857,436	–	–	–	–	–	818,563,449
Interest-bearing loans and borrowings – net of current portion	1,146,065,668	–	–	–	–	(461,632,589)	–	–	684,433,079
Lease liabilities	308,882,058	(91,370,462)	20,189,703	–	–	–	(58,309,670)	113,854,580	293,246,209
Dividends payable	19,976,731	(308,033,087)		–	308,187,717	–	–	–	20,131,361
Interest payable[a]	38,606,956	(172,090,745)	149,450,027	5,087,663	–	–	–	–	21,053,901
	₱2,910,504,588	(₱1,275,938,739)	₱175,885,231	₱5,087,663	₱308,187,717	₱–	(₱58,309,670)	₱113,854,580	₱2,179,271,370

	June 30, 2024	Cash Flows	Interest Expense (see Note 22)	Gain on Early Extinguishment of Loans	Dividends Declared (see Note 20)	Reclassified as Current	Effect of Lease Termination/ Modification (see Notes 10 and 28)	New/ Renewed Leases (see Note 28)	June 30, 2025
Current portion of interest-bearing loans and borrowings	₱536,274,021	(₱562,222,222)	₱–	₱–	₱–	₱606,215,363	₱–	₱–	₱580,267,162
Bonds payable	814,967,275	–	1,738,738	–	–	–	–	–	816,706,013
Interest-bearing loans and borrowings – net of current portion	1,549,840,391	198,500,000	3,940,640	–	–	(606,215,363)	–	–	1,146,065,668
Lease liabilities	315,034,072	(86,659,022)	23,326,951	–	–	–	(15,464,419)	72,644,476	308,882,058
Dividends payable	18,000,539	(460,305,384)		–	462,281,576	–	–	–	19,976,731
Interest payable[a]	49,507,925	(215,551,280)	204,650,311	–	–	–	–	–	38,606,956
	₱3,283,624,223	(₱1,126,237,908)	₱233,656,640	₱–	₱462,281,576	₱–	(₱15,464,419)	₱72,644,476	₱2,910,504,588

	June 30, 2023	Cash Flows	Interest Expense (see Note 22)	Gain on Early Extinguishment of Loan (see Note 17)	Dividends Declared (see Note 20)	Reclassified as Current	Effect of Lease Termination/ Modification	New/ Renewed Leases (see Note 28)	June 30, 2024
Current portion of interest-bearing loans and borrowings	₱183,042,276	(₱333,050,203)	₱–	₱–	₱–	₱686,281,948	₱–	₱–	₱536,274,021
Bonds payable	2,988,422,984	(2,180,000,000)	6,544,291	–	–	–	–	–	814,967,275
Interest-bearing loans and borrowings – net of current portion	748,861,025	1,488,750,000	1,587,779	(3,076,465)	–	(686,281,948)	–	–	1,549,840,391
Lease liabilities	335,735,940	(83,324,497)	21,523,233	–	–	–	–	41,099,396	315,034,072
Dividends payable	15,161,749	(613,536,656)		–	616,375,446	–	–	–	18,000,539
Interest payable[a]	21,499,453	(212,247,813)	240,256,285	–	–	–	–	–	49,507,925
	₱4,292,723,427	(₱1,933,409,169)	₱269,911,588	(₱3,076,465)	₱616,375,446	₱–	₱–	₱41,099,396	₱3,283,624,223

37. Notes to the Consolidated Statements of Cash Flows

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

a. Remaining ₱5.9 million receivable, representing 15% of the purchase price, from STI ESG's sale of its equity instrument at FVOCI in May 2026 which was subsequently collected in July 2026 (see Notes 6 and 14).

b. Additions to ROU assets presented under "Property and equipment" amounted to ₱113.3 million, ₱70.2 million, ₱43.7 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Note 10).

c. Unpaid progress billing for construction-in-progress presented under "Property and equipment" amounted to ₱8.7 million, ₱40.1 million, and ₱16.2 million as at June 30, 2026, 2025, and 2024, respectively (see Note 10).

d. Recognition of the maritime simulators received from a third party, with an aggregate value of ₱15.3 million, under "Property and equipment" in May 2026. The related liability was subsequently condoned (see Note 10).

