COVER SHEET

SEC Registration Number

0	0	0	0	0	1	1	3	1	5	6

S	T	I		E	D	U	C	A	T	I	O	N		S	E	R	V	I	C	E	S		G	R	O	U	P	,	
I	N	C	.		(	A		P	r	i	v	a	t	e		E	d	u	c	a	t	i	o	n	a	l		I	n
s	t	i	t	u	t	i	o	n	)		a	n	d		S	U	B	S	I	D	I	A	R	I	E	S			

(Company's Full Name)

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

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

ARSENIO C. CABRERA JR.

Contact Person

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

Company Telephone Number

0	6

Month

3	0

Day

Fiscal Year

SEC FORM 17-Q For the Three Months Ended 30 September 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.

N/A

Amended Article Number/Section

				6	3

Total No. of Stockholders

Total Amount of Borrowings

Php820 million Series 10-year Bonds

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1.	For the three months ended	September 30, 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	₱820.0 million outstanding 10-year series

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

Yes [ ] No [√]

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

Shares of Common Stock Issued and Outstanding are not listed in any stock exchange. Fixed Rate Bonds are listed in the Philippine Dealing & Exchange Corp. (PDEx).

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulations Code (SRC) and SRC Rule 17 (a) - 1 there under and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [√] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [√] No [ ]

PART I – FINANCIAL INFORMATION

Item 1 – Financial Statements

Please refer to Annex "A".

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Please refer to Annex "B".

PART II – OTHER INFORMATION

Not applicable

SIGNATURE PAGE

Pursuant to the requirements of Section 17 of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

STI EDUCATION SERVICES GROUP, INC.

By:

Signature and Title	**MONICO V. JACOB** Vice Chairman and CEO
Date	November 23, 2026
Signature and Title	**PETER K. FERNANDEZ** President and COO
Date	November 23, 2026
Signature and Title	**YOLANDA M. BAUTISTA** Treasurer
Date	November 23, 2026

ANNEX"A"

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2026 AND JUNE 30, 2026

	September 30, 2026	June 30, 2026
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱1,532,118,989**	₱1,863,139,803
Receivables (Note 6)	**1,445,428,831**	680,193,829
Inventories (Note 7)	**115,321,897**	154,535,970
Prepaid expenses and other current assets (Note 8)	**102,583,753**	108,930,785
Equity instruments at fair value through profit or loss (FVPL) [Note 9]	**94,685,646**	92,971,351
Total Current Assets	**3,290,139,116**	2,899,771,738
Noncurrent Assets		
Property and equipment (Note 10)	**8,708,279,557**	8,611,500,712
Investment properties (Note 11)	**1,054,542,362**	1,057,652,642
Investments in and advances to associates and joint venture (Note 12)	**27,631,524**	27,736,201
Equity instruments at fair value through other comprehensive income (FVOCI) [Note 13]	**45,560,800**	45,199,600
Deferred tax assets - net	**60,830,905**	44,990,394
Goodwill, intangible and other noncurrent assets (Note 14)	**700,388,934**	742,970,846
Total Noncurrent Assets	**10,597,234,082**	10,530,050,395
TOTAL ASSETS	**₱13,887,373,198**	₱13,429,822,133
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	**₱634,849,101**	₱780,733,571
Current portion of interest-bearing loans and borrowings (Note 16)	**143,344,193**	341,843,371
Bonds payable (Note 17)	**819,047,292**	818,563,449
Unearned tuition and other school fees	**1,288,432,118**	460,306,075
Current portion of lease liabilities	**71,735,440**	71,634,558
Income tax payable	**79,500,393**	30,381,991
Total Current Liabilities	**3,036,908,537**	2,503,463,015
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Note 16)	**215,058,081**	684,433,079
Lease liabilities - net of current portion	**201,749,372**	221,611,651
Pension liabilities - net	**72,406,693**	72,311,744
Other noncurrent liabilities (Note 18)	**9,860,168**	12,324,020
Total Noncurrent Liabilities	**499,074,314**	990,680,494
Total Liabilities *(Carried Forward)*	**₱3,535,982,851**	₱3,494,143,509

	September 30, 2026	June 30, 2026
	(Unaudited)	(Audited)
Total Liabilities *(Brought Forward)*	**₱3,535,982,851**	₱3,494,143,509
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 19)	**3,087,829,443**	3,087,829,443
Additional paid-in capital	**386,916,479**	386,916,479
Treasury stock	**(10,833,137)**	(10,833,137)
Cumulative actuarial gain	**43,782,324**	40,637,456
Unrealized fair value adjustment on equity instruments at FVOCI (Note 13)	**10,717,291**	10,356,091
Other equity reserve	**(46,104,556)**	(46,104,556)
Share in associates' cumulative actuarial gain	**329,306**	329,306
Retained earnings	**6,874,145,058**	6,461,639,120
Total Equity Attributable to Equity Holders of the Parent Company	**10,346,782,208**	9,930,770,202
Equity Attributable to Non-controlling Interests	**4,608,139**	4,908,422
Total Equity	**10,351,390,347**	9,935,678,624
TOTAL LIABILITIES AND EQUITY	**₱13,887,373,198**	₱13,429,822,133

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND 2025

	Three months ended September 30	
	2026	2025
	(Unaudited)	(Unaudited)
REVENUES (Note 20)		
Sale of services:		
Tuition and other school fees	**₱896,819,593**	₱975,596,485
Educational services	**74,847,231**	72,870,036
Royalty fees	**7,231,242**	7,202,798
Others	**51,572,638**	33,970,653
Sale of goods -		
Sale of educational materials and supplies	**43,834,921**	44,760,313
	1,074,305,625	1,134,400,285
COSTS AND EXPENSES		
Cost of educational services (Note 21)	**235,985,837**	222,920,907
Cost of educational materials and supplies sold (Note 22)	**34,521,665**	34,874,998
General and administrative expenses (Note 23)	**351,062,847**	341,074,937
	621,570,349	598,870,842
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**452,735,276**	535,529,443
OTHER INCOME (EXPENSES)		
Interest expense (Notes 16 and 17)	**(39,407,405)**	(54,138,686)
Rental income	**30,494,009**	22,346,519
Interest income (Notes 5 and 6)	**8,858,082**	12,222,855
Recovery of accounts written off (Note 6)	**2,788,755**	2,772,287
Fair value gain (loss) on equity instruments at FVPL (Note 9)	**1,714,295**	(248,000)
Dividend income (Note 9)	**170,989**	162,595
Equity in net earnings (losses) of associates and joint venture (Note 12)	**(104,677)**	4,059,446
Foreign exchange gain	**24,391**	34,465
Gain on disposal of interest in an associate (Note 12)	–	102,721,832
Other expenses - net	**(152,941)**	(138,743)
	4,385,498	89,794,570
INCOME BEFORE INCOME TAX *(Carried Forward)*	**457,120,774**	625,324,013

	Three months ended September 30	
	2026	2025
	(Unaudited)	(Unaudited)
INCOME BEFORE INCOME TAX (*Brought Forward)*	**₱457,120,774**	₱625,324,013
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**61,105,060**	67,107,244
Deferred	**(16,189,941)**	(16,332,009)
	44,915,119	50,775,235
NET INCOME	**412,205,655**	574,548,778
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss in subsequent years:		
Remeasurement gain (loss) on pension liabilities	**3,494,298**	(17,471,492)
Tax effect on remeasurement loss (gain) on pension liabilities	**(349,430)**	1,747,149
Unrealized fair value adjustment on equity instruments at FVOCI (Note 13)	**361,200**	(225,216)
Share in associate's unrealized fair value adjustment on equity instruments at FVOCI	**–**	(2,281)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**3,506,068**	(15,951,840)
TOTAL COMPREHENSIVE INCOME	**₱415,711,723**	₱558,596,938
Net Income (Loss) Attributable To		
Equity holders of the Parent Company	**₱412,505,938**	₱574,633,156
Non-controlling interests	**(300,283)**	(84,378)
	₱412,205,655	₱574,548,778
Total Comprehensive Income (Loss) Attributable To		
Equity holders of the Parent Company	**₱416,012,006**	₱558,681,316
Non-controlling interests	**(300,283)**	(84,378)
	₱415,711,723	₱558,596,938
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Note 25)	**₱0.13**	₱0.19

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements .

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 and 2025

	Capital Stock (Note 19)	Additional Paid-in Capital	Treasury Stock (Note 19)	Cumulative Actuarial Gain	Unrealized Fair Value Adjustment on Equity Instruments at FVOCI (Note 13)	Other Equity Reserve (Note 19)	Share in Associates' Cumulative Actuarial Gain	Share in Associates' Unrealized Fair Value Loss on Equity Instruments at FVOCI	Retained Earnings (Note 19)	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at July 1, 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**
Net income	–	–	–	–	–	–	–	–	**412,505,938**	**412,505,938**	**(300,283)**	**412,205,655**
Other comprehensive income (loss)	–	–	–	**3,144,868**	**361,200**	–	–	–	–	**3,506,068**	–	**3,506,068**
Total comprehensive income (loss)	–	–	–	**3,144,868**	**361,200**	–	–	–	**412,505,938**	**416,012,006**	**(300,283)**	**415,711,723**
Balance at September 30, 2026	**₱3,087,829,443**	**₱386,916,479**	**(₱10,833,137)**	**₱43,782,324**	**₱10,717,291**	**(₱46,104,556)**	**₱329,306**	**₱–**	**₱6,874,145,058**	**₱10,346,782,208**	**₱4,608,139**	**₱10,351,390,347**
Balance at July 1, 2025	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱75,196,684	₱17,293,321	(₱46,104,556)	₱130,673	(₱37,993)	₱4,875,254,140	₱8,385,645,054	₱5,214,743	₱8,390,859,797
Net income	–	–	–	–	–	–	–	–	574,633,156	574,633,156	(84,378)	574,548,778
Other comprehensive loss	–	–	–	(15,724,343)	(225,216)	–	–	(2,281)	–	(15,951,840)	–	(15,951,840)
Total comprehensive income(loss)	–	–	–	(15,724,343)	(225,216)	–	–	(2,281)	574,633,156	558,681,316	(84,378)	558,596,938
Balance at September 30, 2025	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱59,472,341	₱17,068,105	(₱46,104,556)	₱130,673	(₱40,274)	₱5,449,887,296	₱8,944,326,370	₱5,130,365	₱8,949,456,735