e. Reclassifications from property and equipment to investment properties amounted to ₱187.4 million for the year ended June 30, 2024 (see Note 10 and 11).

f. Reclassifications from investment properties to property and equipment amounted to ₱140.1 million for the year ended June 30, 2025 (see Notes 10 and 11).

g. Reclassification from "Other noncurrent assets", pertaining to advances to suppliers, to "Property and equipment" amounted to ₱174.3 million, ₱21.3 million and ₱12.9 million for the years ended June 30, 2026, 2025 and 2024, respectively (see Notes 10 and 15).

h. Reclassification from "Other noncurrent assets", pertaining to deposits for purchase of shares, to "Investment properties" amounting to ₱60.5 million for the year ended June 30, 2026 (see Notes 11 and 15).

i. Reclassification from "Other noncurrent assets", pertaining to deposit for asset acquisition, to "Property and equipment" amounting to ₱20.4 million for the year ended June 30, 2025 (see Note 10).

j. Accounts payable of ₱102.1 million as at June 30, 2025, related to the acquisition of a parcel of land at South Park District, Alabang, Muntinlupa City, was settled on February 2, 2026 (see Notes 10 and 16).

38. Business Combination and Asset Acquisition

PHI

As discussed in Notes 4 and 11, on June 17, 2026, STI ESG and TCAMI executed a deed of absolute sale for STI ESG's acquisition of 100% of the total issued and outstanding capital stock of PHI.

The acquisition of PHI is accounted for as an asset acquisition (see Note 4). PHI's assets, which primarily consist of a parcel of land, were assigned their carrying amount based on their relative fair values. The land was valued at ₱407.6 million, after allocating the acquisition cost to other identifiable assets and liabilities of PHI which had a net liability carrying amount of ₱4.4 million.

STI Novaliches Campus

On March 31, 2025, STI Holdings, STI ESG, and Philippine School of Business Administration-Manila, Inc. (formerly STI College Novaliches, Inc.) executed a Deed of Assignment (the Deed) where Philippine School of Business Administration-Manila, Inc. unconditionally and irrevocably assigned and transferred its identified assets and liabilities, including its permits and licenses, to STI ESG for a total consideration of ₱4.2 million. The Novaliches campus of the Parent Company has continued to operate as an STI ESG branch in Novaliches, Quezon City, effective January 2025 (see Notes 14, 30 and 39). The transaction is accounted for as business combination under common control using pooling of interests method. Accordingly, the assets and liabilities transferred to STI ESG are recognized at its carrying values and no 'new' goodwill is recognized as a result of the combination.

CHI

As discussed in Note 4, on June 20, 2024, STI ESG and TCAMI executed a deed of absolute sale for STI ESG's acquisition of 100% of the total issued and outstanding capital stock of CHI.

The acquisition of CHI is accounted for as an asset acquisition (see Note 4). CHI's assets, which primarily consist of a parcel of land, were assigned their carrying amount based on their relative fair values. The land was valued at ₱182.9 million, after allocating the acquisition cost to other identifiable assets and liabilities of CHI which had a net liability carrying amount of ₱2.9 million.

39. **Other Matters**

On February 27, 2024, the BOD of STI Holdings ratified the execution of a term sheet between STI Holdings and Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration, Inc. - Quezon City (PSBA Quezon City) or collectively referred to as "PSBA". The term sheet covers the takeover by STI Holdings of the operations of PSBA as well as the acquisition of licenses, trademarks, trade names, and school-related assets owned by PSBA (the "transaction").

The term sheet and the implementation of the transaction are subject to several conditions including, among others, the execution of mutually acceptable definitive agreements, fulfillment of the conditions precedent, approval of the stockholders of PSBA, and regulatory approvals.

On May 2, 2024, STI ESG, 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 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG shall provide the management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services will be for a period of three years counting from the management commencement date.

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

PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of the gross revenues of PSBA Manila and PSBA Quezon City, respectively.

The management agreement may be extended provided that (i) such extension shall be subject to mutual agreement of the Parties; (ii) STI ESG shall be entitled to use the PSBA Manila and Quezon City properties rent-free during the extended management period, and (iii) the same terms and conditions shall apply during the extended management period unless otherwise agreed upon by the Parties in writing.