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND 2025

	Three months ended September 30	
	2026	2025
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱457,120,774**	₱625,324,013
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 10, 11, 14, 21 and 23)	**156,301,546**	141,093,527
Interest expense (Notes 16 and 17)	**39,407,405**	54,138,686
Provision for expected credit loss (Notes 6 and 23)	**32,141,907**	44,602,025
Interest income (Notes 5 and 6)	**(8,858,082)**	(12,222,855)
Movements in pension	**3,589,247**	2,644,568
Fair value (gain) loss on equity instruments at FVPL (Note 9)	**(1,714,295)**	248,000
Dividend income (Notes 9 and 12)	**(170,989)**	(162,595)
Equity in net losses (earnings) of associates and joint venture (Note 12)	**104,677**	(4,059,446)
Unrealized foreign exchange gain	**(24,391)**	(34,465)
Gain on disposal of interest in an associate (Note 12)	–	(102,721,832)
Decrease (increase) in:		
Receivables	**(292,958,561)**	15,458,090
Inventories	**39,214,073**	15,488,218
Prepaid expenses and other current assets	**287,603**	(5,871,145)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(141,681,205)**	(56,225,565)
Unearned tuition and other school fees	**317,404,558**	93,750
Other noncurrent liabilities	**(2,463,852)**	524,083
Net cash generated from operations	**597,700,415**	718,317,057
Interest received	**13,258,272**	9,848,977
Income tax paid	**(5,927,229)**	(6,868,210)
Net cash provided by operating activities	**605,031,458**	721,297,824
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 10)	**(97,238,438)**	(173,008,738)
Investment properties (Note 11)	**(4,107,144)**	–
Proceeds from disposal of interest in an associate (Note 12)	–	277,500,000
Payments for other noncurrent assets (Note 14)	**(82,392,726)**	(120,803,141)
Dividend received (Note 9)	**170,989**	162,595
Net cash used in investing activities	**(183,567,319)**	(16,149,284)

(Forward)

	2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interests	**(49,989,682)**	(81,114,160)
Long-term loans (Note 16)	**(672,222,222)**	(292,222,222)
Lease liabilities	**(30,297,440)**	(32,620,287)
Net cash used in financing activities	**(752,509,344)**	(405,956,669)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**24,391**	34,465
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(331,020,814)**	299,226,336
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,863,139,803**	1,594,569,687
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱1,532,118,989**	₱1,893,796,023

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

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

1. Corporate Information

a. General

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

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

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

[a] *A subsidiary through a management contract*

[b] *As at November 23, 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 November 23, 2026.*

[d] *A wholly owned subsidiary of De Los Santos-STI College; formerly STI College Quezon Avenue, Inc.*

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

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

Other features of the licensing agreements are as follows:

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

b. Merger with several majority and wholly-owned subsidiaries

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

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

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

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

On September 25, 2013, STI ESG's Board of Directors (BOD) approved an amendment to the Phases 1 and 2 mergers whereby STI ESG would issue shares at par value, to the stockholders of the non-controlling interests. In 2014, STI ESG issued 1.9 million additional shares at par value to the stockholders of one of the merged schools. As at November 23, 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 November 23, 2026, the Parent Company has not received the CARs from the BIR.

On June 9, 2025, STI ESG advised CHED that STI ESG, Philippine School of Business Administration - Manila, Inc. (formerly: STI College 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, Department of Education (DepED), and Technical Education and Skills Development Authority (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 November 23, 2026, the request for issuance of a Certificate of Confirmation in favor of STI ESG is still pending review by CHED.

As at September 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.

2. Basis of Preparation and Material Accounting Policies

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards effective July 1, 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards and amendments did not have any significant impact on the unaudited interim condensed consolidated financial statements.

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*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective as at July 1, 2026 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 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 September 30, 2026 on its unaudited interim condensed consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements of the Group when these amendments are adopted.

3. Seasonality of Operations

The Group's business is linked to the academic cycle which spans one academic year. The academic cycle for both SHS and JHS segments started classes in late June 2026 and will end in May 2027, while the tertiary segment started classes in August 2026 and will end in June 2027. The academic cycle for all levels for SY 2025-2026 began in July 2025 and ended in June 2026. Classes for SY 2026–2027 were conducted entirely face-to-face, 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's performance obligations arising from tuition and other school fees are satisfied over time, as students simultaneously receive and consume the benefits provided by the Group through its educational services. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) during which the educational services are rendered. Accordingly, the revenue distribution across quarters may vary depending on the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

4. Segment Information

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

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

Management monitors the operating results of its business segments separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the unaudited interim condensed consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on consolidated net income and EBITDA. EBITDA is defined as net income or earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net losses (earnings) of associates and joint venture, gain on foreign exchange differences, fair value loss (gain) on equity instruments at FVPL, and nonrecurring gain such as gain on disposal of interest in an associate. Depreciation and interest expense for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.

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

	September 30, 2026 (Unaudited)	September 30, 2025 (Unaudited)
Consolidated net income	**₱412,205,655**	₱574,548,778
Depreciation and amortization[1]	**138,188,954**	123,785,038
Provision for income tax	**44,915,119**	50,775,235
Interest expense[1]	**33,495,594**	48,506,718
Interest income	**(8,858,082)**	(12,222,855)
Fair value (gain) loss on equity instruments at FVPL	**(1,714,295)**	248,000
Equity in net losses (earnings) of associates and joint venture	**104,677**	(4,059,446)
Foreign exchange gain	**(24,391)**	(34,465)
Gain on disposal of interest in an associate	–	(102,721,832)
Consolidated EBITDA	**₱618,313,231**	₱678,825,171

(1) *Depreciation and interest expense exclude those related to ROU assets and lease liabilities, respectively.*

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 three-months ended September 30, 2026 and 2025:

	For the three months ended September 30, 2026 (Unaudited)					
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
Revenues						
External revenue	**₱582,205,283**	**₱83,982,024**	**₱354,316,566**	**₱19,798,762**	**₱34,002,990**	**₱1,074,305,625**
Income before other income (expenses) and income tax	**₱217,101,071**	**₱36,505,388**	**₱178,620,658**	**₱8,624,773**	**₱11,883,386**	**₱452,735,276**
Equity in net earnings of associates and joint venture	**(104,677)**	**-**	**-**	**-**	**-**	**(104,677)**
Interest expense	**(35,341,595)**	**(2,436,547)**	**(784,016)**	**(416,231)**	**(429,016)**	**(39,407,405)**
Interest income	**7,525,159**	**9,616**	**1,316,794**	**3,211**	**3,302**	**8,858,082**
Other income[(a)]	**33,542,838**	**138,206**	**1,121,928**	**62,186**	**174,340**	**35,039,498**
Provision for income tax	**(42,673,232)**	**(783,724)**	**(1,458,163)**	**-**	**-**	**(44,915,119)**
Net Income	**₱180,049,564**	**₱33,432,939**	**₱178,817,201**	**₱8,273,939**	**₱11,632,012**	**₱412,205,655**
EBITDA						**₱618,313,231**

	For the three months ended September 30, 2025 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱625,318,458	₱87,895,137	₱369,639,378	₱15,070,920	₱36,476,392	₱1,134,400,285
Income before other income (expenses) and income tax	265,539,588	43,723,381	206,607,512	4,367,893	15,291,069	535,529,443
Equity in net earnings of associates and joint venture	4,059,446	–	–	–	–	4,059,446
Interest expense	(50,548,712)	(1,011,162)	(1,741,619)	(228,484)	(608,709)	(54,138,686)
Interest income	10,302,063	9,496	1,907,899	1,860	1,537	12,222,855
Other income[(a)]	126,137,403	84,003	1,147,925	50,255	231,369	127,650,955
Provision for income tax	(46,873,295)	(940,281)	(2,961,659)	–	–	(50,775,235)
Net Income	₱308,616,493	₱41,865,437	₱204,960,058	₱4,191,524	₱14,915,266	₱574,548,778
EBITDA						₱678,825,171

(a) Other income excludes equity in net earnings of associates and joint venture, interest expense and interest income.

The following tables present certain assets and liabilities information regarding geographical segments as at September 30, 2026 and June 30, 2026:

	As at September 30, 2026 (Unaudited)					
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
Assets and Liabilities						
Segment assets[(a)]	**₱10,058,309,800**	**₱845,778,326**	**₱2,380,071,555**	**₱96,750,835**	**₱181,371,063**	**₱13,562,281,579**
Goodwill (see Note 14)	**236,629,190**	–	–	–	–	**236,629,190**
Investments in and advances to associates and joint venture (see Note 12)	**27,631,524**	–	–	–	–	**27,631,524**
Deferred tax assets - net	**41,275,220**	**2,953,922**	**14,645,736**	**279,261**	**1,676,766**	**60,830,905**
Total Assets	**₱10,363,845,734**	**₱848,732,248**	**₱2,394,717,291**	**₱97,030,096**	**₱183,047,829**	**₱13,887,373,198**
Segment liabilities[(b)]	**₱907,812,433**	**₱174,855,629**	**₱821,515,328**	**₱30,561,126**	**₱77,897,264**	**₱2,012,641,780**
Interest-bearing loans and borrowings (see Note 16)	**358,402,274**	–	–	–	–	**358,402,274**
Bonds payable (see Note 17)	**819,047,292**	–	–	–	–	**819,047,292**
Pension liabilities	**44,044,182**	**4,658,496**	**19,907,231**	**644,212**	**3,152,572**	**72,406,693**
Lease liabilities	**99,148,863**	**100,321,178**	**42,826,212**	**10,123,602**	**21,064,957**	**273,484,812**
Total Liabilities	**₱2,228,455,044**	**₱279,835,303**	**₱884,248,771**	**₱41,328,940**	**₱102,114,793**	**₱3,535,982,851**
Other Segment Information						
Capital expenditures for property and equipment and investment properties						**₱243,432,179**
Depreciation and amortization[(c)]						**138,188,954**
Noncash expenses other than depreciation and amortization						**35,731,154**

	As at June 30, 2026					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets[(a)]	₱9,970,257,867	₱795,454,083	₱2,118,764,546	₱79,345,735	₱156,644,117	₱13,120,466,348
Goodwill (see Note 14)	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	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[(b)]	₱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 16)	1,026,276,450	-	-	-	-	1,026,276,450
Bonds payable (see Note 17)	818,563,449	-	-	-	-	818,563,449
Pension liabilities	44,992,207	4,474,504	19,199,014	605,777	3,040,242	72,311,744
Lease liabilities	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[(c)]						518,148,566
Noncash expenses other than depreciation and amortization						81,901,839

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

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

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

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Cash on hand and in banks	**₱885,777,145**	₱877,321,753
Cash equivalents	**646,341,844**	985,818,050
	₱1,532,118,989	₱1,863,139,803

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 ₱8.8 million and ₱10.4 million for the three months ended September 30, 2026 and 2025, respectively.

6. Receivables

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Tuition and other school fees	**₱1,406,847,923**	₱651,295,344
Educational services (see Note 24)	**157,172,937**	93,818,130
Rent, utilities, and other related receivables (see Note 24)	**33,526,376**	50,153,396
Receivables from officers and employees (see Note 24)	**16,494,316**	14,117,254
Interest receivables (see Note 5)	**699,161**	5,099,351
Others	**27,527,173**	30,407,502
	1,642,267,886	844,890,977
Less allowance for expected credit losses	**196,839,055**	164,697,148
	₱1,445,428,831	₱680,193,829

The terms and conditions of the receivables are as follows:

a. Tuition and other school fees receivables substantially pertain to receivables from students and DepEd. As at September 30, 2026, these receivables principally relate to tuition and other school fees for SY 2026–2027. As at June 30, 2026, these receivables included amounts relating to SY 2026–2027, following the commencement of SHS and JHS classes on June 29, 2026. The related receivables and contract liabilities were recognized as at June 30, 2026. The remaining balance as at June 30, 2026 principally pertain to receivables for SY 2025–2026. Revenues relating to receivables for SY 2026–2027 are recognized over the applicable school terms as the related educational services are rendered. These receivables are expected to be collected within the SY 2026–2027.

   Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱2.8 million each for the three months ended September 30, 2026 and 2025. These amounts are presented in the "Other income (expenses)" section in the unaudited interim condensed consolidated statements of comprehensive income.

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 ₱78.0 million and ₱68.2 million as at September 30, 2026 and June 30, 2026, respectively. These receivables relate to the Management Agreement executed between STI ESG and PSBA on May 30, 2024, where STI ESG has been appointed 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 has provided the management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services run for a period of three (3) years counting from the management commencement date (see Note 30).

   Interest earned from past due accounts amounted to ₱0.04 million and ₱1.8 million for the three months ended September 30, 2026 and 2025, respectively.

c. Rent, utilities and other related receivables are expected to be collected in full within the fiscal year.

d. Receivables from officers and employees substantially represent advances for official business expenses which are necessary and reasonable to carry out the operations of head office and the schools. These advances are normally liquidated within one month from the date the advances are obtained (see Note 24).

e. Interest receivables represent accrued interest income on the Group's short-term investments, typically maturing within three months, and earning interest at prevailing market rates (see Note 5).

f. Others consist primarily of receivables from former vendors and former employees of STI ESG, and Social Security System amounting to ₱6.3 million, ₱3.9 million, and ₱9.9 million, respectively, as at September 30, 2026; and amounting to ₱6.3 million, ₱3.9 million, and ₱8.9 million, respectively, as at June 30, 2026. As at June 30, 2026, this account also included a receivable from Metro Pacific Health Corporation (MPHC) amounting to ₱5.9 million arising from the disposal of STI ESG's equity instrument at FVOCI. This receivable was subsequently collected in July 2026. Also included in this account are receivables from STI ESG's retirement trustee bank amounting to ₱3.8 million and ₱2.3 million, representing retirement benefits advanced by STI ESG to its former employees, as at September 30, 2026 and June 30, 2026, respectively. All outstanding receivables are expected to be collected within the fiscal year.

7. Inventories

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
At cost:		
Educational materials:		
Uniforms	**₱89,668,591**	₱123,716,041
Textbooks and other education-related materials	**5,308,096**	5,308,096
	94,976,687	129,024,137
Promotional materials:		
Proware materials	**14,193,428**	17,195,706
Marketing materials	**66,731**	406,731
	14,260,159	17,602,437
School materials and supplies	**6,085,051**	7,909,396
	₱115,321,897	₱154,535,970

Inventories recognized as obsolete, substantially composed of old tertiary uniforms and textbooks, are fully provided with allowance for inventory obsolescence. Accordingly, the carrying value of these inventories at net realizable value is nil as at September 30, 2026 and June 30, 2026. Allowance for inventory obsolescence amounted to ₱25.9 million as at September 30, 2026 and June 30, 2026. No provision was recognized for the three months ended September 30, 2026 and 2025.

Inventories charged to cost of educational materials and supplies sold amounted to ₱34.5 million and ₱34.9 million for the three months ended September 30, 2026 and 2025, respectively (see Note 22).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Input VAT – net	**₱50,790,470**	₱54,039,878
Prepaid subscriptions and licenses	**18,846,736**	20,928,993
Prepaid taxes	**14,336,959**	23,792,990
Prepaid insurance	**11,800,530**	1,187,260
Advances to suppliers	**6,239,384**	7,228,621
Infrastructure and software maintenance	**175,521**	320,833
Others	**394,153**	1,432,210
	₱102,583,753	₱108,930,785

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 subscriptions and licenses principally comprise advance payments for SY 2026–2027 for Microsoft licenses and eLearning Management System (eLMS). The September 30, 2026 balance also

includes prepayments for eBooks platform subscriptions, cybersecurity software, and certification examination vouchers for CompTIA AI Essentials and Microsoft Azure AI Fundamentals. These subscriptions are generally renewed on a per term basis and are recognized as expense in accordance with the terms of the respective agreements. The subscriptions for CompTIA AI Essentials and Microsoft Azure AI Fundamentals are on as needed basis, depending on the number of learners taking up the certification examinations and are recognized as expense upon utilization of the examination voucher. Cybersecurity software helps safeguard systems, networks, and data from cyber threats and unauthorized access. CompTIA and Microsoft certification examinations validate learners' knowledge and skills in essential information technology domains, including artificial intelligence.

Prepaid taxes primarily consist of prepayments for local business and real property taxes. These prepayments are recognized as expense over the applicable period, which is until December 31, 2026.

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

Advances to suppliers primarily relate to prepayments for the procurement of students' school uniforms, commencement-related expenses, and prepayments in connection with the document management system and digitization of student records. As at September 30, 2026, the balance also included advances for the procurement of training kits by STI Training Academy, a subsidiary of STI ESG. The training kits comprise voyage planning and route monitoring learning materials and related components used in maritime training programs.

Prepaid infrastructure and software maintenance substantially pertain to 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 date of the respective agreements.

Other prepaid expenses include advance payments for institutional membership and bond maintenance fees. As at June 30, 2026, the balance also included prepayments 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 ₱94.7 million and ₱93.0 million as at September 30, 2026 and June 30, 2026, 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 September 30, 2026 and June 30, 2026, these shares had carrying values of ₱9.5 million and ₱11.1 million, respectively. STI ESG recognized fair value loss on equity instruments at FVPL amounting to ₱1.6 million and ₱0.2 million for the three months ended September 30, 2026 and 2025, respectively.

STI ESG recognized dividend income from RCR amounting to ₱0.2 million for each of the three months ended September 30, 2026 and 2025.

As at September 30, 2026 and June 30, 2026, STI ESG holds 66.5 million quoted equity shares of STI Holdings, representing 0.67% ownership interest. Following the significant reduction in STI ESG's ownership interest in STI Holdings, the Group discontinued the use of the equity method of accounting. The remaining investment was remeasured at fair value and reclassified as an "Equity instrument at FVPL" as at June 30, 2026. As at September 30, 2026, these shares had a fair value of ₱1.28 per share or an aggregate amount of ₱85.1 million. As at June 30, 2026, these shares had a fair value of ₱1.23 per share or an aggregate amount of ₱81.8 million. STI ESG recognized fair value gain on equity instruments at FVPL amounting to ₱3.3 million for the three months ended September 30, 2026 (nil in 2025).

10. **Property and Equipment**

The rollforward analyses of this account are as follows:

	September 30, 2026 (Unaudited)													
	Land	**Buildings and Improvements**	**Office and School Equipment**	**Office Furniture and Fixtures**	**Leasehold Improvements**	**Transportation Equipment**	**Computer Equipment and Peripherals**	**Library Holdings and Signages**	**Renewable Energy Equipment**	**Construction in progress**	**Right-of-use Asset - Land**	**Right-of-use Asset - Building**	**Right-of-use Asset - Transportation Equipment**	**Total**
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of period	**₱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**
Additions	**990,335**	**12,683,035**	**5,439,767**	**4,737,607**	**–**	**4,649,000**	**12,303,187**	**881,091**	**–**	**197,641,012**	**–**	**2,674,262**	**3,852,918**	**245,852,214**
Reclassification	–	**553,534**	–	–	–	–	–	–	–	**(553,534)**	–	–	–	–
Depreciation and amortization (see Notes 21 and 23)	**–**	**(96,085,856)**	**(13,688,365)**	**(4,172,665)**	**(2,048,097)**	**(2,041,757)**	**(9,373,829)**	**(860,160)**	**(2,690,048)**	**–**	**(1,360,510)**	**(15,831,166)**	**(920,916)**	**(149,073,369)**
Balance at end of period	**₱3,149,226,411**	**₱4,338,525,429**	**₱146,728,491**	**₱48,749,756**	**₱24,739,146**	**₱18,197,165**	**₱64,037,993**	**₱7,663,206**	**₱35,803,571**	**₱648,080,547**	**₱49,275,012**	**₱169,591,602**	**₱7,661,228**	**₱8,708,279,557**
At September 30, 2026														
Cost	**₱3,149,226,411**	**₱7,448,808,885**	**₱ 901,781,481**	**₱347,989,352**	**₱235,666,942**	**₱34,511,417**	**₱519,046,837**	**₱138,392,452**	**₱53,800,993**	**₱648,080,547**	**₱90,090,306**	**₱349,083,867**	**₱40,321,053**	**₱13,956,800,542**
Accumulated depreciation and amortization	**–**	**(3,110,283,456)**	**(755,052,990)**	**(299,239,596)**	**(210,927,796)**	**(16,314,252)**	**(455,008,844)**	**(130,729,246)**	**(17,997,422)**	**–**	**(40,815,294)**	**(179,492,265)**	**(32,659,825)**	**(5,248,520,985)**
Net book value	**₱3,149,226,411**	**₱4,338,525,429**	**₱146,728,491**	**₱48,749,756**	**₱24,739,146**	**₱18,197,165**	**₱ 64,037,993**	**₱7,663,206**	**₱35,803,571**	**₱648,080,547**	**₱49,275,012**	**₱169,591,602**	**₱7,661,228**	**₱8,708,279,557**

	June 30, 2026 (Audited)													
	Land	Buildings and Improvements	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings and Signages	Renewable Energy Equipment	Construction in progress	Right-of-use Asset - Land	Right-of-use Asset - Building	Right-of-use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of period	₱2,845,485,683	₱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	–	–	–	–	–	–	–	–	–	–	(41,337,847)	162,276	(729,695)	(41,905,266)
Depreciation and amortization (see Notes 21 and 23)	–	(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 period	₱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

The cost of fully depreciated property and equipment still used by the Group amounted to ₱1,166.9 million and ₱1,155.9 million as at September 30, 2026 and June 30, 2026, respectively. There were no idle property and equipment as at September 30, 2026 and June 30, 2026.