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
STI Education Services Group, Inc.
STI Academic Center Ortigas-Cainta
Ortigas Avenue Extension
Cainta, Rizal

We have audited the accompanying consolidated financial statements of STI Education Services Group, Inc. (the Company) as at June 30, 2026 and for the year then ended, on which we have rendered the attached report dated October 13, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above Company has 47 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 24, 2026, valid until August 23, 2029
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027
PTR No. 10765091, January 2, 2026, Makati City

October 13, 2026

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
STI Education Services Group, Inc.
STI Academic Center Ortigas - Cainta
Ortigas Avenue Extension
Cainta, Rizal

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Services Group, Inc. and its subsidiaries (the Group) as at June 30, 2026 and 2025 and for each of the three years in the period ended June 30, 2026, and have issued our report thereon dated October 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 24, 2026, valid until August 23, 2029
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027
PTR No. 10765091, January 2, 2026, Makati City

October 13, 2026

A member firm of Ernst & Young Global Limited

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
STI Education Services Group, Inc.
STI Academic Center Ortigas - Cainta
Ortigas Avenue Extension
Cainta, Rizal

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Services Group, Inc. and its subsidiaries (the Group) as at June 30, 2026 and 2025 and for each of the three years in the period ended June 30, 2026, and have issued our report thereon dated October 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at June 30, 2026 and 2025 and for each of the three years in the period ended June 30, 2026 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 24, 2026, valid until August 23, 2029
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027
PTR No. 10765091, January 2, 2026, Makati City

October 13, 2026

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

June 30, 2026

Schedule	CONTENT
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from/Payable to Related Parties which are Eliminated During the Consolidation of the Financial Statements
D	Long-term Debt
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Capital Stock
H	Reconciliation of Retained Earnings Available for Dividend Declaration
I	Map of Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
J	Schedule of Financial Soundness Indicators
K	Supplementary Schedule of External Auditor Fee-Related Information

SCHEDULE A - FINANCIAL ASSETS

June 30, 2026

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount Shown in the Statement of Financial Position	Valued based on market quotation at end of reporting period period	Income received and accrued

The Group's financial asset at FVPL is less than 5% of total consolidated current assets as at June 30, 2026, thus, schedule of financial assets is not applicable.

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)

June 30, 2026

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts Written-off	Current	Not Current	Balance at end of period

The Group does not have receivables from individual directors, officers, employees and principal stockholders (other than related parties) aggregating above one million pesos (₱1.0 million) or 1% of total consolidated assets, whichever is less as at June 30, 2026.

SCHEDULE C – AMOUNTS OF RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

June 30, 2026

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of debtor and description	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period	Description
Receivable from STI Lipa	196,078,055	68,563,970	(115,420,799)		68,563,970	80,657,256	149,221,226	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from NAMEI	93,427,557	58,209,380	(64,208,204)		58,209,380	29,219,353	87,428,733	Reimbursement for various expenses; Rental and other related charges
Receivable from STI Training Academy	78,894,116	9,611,316	(6,175,150)		9,611,316	72,718,966	82,330,282	Reimbursement for various expenses; Rental and other related charges
Receivable from STI Tanay	54,229,658	35,613,864	(43,480,181)		35,613,864	10,749,477	46,363,341	Educational services, school materials sold, other charges; Reimbursement for various expenses; Rental and other related charges
Receivable from STI Alabang	36,385,844	15,879,456	(18,591,234)		15,879,456	17,794,610	33,674,066	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from STI Iloilo	19,227,538	-	-		-	19,227,538	19,227,538	Reimbursement for various expenses
Receivable from STI Pagadian	8,986,341	-	-		-	8,986,341	8,986,341	Reimbursement for various expenses