Additions

Property and Equipment under Construction. Costs of construction for ongoing projects amount to ₱648.1 million and ₱451.0 million as at September 30, 2026 and June 30, 2026, respectively. These consist mainly of costs incurred for the construction of STI Academic Center Alabang, STI Academic Center Meycauayan, and STI Academic Center Tanauan. Construction in progress is recognized as the construction progresses and is transferred to the related asset category under "Property and equipment" once the projects are completed and ready for use.

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 and 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 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 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 construction works for the three-storey building at STI Batangas were completed in 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 ₱2.3 million for the three months ended September 30, 2026 (nil for the three months ended September 30, 2025). The average interest capitalization rate for the three months ended September 30, 2026 was 6.76%, 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 September 30, 2026 and June 30, 2026. The net book value of these transportation equipment amounted to ₱7.7 million and ₱4.7 million as at September 30, 2026 and June 30, 2026, respectively.

11. Investment Properties

The roll forward analyses of this account are as follows:

	September 30, 2026 (Unaudited)		
		Condominium	
	Land	**Units**	**Total**
Cost:			
Balance at beginning of period	**₱659,572,480**	**₱792,543,521**	**₱1,452,116,001**
Additions	**–**	**4,107,144**	**4,107,144**
Reclassification from property and equipment	**–**	**–**	**–**
Balance at end of period	**659,572,480**	**796,650,665**	**1,456,223,145**
Accumulated Depreciation:			
Balance at beginning of period	**–**	**394,463,359**	**394,463,359**
Depreciation (see Notes 21 and 23)	**–**	**7,217,424**	**7,217,424**
Reclassification from property and equipment	**–**	**–**	**–**
Balance at end of period	**–**	**401,680,783**	**401,680,783**
Net book value	**₱659,572,480**	**₱394,969,882**	**₱1,054,542,362**

	June 30, 2026 (Audited)		
		Condominium	
	Land	Units	Total
Cost:			
Balance at beginning of period	₱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 (see Note 10)	–	5,010,940	5,010,940
Balance at end of period	659,572,480	792,543,521	1,452,116,001
Accumulated Depreciation:			
Balance at beginning of period	–	362,293,834	362,293,834
Depreciation (see Notes 21 and 23)	–	27,158,585	27,158,585
Reclassification from property and equipment (see Note 10)	–	5,010,940	5,010,940
Balance at end of period	–	394,463,359	394,463,359
Net book value	₱659,572,480	₱398,080,162	₱1,057,652,642

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

Renovation and fit-out work. Additions during the three months ended September 30, 2026 represent air-conditioning and ventilation works in one of STI ESG's investment properties amounting to ₱4.1 million.

12. **Investments in and Advances to Associates and Joint Venture**

The details and movements of this account are as follows:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Investments		
Acquisition costs	**₱40,963,409**	₱471,417,497
Disposals	**–**	(364,233,610)
Reclassification	**–**	(66,220,478)
Balance at end of period	**40,963,409**	40,963,409
Accumulated equity in net losses:		
Balance at beginning of period	**(11,906,174)**	(36,611,764)
Equity in net (losses) earnings of associate and joint venture	**(104,677)**	6,662,836
Disposals	**–**	15,686,321
Reclassification	**–**	6,015,302
Dividends received	**–**	(3,658,869)
Balance at end of period	**(12,010,851)**	(11,906,174)
Accumulated share in associate's other comprehensive income:		
Balance at beginning of period	**329,306**	102,448
Disposals	**–**	193,625
Reclassification	**–**	35,514
Unrealized fair value adjustment on equity instruments designated at FVOCI	**–**	(2,281)
Balance at end of period	**329,306**	329,306
	29,281,864	29,386,541
Less allowance for impairment loss	**1,650,340**	1,650,340
	₱27,631,524	₱27,736,201

The carrying values of the Group's investments in and advances to an associate and joint venture are as follows:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Associate (see Note 24):		
GROW	**₱25,492,814**	**₱25,573,500**
Joint venture - PHEI	**3,789,050**	**3,813,041**
	29,281,864	**29,386,541**
Less allowance for impairment loss	**1,650,340**	**1,650,340**
	₱27,631,524	**₱27,736,201**

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 disposal of STI ESG's equity interest in STI Holdings resulted in a total gain of ₱102.7 million, reflected as "Gain on disposal of interest in an associate" in the unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2025.

STI ESG's investment in STI Holdings, representing 0.67% ownership interest is classified as "Equity instruments at FVPL" as at September 30, 2026 and June 30, 2026 (see Note 9).

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

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Quoted equity shares	**₱14,460,800**	₱14,099,600
Unquoted equity shares	**31,100,000**	31,100,000
	₱45,560,800	₱45,199,600

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. 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) executed in May 2026. MPHC paid 85.0% or ₱33.6 million when the Deeds were signed, and the ₱5.9 million balance in July 2026, after the conditions specified in the Deeds were met.

The amount of ₱5.9 million representing the 15.0% balance of the selling price is presented as part of Accounts Receivable-Others as at June 30, 2026 (see Note 6). This amount was collected in full in July 2026.

STI ESG transferred the cumulative unrealized fair value gain of ₱13.6 million, previously recognized in other comprehensive income, to retained earnings as at June 30, 2026. Capital gains tax of ₱2.0 million was paid by STI ESG on this transaction. The carrying value of the investment in DLSMC was nil as at September 30, 2026 and June 30, 2026.

14. Goodwill, Intangible and Other Noncurrent Assets

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Advances to suppliers	**₱408,154,450**	₱452,919,185
Goodwill	**236,629,190**	236,629,190
Intangible assets - net	**27,632,653**	27,643,405
Rental and utility deposits	**26,336,270**	24,046,554
Others	**1,636,371**	1,732,512
	₱700,388,934	₱742,970,846

Advances to Suppliers

As at September 30, 2026 and June 30, 2026, 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) construction of the STI Academic Center Meycauayan, (4) design and set-up of the new enrollment system, and (5) implementation and subscription costs for the new financial system. 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 September 30, 2026 and June 30, 2026, the Group's goodwill acquired through business combinations have been allocated to certain schools which are considered as separate CGUs. Management performs its impairment test at the end of each annual reporting period for all the CGUs. No impairment was recognized for the three months ended September 30, 2026 and 2025.

Intangible Assets

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

This account also includes the Group's accounting and payroll software as at September 30, 2026 and June 30, 2026.

The roll forward analyses of this account follow:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Cost, net of accumulated amortization:		
Balance at beginning of period	**₱27,643,405**	₱29,298,912
Amortization	**(10,752)**	(1,655,507)
Balance at end of period	**₱27,632,653**	₱27,643,405

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Cost	**₱73,095,036**	₱73,095,036
Accumulated amortization	**(45,462,383)**	(45,451,631)
Net carrying amount	**₱27,632,653**	₱27,643,405

Rental and Utility Deposits

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

15. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Accounts payable (see Note 24)	**₱226,715,249**	₱337,634,572
Accrued expenses:		
School activities, programs and other related expenses	**66,372,108**	83,325,525
Contracted services	**64,100,027**	58,050,833
Salaries, wages and benefits	**54,158,746**	48,578,957
Utilities	**19,744,308**	20,658,163
Advertising and promotion	**4,737,582**	7,503,187
Interest	**2,068,694**	21,053,901
Rent	**25,000**	228,108
Insurance	–	52,341
Others	**155,965**	751,646
Excess payments for refund	**53,584,181**	68,017,161
Network events fund	**41,639,102**	36,176,190
Statutory payables	**30,073,026**	29,358,240
Dividends payable (see Note 19)	**20,131,361**	20,131,361
Current portion of refundable deposits (see Note 18)	**19,091,081**	17,713,794
Current portion of advance rent (see Note 18)	**16,156,038**	15,063,948
Student organizational fund	**14,326,704**	14,671,795
Others	**1,769,929**	1,763,849
	₱634,849,101	₱780,733,571

The terms and conditions of the liabilities are as follows:

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

b. Accrued expenses, network events fund, student organization fund, and other payables are expected to be settled within the fiscal year.

c. Excess payments for refund represent amounts paid by students in excess of the amount due, primarily arising from sponsorship arrangements, subsequent adjustments, or approved scholarships. These amounts are recognized as a liability and will remain as such until the necessary documentation to initiate the refund process is received. The refund is expected to be settled within the fiscal year.

d. Statutory payables primarily include taxes and other payables to government agencies which are generally settled on or before the respective due dates, typically within 5 to 30 days following the end of the month or quarter, in accordance with the respective regulations of the applicable government agencies.

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 fiscal year.

g. Advance rent pertains to amount received by the Group which will be earned and applied within the fiscal year.

h. The terms and conditions of payables to related parties are disclosed in Note 24 to the unaudited interim condensed consolidated financial statements.

16. **Interest-bearing Loans and Borrowings**

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Term loans[(a)]	**₱358,402,274**	₱1,026,276,450
Less current portion	**143,344,193**	341,843,371
Noncurrent portion	**₱215,058,081**	₱684,433,079

[(a)]Net of unamortized debt issuance costs of ₱2.7 million and ₱7.1 million as at September 30, 2026 and June 30, 2026, 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 repayment schedule as at September 30, 2026:

Fiscal Year	Amount
2027	₱72,222,222
2028	144,444,444
2029	144,444,445
	₱361,111,111

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

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Balance at beginning of period	**₱433,333,333**	₱577,777,778
Payments	**(72,222,222)**	(144,444,445)
Balance at end of period	**361,111,111**	433,333,333
Deferred finance cost	**(2,708,837)**	(2,986,160)
Balance at end of period	**358,402,274**	430,347,173
Less current portion	**143,344,193**	143,344,193
Noncurrent portion	**₱215,058,081**	₱287,002,980

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. As at November 23, 2026 the Term Loan Agreement is being finalized for execution.

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, as at June 30, 2026 are as follows:

Total liabilities [(a)]	**₱1,844,839,899**
Total equity	**9,935,678,624**
Debt-to-equity ratio	**0.19:1.00**

[(a)] *Including only all interest-bearing Indebtedness*

EBITDA [(b)]	**₱2,424,638,312**
Total interest-bearing liabilities[(c)]	**1,270,655,831**
Debt service cover ratio	**1.91:1.00**

[(b)] *EBITDA for the last twelve months*
[(c)] *Total interest-bearing debts and interests due in the next twelve months*

As at September 30, 2026 and June 30, 2026, 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 repayment schedule as at June 30, 2026:

Fiscal Year	Amount
2027	₱200,000,000
2028	200,000,000
2029	200,000,000
	₱600,000,000

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.