SCHEDULE D – LONG-TERM DEBT

June 30, 2026

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in the Statement of Financial Position	Amount shown under caption "Long-Term Debt" in the Statement of Financial Position
Metrobank / Term Loan[(1)] Maturity Date: March 16, 2029 Interest Rate: 6.7583% per annum (reprised at the rate of 6.7583% on March 18, 2026) No. of installment: ten (10) semi-annual installments; fully settled on September 18, 2026.	₱2,000,000,000 (Amount drawn: ₱1,000,000,000; Balance: ₱600,000,000)	198,499,178	397,430,099
BPI / Term Loan[(2)] Maturity Date: March 18, 2029 Interest rate: 6.6607% per annum (reprised at the rate of 7.5344% on September 18, 2026) No. of installments: ten (10) semi-annual installments	₱1,000,000,000 (Initial drawn amount: ₱500,000,000; Balance: ₱300,000,000 Second drawn amount: ₱200,000,000; Balance: ₱133,333.333)	143,344,193	287,002,980
Fixed rate bonds series 10-year[(3)] Interest rate: 6.3756%, respectively No. of installments: due 2027	₱5,000,0000,000 (Amount of bonds issued: 7-year series - ₱2,180,000,000; 10-year series - ₱820,000,00 Balance: ₱820,000,000)	818,563,449	
		1,160,406,820	684,433,079

Figures are presented in the Statement of Financial Position:
(1) presented net of deferred finance cost of ₱4.1 million
(2) presented net of deferred finance costs of ₱3.0 million
(3) presented net of bond issue cost of ₱1.4 million

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)

June 30, 2026

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of related party	Balance at beginning of period	Balance at end of period

The Group has no long-term loans from related parties as at June 30, 2026.

SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS

June 30, 2026

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

The Group does not have guarantees of securities of other issuing entities as at June 30, 2026.

SCHEDULE G – CAPITAL STOCK

June 30, 2026

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown in the Statement of Financial Position[1]	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties[2]	Directors, officers and employees[3]	Others
Common Stock	5,000,000,000	3,081,877,170	-	3,081,877,151	19	-

[2] Related Parties

STI EDUCATION SYSTEMS HOLDINGS, INC.	3,040,623,037	98.66%
PRUDENT RESOURCES, INC.	13,465,465	0.44%
GONZALES, FRANSCISCO B. JR. (DECEASED)	8,873,692	0.29%
ROSSI, PURIFICACION G.	7,841,118	0.25%
PRUDENCIO, TOMAS J.	3,732,400	0.12%
SANTOS, MARIA LOURDES	1,725,000	0.06%
YOUNG, CAROLINA	1,651,828	0.05%
RAMOS, DULCE	1,155,447	0.04%
BUSTOS, FELIXBERTO	792,283	0.03%
DOMINGO, EMERITA R.	303,466	0.01%
VALERIO, RUBEN M. AND VALERIO, REMEDIOS S.	241,279	0.01%
ZARASPE, ANACLETA C.	214,038	0.01%
MONES, REYNALDO A.	201,901	0.01%
HEIRS OF EDGAR SARTE	148,622	0.00%
RELLEVE, ALVIN K.	137,338	0.00%
PUBLICO, EDGARDO	122,080	0.00%
DUJUA, JOCELYN	115,532	0.00%
MADRIGAL, VICTORIA P.	63,384	0.00%
LAO, ERIENE C.	63,384	0.00%
PAULINO, MA. LUZ LOURDES M.	55,061	0.00%
ANSALDO, LYDIA V.	53,876	0.00%
CANTOS, LOLITA	53,185	0.00%
LIMJOCO, ALEX	47,603	0.00%
ZAPANTA, PRISCILLA D.	37,500	0.00%
HERBOSA, ARTURO ALFONSO J.	36,219	0.00%
NANO, ANA BELEN N.	35,288	0.00%
YU, ANNIE	30,434	0.00%
BRAVO, MELINDA C.	16,517	0.00%
DE LEON, AURORA F.	7,923	0.00%
GOPALAN, MA. LOURDES	6,155	0.00%
CAPAROS, VILMA	6,155	0.00%
PASCUA, ARNOLD F.	3,648	0.00%
BALAN, ARIEL KELLY D.	3,169	0.00%
PANTALEON, SERAFIN M.	2,117	0.00%
BASA, VIRGILIO T.	1,857	0.00%
GAMBOA, HERMAN T.	1,429	0.00%
DE LEON, MA. LOIDA	1,367	0.00%
DE LEON, ROSANO	1,367	0.00%
VILLASEÑOR, CELSO A.	1,330	0.00%
TOLENTINO, RUFINO (DECEASED)	738	0.00%
MONSOD, CHRISTIAN S.	714	0.00%
ZETA, BENJAMIN D.	688	0.00%
BALAGOT, WILFRED P.	466	0.00%
BARTOLOME, ARSENIO M., III	410	0.00%
MACHICA, RAMON G.	399	0.00%
ANGELES, BERNARD DAN F.	106	0.00%
SUAREZ, ROLANDO A.	106	0.00%
DAYCO, ROLANDO P.	30	0.00%
TOTAL	**3,081,877,151**	