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

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Balance at beginning of period	**₱600,000,000**	₱800,000,000
Payments	**(600,000,000)**	(200,000,000)
Balance at end of period	–	600,000,000
Deferred finance cost	–	(4,070,723)
Balance at end of period	–	595,929,277
Less current portion	–	198,499,178
Noncurrent portion	**₱–**	₱397,430,099

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 November 23, 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 at June 30, 2026, as defined in the Term Loan Agreement with Metrobank, are as follows:

Total liabilities [(a)]	**₱3,033,837,434**
Total equity	**9,935,678,624**
Debt-to-equity ratio	**0.31:1.00**

[(a)] *Excluding unearned tuition and other school fees*

EBITDA [(b)]	**₱2,424,638,312**
Total interest-bearing liabilities[(c)]	**1,270,655,831**
Debt service cover ratio	**1.91:1.00**

[(b)] *EBITDA for the last twelve months*
[(c)] *Total interest-bearing debts and interests due in the next twelve months*

As at September 30, 2026 and June 30, 2026, STI ESG is in compliance with the Metrobank loan covenants. The loans under the original Term Loan Agreement with Metrobank were fully settled as at September 30, 2026.

Term Loan Agreement with China Banking Corporation (Chinabank)

In 2019, STI ESG entered into a seven-year Term Loan Agreement with Chinabank of up to ₱1,200.0 million. As at July 31, 2020, the Term Loan Facility was fully drawn. The proceeds of this loan were used for capital expenditures and general corporate purposes.

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 and the related accrued interest on its Term Loan facility with Chinabank aggregating to ₱249.9 million.

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, in accordance with the interest rate resetting provisions of the Term Loan Agreement. The applicable interest rate of 7.1577% per annum remained in effect until the full settlement of the remaining outstanding principal balance of ₱240.0 million on March 19, 2026.

As at September 30, 2026 and June 30, 2026, no outstanding balance remained under this Term Loan Facility. Accordingly, the related financial covenant requirements were no longer applicable.

Interest Expense

Interest incurred on the loans (including amortization of debt issuance costs) amounted to ₱18.2 million and ₱33.3 million for the three months ended September 30, 2026 and 2025, respectively.

17. **Bonds Payable**

This account consists of:

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Fixed-rate bonds due 2027[(1)]	**₱820,000,000**	₱820,000,000
Less unamortized debt issuance costs	**952,708**	1,436,551
	₱819,047,292	₱818,563,449

[(1)] Balance classified under current 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 **September 30,2026 (Unaudited)**	Carrying Value June 30, 2026 (Audited)	Features
2017	Quarterly	10 years	6.3756%	₱820,000,000	**₱819,047,292**	₱818,563,449	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. The bonds payable, net of unamortized debt issuance costs, amounting to ₱819.0 million and ₱818.6 million as at September 30, 2026 and June 30, 2026, respectively, are presented as part of current liabilities in the unaudited interim condensed consolidated statements of financial position.

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 unaudited interim condensed 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" are replaced by ICR, as applicable.

The Group's D/E ratios and ICRs, as defined in the Second Supplemental Trust Agreement, as at June 30, 2026 are as follows:

Total liabilities [(a)]	**₱3,033,837,434**
Total equity	**9,935,678,624**
Debt-to-equity ratio	**0.31:1.00**

[(a)] Excluding unearned tuition and other school fees

EBITDA[(b)]	**₱2,424,638,312**
Total interest payments[(c)]	**103,253,657**
Interest coverage ratio	**23.48:1.00**

[(b)] EBITDA for the last twelve months
[(c)] Total interests due in the next twelve months

As at September 30, 2026 and June 30, 2026, 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 ₱0.9 million and ₱1.4 million as at September 30, 2026 and June 30, 2026, respectively. Amortization of bond issuance costs amounting to ₱0.5 million each for the three months ended September 30, 2026 and 2025 were recognized as part of "Interest expense" account in the unaudited interim condensed consolidated statements of comprehensive income.

Interest Expense
Interest expense (including amortization of bond issuance costs) associated with the bonds payable recognized in the unaudited interim condensed consolidated statements of comprehensive income amounted to ₱13.6 million and ₱13.5 million for the three months ended September 30, 2026 and 2025, respectively.

18. Other Noncurrent Liabilities

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Advance rent - net of current portion (see Note 15)	**₱3,951,183**	₱5,043,273
Refundable deposit - net of current portion (see Note 15)	**3,747,006**	4,734,884
Deferred lease liability	**2,161,979**	2,545,863
	₱9,860,168	₱12,324,020

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 the conditions and provisions in the lease. Refundable deposits are presented in the unaudited interim condensed consolidated statements of financial position at amortized cost. The difference between the fair value at

initial recognition and the notional amount of the refundable deposit is charged to "Deferred lease liability" and amortized on a straight-line basis over the respective lease term.

19. Equity

Capital Stock

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

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

Treasury Stock

Treasury stock acquired as at September 30, 2026 and June 30, 2026 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.

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

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

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

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

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

Non-controlling Interests

Equity attributable to non-controlling interests as at September 30, 2026 and 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 to the SEC of its application for increase in authorized capital stock in August 2024. As at November 23, 2026, STI Training Academy is completing the requirements for its application to increase its authorized capital stock.

20. **Revenues**

Disaggregated Revenue Information

The disaggregated revenue information is presented in the unaudited interim condensed consolidated statements of comprehensive income and segment information, as discussed in Note 4 to the unaudited interim condensed consolidated financial statements, in a manner that reflects the various sources and categories of revenues generated by the Group for the three months ended September 30, 2026 and 2025.

Timing of revenue recognition

	Three months ended September 30	
	2026	2025
	(Unaudited)	(Unaudited)
Services transferred over time	**₱978,898,066**	₱1,055,669,319
Goods and services transferred at a point in time	**95,407,559**	78,730,966
Total consolidated revenues	**₱1,074,305,625**	₱1,134,400,285

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 revenues recognized up to June 30, 2026 were not material to the condensed consolidated financial statements. There is no significant change in the contract liability and the timing of revenue recognition for SY2025-2026.

Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱190.7 million and ₱114.0 million for the three months ended September 30, 2026 and 2025, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the three months ended September 30, 2026 and 2025.

Performance Obligations

The performance obligations related to revenues from tuition and other school fees are satisfied over time since the students receive and consume the benefit provided by the Group upon performance of the services. The payment for these services is normally due within the related school term(s).

The performance obligations related to revenues from educational services and royalty fees are also satisfied over time since the franchised schools receive and consume the benefit provided by STI ESG upon performance of the services. The payment for these services is normally due within 30 days from invoice date.

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 invoice date.

As at September 30, 2026 and June 30, 2026, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) which are expected to be satisfied within one year amounted to ₱1,288.4 million and ₱460.3 million, respectively.

The contract liabilities as at September 30, 2026 and June 30, 2026 include 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 September 30, 2026 balance also includes the unearned portion of tertiary students' assessments for the same school year, initially recognized on the same basis. The related revenues are recognized over time as the educational services are rendered throughout the SY 2026-2027. The June 30, 2026 balance also includes advance collection of tuition and other school fees from tertiary students relating to school terms commencing after the reporting date. These amounts are recognized as revenues in the applicable school term(s) for SY 2026-2027 as the related performance obligations are satisfied.

The Group does not have any performance obligations that are expected to be satisfied in more than one year.

21. Cost of Educational Services

This account consists of:

	Three months ended September 30	
	2026	2025
	(Unaudited)	(Unaudited)
Faculty salaries and benefits	**₱103,028,043**	₱101,892,902
Depreciation and amortization (see Notes 10 and 14)	**87,086,669**	78,415,870
Student activities, programs and other related expenses	**30,407,922**	26,095,234
School materials and supplies	**7,069,250**	7,633,754
Rental	**5,746,414**	7,203,298
Infrastructure and software maintenance costs	**1,348,434**	1,188,834
Courseware development costs	**770,760**	390,087
Others	**528,345**	100,928
	₱235,985,837	₱222,920,907

22. Cost of Educational Materials and Supplies Sold

This account consists of:

	Three months ended September 30	
	2026	2025
	(Unaudited)	(Unaudited)
Educational materials and supplies	**₱31,196,134**	₱31,194,189
Promotional materials	**3,325,531**	3,680,809
	₱34,521,665	₱34,874,998

23. General and Administrative Expenses

This account consists of:

	Three months ended September 30	
	2026 (Unaudited)	2025 (Unaudited)
Salaries, wages and benefits	**₱88,595,719**	₱83,324,038
Depreciation and amortization (see Notes 10, 11, and 14)	**69,214,877**	62,677,657
Light and water	**42,315,665**	41,256,271
Outside services	**33,589,773**	30,945,958
Provisions for ECL (see Note 6)	**32,141,907**	44,602,025
Professional fees	**27,915,006**	23,025,774
Taxes and licenses	**12,621,569**	12,475,765
Advertising and promotions	**10,149,948**	7,757,350
Repairs and maintenance	**8,202,863**	7,880,447
Transportation	**5,095,714**	4,724,184
Insurance	**3,810,009**	4,772,769
Meetings and conferences	**3,196,745**	3,064,188
Rental	**2,467,265**	3,091,655
Association dues	**2,396,085**	1,869,729
Payment channels and bank charges	**2,196,280**	2,550,820
Office and housekeeping supplies	**1,778,241**	1,852,936
Entertainment, amusement and recreation	**1,607,840**	1,590,228
Communication	**1,405,256**	1,360,096
Infrastructure and software maintenance costs	**577,900**	509,500
Others	**1,784,185**	1,743,547
	₱351,062,847	₱341,074,937

24. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) enterprises or individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; and (c) enterprises or individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the Parent Company, key management personnel, including directors and officers of the Group and close members of the family of any such enterprise or individual.