[3] Directors, officers and employees

BORJA, RAINERIO M. (Trustee of E.H. Tanco)	2
JACOB, MONICO V. (Trustee of E.H. Tanco)	2
TANCO, JOSEPH AUGUSTIN L.	2
DE MESA, RAUL B. (DECEASED)	2
TANCO, MARTIN K.	1
LAPUS, JESLI A.	1
TANCO, MA. VANESSA ROSE L.	1
TANCO, EUSEBIO H.	1
BAUTISTA, PAOLO MARTIN O.	1
FERNANDEZ, PETER K.	1
VERGARA, ROBERT G.	1
VASQUEZ-DE JESUS, MA. LEONORA	1
ABAYA, RAMON C. (Trustee of E.H. Tanco)	1
VILLA, JESUS S. (Trustee for AADC)	1
QUINTOS, JOAQUIN E. (Trustee of E.H. Tanco)	1
	19

[1] net of treasury shares of 5,952,273 shares

SCHEDULE H – RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

June 30, 2026

(Amount in Pesos)

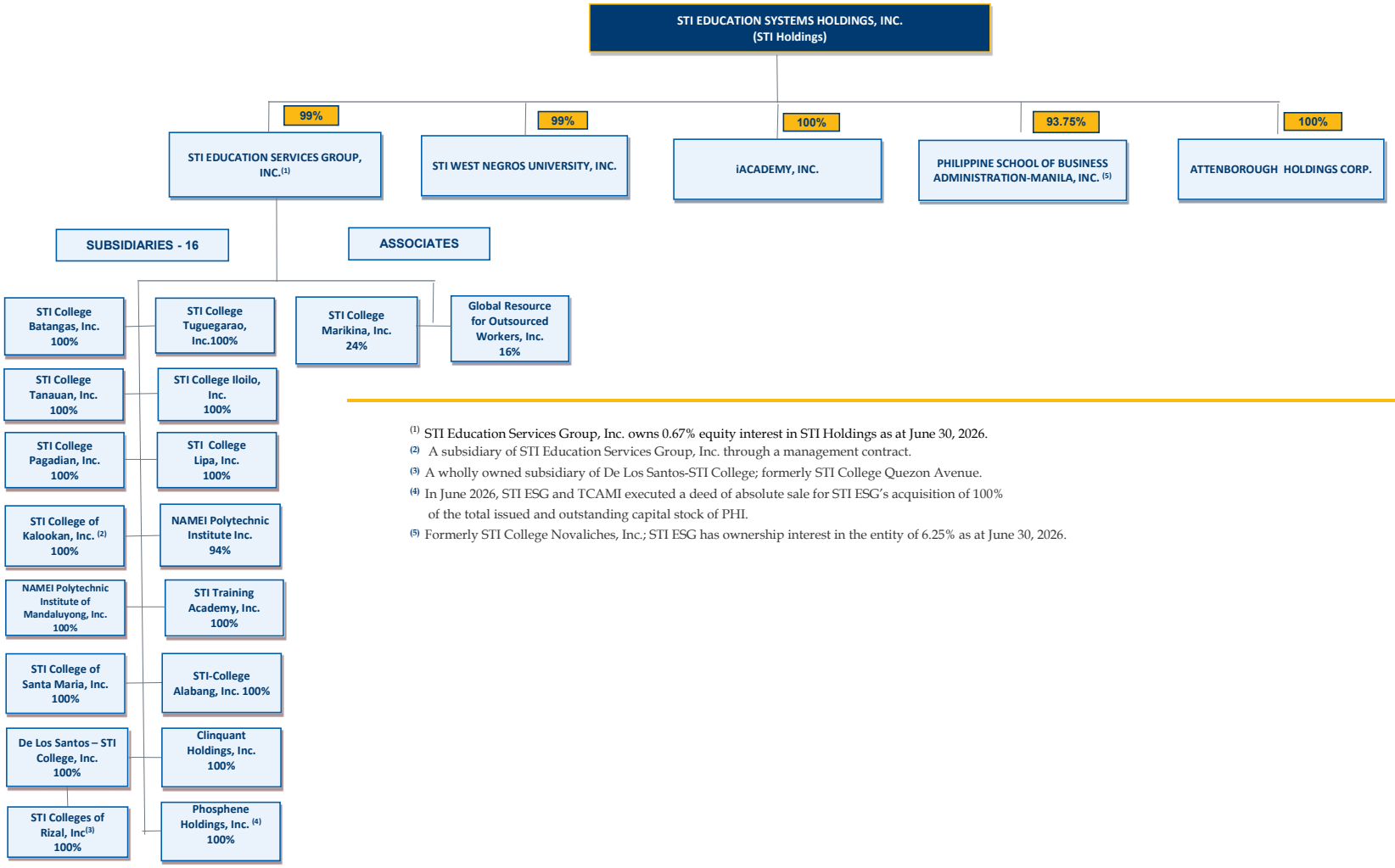
STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