The following are the Group's transactions with its related parties:

	Amount of Transactions		Outstanding Receivable (Payable)			
Related Party	**September 30,2026 (Unaudited)**	September 30, 2025 (Unaudited)	**September 30, 2026 (Unaudited)**	June 30, 2026 (Audited)	**Terms**	**Conditions**
Ultimate Parent						
STI Holdings						
Advisory fees	**₱4,500,000**	₱3,600,000	**₱–**	**₱–**	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment

(Forward)

Related Party	Amount of Transactions: September 30,2026 (Unaudited)	Amount of Transactions: September 30, 2025 (Unaudited)	Outstanding Receivable (Payable): September 30, 2026 (Unaudited)	Outstanding Receivable (Payable): June 30, 2026 (Audited)	Terms	Conditions
Associates						
STI Marikina						
Educational services and sale of educational materials and supplies	**₱5,895,795**	₱5,389,570	**₱2,114,249**	₱346,626	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
GROW						
Rental income	**206,833**	196,984	**5,871,353**	5,956,967	30 days upon receipt of billings	Unsecured; no impairment
Utilities and dues	**92,619**	95,537	**4,085,829**	4,091,735	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	–	77,601	**(196,983)**	(196,983)	Refundable upon end of contract	Unsecured
Affiliates [(1)]						
GROW VITE						
Janitorial and staffing services	**11,016,590**	10,202,524	**(4,180,743)**	(4,023,146)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Rental income	**487,114**	487,114	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Utilities and dues	**259,636**	279,967	**166,516**	115,712	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	–	–	**(421,744)**	(421,744)	Refundable upon end of contract	Unsecured
PhilCare						
HMO coverage	**15,057,732**	19,800,613	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Rental income	**764,463**	27,789	**945,671**	9,112,402	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Utilities and dues	**413,007**	–	**647,534**	1,001,617	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	–	–	**336,341**	1,092,090	Refundable upon end of contract	Unsecured
STI WNU						
Educational services and sale of educational materials and supplies	**6,384,326**	1,446,556	**6,225,984**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	**555,752**	1,715,652	**555,752**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment

(*Forward)*

Related Party	Amount of Transactions: September 30,2026 (Unaudited)	Amount of Transactions: September 30, 2025 (Unaudited)	Outstanding Receivable (Payable): September 30, 2026 (Unaudited)	Outstanding Receivable (Payable): June 30, 2026 (Audited)	Terms	Conditions
Phil First Insurance Co., Inc.						
Insurance coverages	**₱3,766,654**	₱4,676,526	**(₱3,183,386)**	(₱24,766)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Philippines First Condominium Corporation						
Utilities and dues	**2,644,023**	1,516,117	**–**	(3,453)	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilPlans						
Rental Income	**1,033,395**	984,186	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Utilities and dues	**497,508**	583,067	**348,056**	256,058	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	**–**	–	**(937,320)**	(937,320)	Refundable upon end of contract	Unsecured; no impairment
Venture Securities, Inc.						
Utilities and dues	**413,330**	276,300	**238,101**	178,296	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income	**750,615**	–	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	**–**	–	**(750,615)**	(750,615)	Refundable upon end of contract	Unsecured; no impairment
PhilLife						
Insurance coverage	**1,345**	**–**	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Utilities and dues	–	–	**68,953**	68,953	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
iACADEMY						
Reimbursement for various expenses and other charges	**13,924**	**–**	**15,594**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Total Consolidated Asset Management, Inc. (TCAMI)						
Reimbursement for various expenses - PHI	**285,572**	–	**(4,390,743)**	(4,105,171)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses - CHI	**285,573**	–	**(3,785,320)**	(3,499,747)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment

(Forward)

Related Party	Amount of Transactions: September 30,2026 (Unaudited)	Amount of Transactions: September 30, 2025 (Unaudited)	Outstanding Receivable (Payable): September 30, 2026 (Unaudited)	Outstanding Receivable (Payable): June 30, 2026 (Audited)	Terms	Conditions
Techzone Philippines Inc.						
Rental charges	**₱1,080,000**	**₱–**	**₱–**	**₱–**	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Officers and employees						
Advances for various expenses	**17,923,862**	9,753,747	**16,494,316**	14,117,254	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
Others						
Other charges	–	–	**66,942**	66,942	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
			₱20,334,336	**₱22,441,707**		

(1) *Affiliates pertain to various entities under common control of a major shareholder.*

Related party receivables and payables are generally settled in cash.

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

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
Rent, utilities, and other related receivables (see Note 6)	**₱12,790,889**	₱21,940,772
Receivables from officers and employees (see Note 6)	**16,494,316**	14,117,254
Educational services (Note 6)	**8,895,985**	346,626
Accounts payable (see Note 15)	**(17,846,854)**	(13,962,945)
	₱20,334,336	₱22,441,707

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

Related Party	Amount of Transactions: September 30,2026 (Unaudited)	Amount of Transactions: September 30, 2025 (Unaudited)	Outstanding Receivable (Payable): September 30, 2026 (Unaudited)	Outstanding Receivable (Payable): June 30, 2026 (Audited)	Terms	Conditions
Subsidiaries						
STI Caloocan						
Reimbursement for various expenses	**₱31,966,311**	₱39,777,117	**(₱361,192,629)**	(₱342,461,839)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
NAMEI						
Rental income and other related charges	**5,566,140**	5,826,240	**130,392,918**	123,649,375	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**8,501,172**	1,567,381	**(56,923,611)**	(36,220,642)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment

(Forward)

Related Party	Amount of Transactions: September 30,2026 (Unaudited)	Amount of Transactions: September 30, 2025 (Unaudited)	Outstanding Receivable (Payable): September 30, 2026 (Unaudited)	Outstanding Receivable (Payable): June 30, 2026 (Audited)	Terms	Conditions
STI Lipa						
Educational services, sale of educational materials and supplies,	**₱12,841,359**	₱14,432,042	**₱119,838,339**	₱122,248,377	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**361,537**	564,863	**25,466,932**	26,972,849	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Training Academy						
Reimbursement for various expenses	–	1,244,895	**57,061,193**	57,061,193	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Rental income and other related charges	–	1,759,918	**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	–	–	**(47,127,441)**	(47,127,441)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tanay						
Rental income and other related charges	**2,571,190**	2,571,190	**43,159,748**	39,697,854	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**267,850**	2,084,199	**3,752,553**	6,665,487	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Batangas						
Reimbursement for various expenses	**1,306,780**	798,758	**(37,517,349)**	(39,673,193)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tanauan						
Reimbursement for various expenses	**325,920**	492,500	**(13,062,372)**	(17,131,390)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Alabang						
Educational services and sale of educational materials and supplies	**4,214,976**	4,507,220	**27,668,449**	33,619,169	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	**129,969**	373,762	**4,584**	54,897	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Iloilo						
Reimbursement for various expenses	**–**	–	**19,227,538**	19,227,538	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment

(Forward)

Related Party	Amount of Transactions		Outstanding Receivable (Payable)		Terms	Conditions
	September 30,2026 (Unaudited)	September 30, 2025 (Unaudited)	**September 30, 2026 (Unaudited)**	June 30, 2026 (Audited)		
STI Pagadian						
Reimbursement for various expenses	**₱ –**	₱ –	**₱8,986,341**	₱8,986,341	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Sta. Maria						
Reimbursement for various expenses	**247,453**	754,204	**(1,806,269)**	(8,048,946)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tuguegarao						
Reimbursement for various expenses	**–**	–	**3,914,560**	3,914,560	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
CHI						
Reimbursement for various expenses and other charges	**–**	–	**147,740**	147,740	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment

25. Basic and Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company

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

	Three months ended September 30	
	2026 (Unaudited)	2025 (Unaudited)
Net income attributable to equity holders of the Parent Company (a)	**₱412,505,938**	₱574,633,156
Common shares outstanding at beginning and end of year (b) (see Note 19)	**3,081,877,170**	3,081,877,170
Basic and diluted earnings per share on net income attributable to equity holders of the Parent Company (a)/(b)	**₱0.13**	₱0.19

The basic and diluted earnings per share are the same for the three months ended September 30, 2026 and 2025 as there are no dilutive potential common shares.

26. Contingencies and Commitments

Contingencies

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

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

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

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

The Trial Court, however, determined that Defendant Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages (Damages). The Trial Court determined that the actions of STI ESG's Finance Officer insofar as (a) receipt of the earnest money, (b) lack of written authority from STI ESG during the negotiation and (c) continued

assurances to the Plaintiffs in relation to the BIR ruling on the tax-free exchange and then sudden withdrawal from the transaction constitute bad faith.

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

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

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

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

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

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

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

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

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

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

b. Due to the nature of the Parent Company's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves illegal dismissal cases under which former employees and former faculty members have brought claims against the Parent Company by reason of their faculty and/or employment contracts. Management and its legal counsels believe that the Parent Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's unaudited interim condensed consolidated financial statements.

c. Other subsidiaries also stand as the defendant of various lawsuits and claims filed by their former employees. The complainants are seeking payment of damages such as back wages and attorney's fees. Management and its legal counsels believe that the subsidiaries have substantial legal and factual bases for their position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's unaudited interim condensed consolidated financial statements.

Commitments

a. Capital Commitments

As at September 30, 2026 and June 30, 2026, STI ESG's significant contractual commitments include: (1) construction of STI Academic Center Alabang, (2) construction of STI Academic Center Tanauan, (3) construction of STI Academic Center Meycauayan, (4) construction of new buildings at STI Fairview and STI Batangas, and (5) building upgrade and refurbishment projects.

STI ESG has a contractual commitment and obligation for the construction of STI Academic Center Alabang. The total contract cost to put up the building is ₱647.7 million, of which ₱240.2 million and ₱227.8 million have been paid as at September 30, 2026 and June 30, 2026, respectively. 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 ₱269.0 million and ₱267.8 million have been paid as at September 30, 2026 and June 30, 2026, 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 ₱287.5 million and ₱241.9 million have been paid as at September 30, 2026 and June 30, 2026, respectively (see Notes 10 and 14).

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 ₱79.8 million and ₱75.5 million have been paid as at September 30, 2026 and June 30, 2026, respectively. STI ESG's contractual commitment for the newly constructed three-storey building at STI Batangas has a total cost of ₱32.0 million, of which ₱22.6 million has been paid as at September 30, 2026 and June 30, 2026 (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 has been paid as at September 30, 2026 and June 30, 2026.

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.

Eligible learners are classified based on prescribed eligibility and prioritization criteria and are required to comply with applicable documentary and application requirements. Under DepEd Order No. 11, s. 2026, voucher applicants are prioritized according to established categories, with learners from identified social equity groups and public-school completers receiving priority consideration. Eligibility is determined based on five applicant categories (Categories A to E). The five eligibility categories of the Senior High School Voucher Program (SHS VP) differ based on the applicants' educational background and socioeconomic circumstances. Category A covers learners belonging to Social Equity Groups (SEG), while Category B includes public school Grade 10 completers. Category C consists of Alternative Learning System (ALS) and Philippine Educational Placement Test (PEPT) passers, and Category D covers learners who are Education Service Contracting (ESC) grantees. Meanwhile, Category E includes Grade 10 completers from private schools who meet the required income qualifications. Categories A to D are considered priority applicants and are required to submit their applications and complete documentary requirements directly to their chosen participating Senior High Schools, while Category E applicants must submit their applications through the Online Voucher Application Portal (OVAP). A Qualified Voucher Recipient (QVR) in participating private institutions is entitled to a subsidy ranging from ₱14,000 to ₱22,500 annually, depending on learner category and school location. DepEd, through the Private Education Assistance Committee (PEAC), administers and facilitates the processing and release of voucher subsidies to 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.

27. Changes in Liabilities Arising from Financing Activities

	June 30, 2026	Cash Flows	Interest Expense[1]	Capitalized Borrowing Costs	Reclassified as Current	New/ Renewed Leases	Effect of Lease Termination/ Modification	September 30,2026
Current portion of interest-bearing loans and borrowings	₱341,843,371	(₱672,222,222)	₱4,348,046	₱–	₱469,374,998	₱–	₱–	₱143,344,193
Bonds payable	818,563,449	–	483,843	–	–	–	–	819,047,292
Interest-bearing loans and borrowings – net of current portion	684,433,079	–	–	–	(469,374,998)	–	–	215,058,081
Lease liabilities	293,246,209	(30,297,440)	5,911,811	–	–	4,624,232	–	273,484,812
Dividends payable	20,131,361	–	–	–	–	–	–	20,131,361
Interest payable	21,053,901	(49,989,682)	28,663,705	2,340,770	–	–	–	2,068,694
	₱2,179,271,370	(₱752,509,344)	₱39,407,405	₱2,340,770	₱–	₱4,624,232	₱–	₱1,473,134,433

	June 30, 2025	Cash Flows	Interest Expense[1]	Capitalized Borrowing Costs	Reclassified as Current	New/ Renewed Leases	Effect of Lease Termination/ Modification	September 30, 2025
Current portion of interest-bearing loans and borrowings	₱580,267,162	(₱292,222,222)	₱1,047,521	₱–	₱291,355,828	₱–	₱–	₱580,448,289
Bonds payable	816,706,013	–	452,924	–	–	–	–	817,158,937
Interest-bearing loans and borrowings – net of current portion	1,146,065,668	–	–	–	(291,355,828)	–	–	854,709,840
Lease liabilities	308,882,058	(32,620,287)	5,631,968	–	–	13,269,406	(585,871)	294,577,274
Dividends payable	19,976,731	–	–	–	–	–	–	19,976,731
Interest payable	38,606,956	(81,114,160)	47,006,273	–	–	–	–	4,499,069
	₱2,910,504,588	(₱405,956,669)	₱54,138,686	₱–	₱–	₱13,269,406	(₱585,871)	₱2,571,370,140

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

28. **Fair Value Information of Financial Instruments**

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 September 30, 2026 and June 30, 2026. 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.

Refundable Deposits. The fair values of the refundable deposits are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Management believes that the fair values of deposits and bonds payable as at September 30, 2026 do not significantly differ from the fair values of these financial instruments as at June 30, 2026.

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

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

a. Remaining ₱5.9 million receivable as at June 30, 2026, representing 15% of the purchase price, from STI ESG's sale of its equity instrument at FVOCI in May 2026, was subsequently collected in July 2026 (see Note 6).

b. Additions to ROU assets presented under "Property and equipment" amounted to ₱6.5 million, and ₱13.4 million for the three months ended September 30, 2026, and 2025, respectively (see Note 10).

c. Unpaid progress billing for construction-in-progress presented under "Property and equipment" amounted to ₱14.8 million and ₱55.3 million as at September 30, 2026, and 2025, respectively (see Note 10).

d. Reclassification from "Other noncurrent assets", pertaining to noncurrent portion of advances to suppliers, to "Property and equipment" amounted to ₱125.0 million and ₱12.1 million for the three months ended September 30, 2026, and 2025, respectively (see Notes 10 and 14).

30. Other Matters

On February 27, 2024, the BOD of STI Holdings ratified the execution of a term sheet between STI Holdings and Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration, Inc. - Quezon City (PSBA Quezon City) or collectively referred to as "PSBA". The term sheet covers the takeover by STI Holdings of the operations of PSBA as well as the acquisition of licenses, trademarks, trade names, and school-related assets owned by PSBA (the "transaction").

The term sheet and the implementation of the transaction are subject to several conditions including, among others, the execution of mutually acceptable definitive agreements, fulfillment of the conditions precedent, approval of the stockholders of PSBA, and regulatory approvals.

On May 2, 2024, STI ESG, STI Holdings' assignee, entered into a Contract to Sell with PSBA Manila for the sale and purchase of a 3,000 square meter parcel of land located at Aurora Boulevard, Quezon City (referred to as the "Subject Property"). The sale and purchase of the Subject Property is subject to regulatory approvals and the fulfillment of certain conditions precedent. Subject to regulatory approvals and upon fulfillment of such conditions precedent, STI ESG and PSBA Manila shall execute a Deed of Absolute Sale over the Subject Property.

On May 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.

Financial Highlights and Key Performance Indicators

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

	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)	September 2026 vs June 2026 Amount	%
Condensed Statements of Financial Position				
Total assets	13,887.4	13,429.8	457.6	3%
Current assets	3,290.1	2,899.8	390.3	13%
Cash and cash equivalents	1,532.1	1,863.1	(331.0)	-18%
Total liabilities	3,536.0	3,494.1	41.9	1%
Current liabilities	3,036.9	2,503.5	533.4	21%
Total Equity	10,351.4	9,935.7	415.7	4%
Equity attributable to equity holders of the parent company	10,346.8	9,930.8	416.0	4%
Financial Ratios				
Debt to equity ratio [(1)]	0.22	0.31	(0.09)	-29%
Current ratio [(2)]	1.08	1.16	(0.08)	-7%
Debt service cover ratio[(10)]	11.84	1.91	9.93	520%
Interest coverage ratio[(11)]	46.41	23.48	22.93	98%
Asset to equity ratio [(3)]	1.34	1.35	(0.01)	-1%

	For the Three Months Ended September 30			
	2026	2025	2026 vs 2025	
		(Unaudited)	Amount	%
Condensed Statements of Income				
Revenues	1,074.3	1,134.4	(60.1)	-5%
Direct costs [(4)]	270.5	257.8	12.7	5%
Gross profit	803.8	876.6	(72.8)	-8%
Operating expenses	351.1	341.1	10.0	3%
Operating income	452.7	535.5	(82.8)	-15%
Other income - net	4.4	89.8	(85.4)	-95%
Income before income tax	457.1	625.3	(168.2)	-27%
Net income	412.2	574.5	(162.3)	-28%
EBITDA [(5)]	618.3	678.8	(60.5)	-9%
Core Income [(6)]	410.6	468.0	(57.4)	-12%
Net income attributable to equity holders of the parent company	412.5	574.6	(162.1)	-28%
Earnings per share [(7)]	0.13	0.19	(0.060)	-32%
Condensed Consolidated Statements of Cash Flows				
Net cash from operating activities	605.0	721.3	(116.3)	-16%
Net cash provided by (used in) investing activities	(183.6)	(16.1)	(167.5)	1040%
Net cash provided by (used in) financing activities	(752.5)	(406.0)	(346.5)	85%

	As at/Three months Ended September 30		Increase (Decrease)	
	2026	2025		
	(Unaudited)		Amount	%
Liquidity Ratios				
Current ratio [(2)]	1.08	1.32	(0.24)	-18%
Acid test ratio [(8)]	1.01	1.23	(0.22)	-18%
Cash ratio [(9)]	0.50	0.68	(0.18)	-26%
Solvency ratios				
Debt to equity ratio [(1)]	0.22	0.39	(0.17)	-44%
Asset to equity ratio [(3)]	1.34	1.53	(0.19)	-12%
Debt service cover ratio [(10)]	11.84	4.01	7.83	195%
Interest coverage ratio [(11)]	46.41	20.30	26.11	129%
Profitability ratios				
EBITDA margin [(12)]	58%	60%	(0.02)	-3%
Gross profit margin [(13)]	75%	77%	(0.02)	-3%
Operating profit margin [(14)]	42%	47%	(0.05)	-11%
Net income margin [(15)]	38%	51%	(0.13)	-25%
Return on equity[(16)]	16%	23%	(0.07)	-30%
Return on assets[(17)]	12%	15%	(0.03)	-20%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STI EDUCATION SERVICES GROUP, INC.
AGING OF ACCOUNTS RECEIVABLES
AS OF SEPTEMBER 30, 2026

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Current receivables	1,445,428,831	1,180,116,625	46,202,012	16,910,732	202,199,462

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

ANNEX "B"

STI EDUCATION SERVICES GROUP, INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

STI Education Services Group, Inc. (STI ESG or the Parent Company) and its subsidiaries (hereafter collectively referred to as the "Group") are all incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated on June 2, 1983.

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

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

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

As at November 23, 2026, STI ESG has a network of 63 operating schools —comprising 60 colleges and 3 education centers. Of the total number of schools, STI ESG owns 37 schools while franchisees operate 26 schools.

STI ESG's total student capacity aggregates to 161,521 students, with 113,431 pertaining to owned schools and 48,090 for franchised schools.

STUDENT POPULATION

The enrollment of the Group at the start of SY 2026-2027 reached 112,569, compared to 114,569 for SY 2025-2026. The total number of enrollees in CHED programs remained stable at 86,702 for SY 2026-2027 from 86,537 for SY 2025-2026. Enrollment in programs regulated by CHED, Technical Education and Skills Development Authority (TESDA), and Department of Education (DepEd) as a percentage of total enrollment stands at 77%, 5%, and 18%, respectively, in SY 2026-2027 as against 75%, 2%, and 23%, respectively, in SY 2025-2026. CHED programs generate higher revenues per student relative to other levels.

The enrollment figures are as follows:

	SY 2026-2027	SY 2025-2026	Increase (Decrease)	
			Enrollees	Percentage
Owned schools	73,774	77,377	(3,603)	(4.7%)
Franchised schools	38,795	37,192	1,603	4.3%
Total Enrollees	112,569	114,569	(2,000)	(1.7%)

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

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

	SY 2026-2027	%	SY 2025-2026	%
CHED	86,702	77%	86,537	75%
TESDA	5,793	5%	1,963	2%
DepEd*	20,074	18%	26,069	23%
TOTAL	112,569	100%	114,569	100%

** For SY 2026–2027, DepEd count includes 19,215 SHS students and 859 JHS students, while for SY 2025–2026, count includes 25,216 SHS students and 853 JHS students.*

For SY 2026–2027, SHS and JHS segments started classes on June 29, 2026 and will end on May 7, 2027, while the tertiary segment started classes on August 3, 2026 and will end on June 2, 2027. In comparison, classes for all levels in SY2025-2026 began on July 28, 2025 and ended on June 5, 2026. Classes for SY 2026–2027 are being conducted face-to-face, while classes for SY 2025–2026 were conducted predominantly face-to-face.