		June 30, 2026
Unappropriated Retained Earnings, beginning of reporting period		₱4,263,674,227
Add: Category A: Items that are directly credited to unappropriated retained earnings		-
Less: Category B: Items that are directly debited to unappropriated retained earnings -		
Dividend declaration during the reporting period		308,187,717
Unappropriated retained earnings, as adjusted		**3,955,486,510**
Add: Net Income for the current year		1,680,893,311
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)		
Unrealized fair value adjustments (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(15,249,873)	
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Add. Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax)	-	
Subtotal		(15,249,873)
Adjusted net income		**1,665,643,438**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	-	
Add: Category E: Adjustments related to relief granted by the SEC and BSP	-	
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution -	-	
Net movement in deferred tax assets not considered in the reconciling items under the previous categories	(6,851,948)	
Net movement in deferred tax assets and deferred tax liabilities related to right-of-use assets and lease liabilities	1,464,172	
Subtotal		**(5,387,776)**
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND DECLARATION		**₱ 5,615,742,172**

SCHEDULE I – MAP OF RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, AND ASSOCIATES

June 30, 2026

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal



(1) STI Education Services Group, Inc. owns 0.67% equity interest in STI Holdings as at June 30, 2026.
(2) A subsidiary of STI Education Services Group, Inc. through a management contract.
(3) A wholly owned subsidiary of De Los Santos-STI College; formerly STI College Quezon Avenue.
(4) In June 2026, STI ESG and TCAMI executed a deed of absolute sale for STI ESG's acquisition of 100% of the total issued and outstanding capital stock of PHI.
(5) Formerly STI College Novaliches, Inc.; STI ESG has ownership interest in the entity of 6.25% as at June 30, 2026.

SCHEDULE J – SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

June 30, 2026

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

	June 2026	June 2025
Liquidity Ratios		
Current ratio [(1)]	1.16	1.43
Acid test ratio [(2)]	1.05	1.26
Solvency ratios		
Debt to equity ratio [(3)]	0.31	0.44
Asset to equity ratio [(4)]	1.35	1.46
Debt service cover ratio [(5)]	1.91	3.40
Interest coverage ratio [(6)]	23.48	14.95
Profitability ratios		
EBITDA margin [(7)]	56%	58%
Net income margin [(8)]	43%	41%
Return on equity[(9)]	21%	24%
Return on assets[(10)]	15%	15%

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

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

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

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

(5) *DSCR for bank loans purposes is measured as EBITDA for the last twelve months divided by the total interest-bearing debts and interest due in the next twelve months.*

(6) *Interest coverage ratio is measured as EBITDA divided by interest due in the next twelve months*

(7) *EBITDA margin is measured as EBITDA divided by total revenues. 'EBITDA' is earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint venture, gain(loss) on foreign exchange differences, fair value gain(loss) on equity instruments at FVPL, and nonrecurring gains such as gain on disposals of interest in an associate, gain on termination of lease, and income from condonation of liability.*

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

(9) *Return on equity is measured as net income attributable to equity holders of the Parent Company divided by average equity attributable to equity holders of the Parent*

(10) *Return on assets is measured as net income divided by average total assets.*

SCHEDULE K – SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

June 30, 2026

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

	2026	2025
Total Audit Fees	20,697,000	19,454,000
Non-audit services fees:		
Other assurance services		
Tax services*	37,325	-
All other services**	365,625	348,438
Total non-audit fees	**402,950**	**348,438**
Total audit and non-audit fees	**21,099,950**	**19,802,438**

**General Tax Advisory*

***Billed fees for Sustainability Reporting in FY2026 and FY2025*

COVER SHEET

0 0 0 0 0 1 1 3 1 5 6

STI EDUCATION SERVICES

GROUP, INC.

(Company's Full Name)

STI ACADEMIC CENTER

ORTIGAS-CAINTA, ORTIGAS AVENUE

EXTENSION, CAINTA RIZAL 1900

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

ARSENIO C. CABRERA, JR.

Contact Person

(632) 8813 7111

Company Telephone Number

0 6	3 0	SEC FORM 17-L	1st Thursday of November
Month	*Day*	FORM TYPE	*Month* *Day*
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stocholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-L

NOTIFICATION OF INABILITY TO FILE ALL OR ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

Form 17-A [**X**] Form 17-Q [ ]

Period-Ended Date of required filing..... **For the Fiscal Year Ended 30 June 2026/13 October 2026**

Date of this report..... 6 October 2026

Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates:.....

1. SEC Identification Number .....**113156** 2. BIR Tax Identification No.....**000-143-457-000**

3. **STI EDUCATION SERVICES GROUP, INC.**
Exact name of issuer as specified in its charter

4. **Philippines**
Province, country or other jurisdiction of incorporation

5. Industry Classification Code: [ ] (SEC Use Only)

6. **STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal, 1900**
Address of principal office Postal Code

7. **(632) 8812-1784**
Issuer's telephone number, including area code

8. .....
Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

Yes [ ] No [**X**]

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

Part I - Representations

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [✓]

(b) The subject annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth day following the prescribed due date. [✓]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [ ]

Part II - Narrative

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed.)

The completion of the Company's Audited Consolidated and Parent Company Financial Statements ("AFS") and the Annual Report required under SEC Form 17-A has been materially affected by the recent typhoons and continuous heavy rains in certain areas where some of the Company's schools are located. The adverse weather conditions resulted in flooding and power interruptions in the affected areas, which prevented or significantly limited the ability of key personnel involved in the preparation and completion of the FS and other required reports to work for several days. Consequently, these circumstances have caused delays in the completion of the audited FS and other reports required to be included in the Company's SEC Form 17-A.

In view of the foregoing, the prescribed filing deadline of October 13, 2026 is not sufficient for the Company to complete the audited FS and all other reports required to be included in the Annual Report under SEC Form 17-A for the fiscal year ended June 30, 2026.

Accordingly, the Company respectfully requests an additional period of fifteen (15) days, or until October 28, 2026, within which to file its SEC Form 17-A for the fiscal year ended June 30, 2026.

Part III - Other Information

(a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification

ARSENIO C. CABRERA, JR.
Corporate Secretary and Corporate Information Officer
5/F, SGV II Building, 6758 Ayala Avenue
Makati City
Telephone number : 8813-7111
Fax number : 8813-7881

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes [**X**] No [ ] Reports: .....

(c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes [ ] No [**X**]

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

SIGNATURE

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STI EDUCATION SERVICES GROUP, INC.
Registrant's full name as contained in charter

ARSENIO C. CABRERA, JR.
Corporate Secretary
Signature and Title

Date: **6 October 2026**

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: October 06, 2026 01:15:55 PM

Company Information

SEC Registration No.: 0000113156
Company Name: STI EDUCATION SERVICES GROUP, INC.
Industry Classification: M81590
Company Type: Stock Corporation

Document Information

Document ID: OST110062026811858946
Document Type: NOTICE_OF_INABILITY_TO_FILE_AR_OR_QR
Document Code: SEC_Form_17-L
Period Covered: June 30, 2026
Submission Type: As needed
Remarks: None

Acceptance of this document is subject to review of forms and contents