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

FINANCIAL REVIEW

This discussion summarizes the significant factors affecting the operating results for the three months ended September 30, 2026 and 2025 and financial condition of the Group as at September 30, 2026 and June 30, 2026. The following discussions should be read in conjunction with the attached unaudited interim condensed consolidated financial statements of the Group as at and for the three months ended September 30, 2026. All necessary adjustments have been made to present fairly the financial position as at September 30, 2026 and June 30, 2026 and results of operations and cash flows of the Group for the three months ended September 30, 2026 and 2025.

The Group's operations follow the academic cycle. For SY 2026–2027, the academic year for SHS and JHS segments began in late June 2026 and will end in May 2027, while the academic year for the tertiary segment commenced in early August 2026 and will conclude in June 2027. For SY 2025–2026, the academic year for all levels started in late July 2025 and ended in June 2026. The Group's performance obligations arising from tuition and other school fees are satisfied over time, as students simultaneously receive and consume the benefits provided by the Group through its educational services. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain and in relation to the services provided by the Group. As such, revenue distribution across quarters may vary depending on the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group.

I. RESULTS OF OPERATIONS

Three months ended September 30, 2026 vs. three months ended September 30, 2025

For the three months ended September 30, 2026, the Group generated gross revenues amounting to ₱1,074.3 million, a decrease of 5% or ₱60.1 million, from ₱1,134.4 million in the same period last year. The movement in the revenues recognized by the Group reflected changes in student population, as well as differences in the academic calendar. The later start of tertiary classes resulted in fewer instructional days within the three months ended September 30, 2026, partially offset by the earlier start of SHS and JHS classes.

Gross profit decreased from ₱876.6 million to ₱803.8 million, resulting in a gross profit margin of 75% compared to 77% in the same period last year. The Group recorded an operating income amounting to ₱452.7 million, compared to ₱535.5 million for the three months ended September 30, 2026 and 2025, respectively. The Group recognized net income after income tax amounting to ₱412.2 million and ₱574.5 million for the three months ended September 30, 2026 and 2025, respectively.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to ₱618.3 million for the three months ended September 30, 2026, compared to ₱678.8 million for the same period last year. EBITDA is computed as earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings (losses)

of associates and joint ventures, gain on foreign exchange differences, fair value gain (loss) on equity instruments at FVPL, and nonrecurring gain on disposal of interest in an associate. Gain recognized from disposals of interest in an associate is presented under "Other income (expenses)." Depreciation and interest expenses for purposes of this computation exclude those related to Right-of-Use (ROU) assets and lease liabilities, respectively. EBITDA margins for the three months ended September 30, 2026 and 2025 were 58% and 60%, respectively.

II. FINANCIAL CONDITION

The Group posted consolidated total assets of ₱13,887.4 million as at September 30, 2026, up from ₱13,429.8 million as at June 30, 2026. This increase was primarily driven by higher levels of receivables for tuition and other school fees, partially offset by decline in cash and cash equivalents.

Condensed Consolidated Statements of Financial Position

(Amounts in Peso millions)	**September 30, 2026**	**June 30, 2026**	**Increase (Decrease) Amount**	%
Total Current Assets	₱3,290.1	₱2,899.8	₱390.3	13%
Total Noncurrent Assets	10,597.3	10,530.0	67.3	1%
Total Assets	₱13,887.4	₱13,429.8	₱457.6	3%
Total Current Liabilities	₱3,036.9	₱2,503.5	₱533.4	21%
Total Noncurrent Liabilities	499.1	990.6	(491.5)	(50%)
Total Liabilities	3,536.0	3,494.1	41.9	1%
Total Equity	10,351.4	9,935.7	415.7	4%
Total liabilities and equity	₱13,887.4	₱13,429.8	₱457.6	3%

Cash and cash equivalents decreased by ₱331.0 million or 18% from ₱1,863.1 million to ₱1,532.1 million as at June 30, 2026 and September 30, 2026, respectively, primarily driven by the ₱672.2 million of term loan principal repayments during the period, which includes the prepayment of STI ESG's Term Loan Facility with Metrobank.

Total receivables increased by ₱765.2 million, from ₱680.2 million as at June 30, 2026 to ₱1,445.4 million as at September 30, 2026. This balance consists primarily of amounts expected to be collected from students as payment for tuition and other school fees, as well as from DepEd for SHS vouchers, that are expected to be received during the school year.

Inventories decreased by ₱39.2 million or 25%, to ₱115.3 million as at September 30, 2026 from ₱154.5 million as at June 30, 2026, reflecting sales, net of purchases made, during the three months ended September 30, 2026.

Prepaid expenses decreased by ₱6.3 million, or 6%, to ₱102.6 million as at September 30, 2026 from ₱108.9 million as at June 30, 2026. The decrease was largely due to the amortization of prepaid taxes and software licenses, partly offset by a higher prepaid insurance balance.

Deferred tax assets (DTA) increased by ₱15.8 million, from ₱45.0 million as at June 30, 2026 to ₱60.8 million as at September 30, 2026, largely representing taxes due on tuition and other school fees collected in advance. In accordance with statutory regulations, tuition and other school fees collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets decreased by ₱42.6 million from ₱743.0 million as at June 30, 2026 to ₱700.4 million as at September 30, 2026 mainly driven by

application of downpayments against the progress billings of ongoing construction projects of STI ESG.

Total current liabilities increased by ₱533.4 million, from ₱2,503.5 million to ₱3,036.9 million as at June 30, 2026 and September 30, 2026, respectively, mainly due to higher unearned tuition and other school fees as at September 30, 2026. These unearned revenues will be recognized as income over the remaining months of the related school term(s).

Total noncurrent liabilities decreased by ₱491.5 million to ₱499.1 million as at September 30, 2026, from ₱990.6 million as at June 30, 2026, largely attributed to the prepayment of the Metrobank Term Loans and reclassification of the portion of the remaining noncurrent interest-bearing loans and borrowings due within the next twelve months to current liabilities.

Total equity increased from ₱9,935.7 million as at June 30, 2026 to ₱10,351.4 million as at September 30, 2026, reflecting the Group's other comprehensive income for the three months ended September 30, 2026.

III. TOP FIVE (5) KEY PERFORMANCE INDICATORS

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

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

		As at/Three months ended September 30		
		2026	**2025**	**Remarks**
EBITDA margin	EBITDA divided by total revenues.	58%	60%	EBITDA margin decreased in 2026 compared to the same period in 2025, primarily due to changes in enrollment.
Gross profit margin	Gross profit divided by total revenues	75%	77%	Gross profit margin also decreased, reflecting the same factors affecting EBITDA margin.
Return on equity (ROE)	Net income attributable to equity holders of the Parent Company divided by average equity attributable to equity holders of the Parent Company	16%	23%	ROE is lower in 2026 mainly because of the absence of the ₱102.7 million one-time gain on disposal of interest in an associate recognized in 2025, lower revenues and higher depreciation from continued investment in school facilities.
Debt-to-equity ratio (D/E ratio)[1]	Total liabilities, net of unearned tuition and other school fees,	0.22	0.39	D/E ratio improved due to principal payments made by STI ESG on its Term Loans.

		As at/Three months ended September 30		
		2026	2025	Remarks
	divided by total equity			
Current ratio	Current assets divided by current liabilities	1.08	1.32	Current ratio declined following the full prepayment of STI ESG's Metrobank Term Loan.

The Group likewise monitors its financial covenants in accordance with the respective provisions under its Term Loans and Trust Agreements.

		June 2026	Remarks
D/E ratio[1]	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.31	D/E ratio improved from 0.44 in June 2025 to 0.31 in June 2026 due to principal repayments made by STI ESG on its Term Loans.
DSCR[1]	EBITDA for the last twelve months divided by total principal and interest due in the next twelve months.	1.91	The minimum DSCR set by management, and the lender banks is 1.05 of cash income (EBITDA) for every peso of loans and interest due within the next 12 months (see note below).
ICR[2]	EBITDA for the immediately preceding twelve months divided by interest due in the next twelve months	23.48	ICR is well within the threshold set under the Second Supplemental Trust Agreement.

[1]*D/E ratio under the Term Loan Agreements with BPI and Metrobank must not be more than 2.50:1.00. DSCR under the Term Loan Agreements with BPI and Metrobank must not be lower than 1.05:1.00. These financial covenants are computed annually based on the audited consolidated financial statements of the Group.*

[2]*ICR under the Trust Agreement must not be lower than 3.00:1.00*

As at September 30, 2026 and June 30, 2026, STI ESG is compliant with the aforementioned financial covenants, following the respective agreements, (see Notes 16 and 17 of the unaudited interim condensed consolidated financial statements).

IV. MATERIAL CHANGES IN BALANCE SHEET ACCOUNTS

Cash and cash equivalents decreased by ₱331.0 million from ₱1,863.1 million to ₱1,532.1 million as at June 30, 2026 and September 30, 2026, respectively. The decrease was driven by ₱672.2 million of term loan principal repayments during the period, consisting of ₱600.0 million for the full payment of STI ESG's term loan facility with Metrobank and ₱72.2 million scheduled principal repayments to BPI. The Group generated cash from operating activities

aggregating to ₱605.0 million during the three months ended September 30, 2026. The collection of tuition and other school fees during the three months ended September 30, 2026 was the primary contributor to the net cash generated from operating activities. Net cash used in investing activities amounted to ₱183.6 million as funds were utilized to settle progress billings for ongoing and recently completed construction projects. The Group registered ₱752.5 million cash used in financing activities, largely due to the ₱672.2 million of principal repayments of STI ESG's term loans, as described above. Interest payments, largely for STI ESG's term loans and coupon payments for STI ESG's bond issue, amounted to ₱50.0 million for the three months ended September 30, 2026.

Receivables from students rose by ₱651.3 million from ₱485.5 million to ₱1,136.8 million, or more than double the June 30, 2026 balance. The balance reflects tuition and other school fees for SY 2026–2027 that are expected to be collected over the related term(s) of the school year.

Receivables from DepEd likewise increased by ₱53.0 million from ₱104.5 million as at June 30, 2026 to ₱157.5 million as at September 30, 2026. The increase represents additional SHS voucher subsidies from DepEd which were recognized during the three months ended September 30, 2026. 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.

Eligible learners are classified based on prescribed eligibility and prioritization criteria and are required to comply with applicable documentary and application requirements. Under DepEd Order No. 11, s. 2026, voucher applicants are prioritized according to established categories, with learners from identified social equity groups and public-school completers receiving priority consideration. Eligibility is determined based on five applicant categories (Categories A to E). The five eligibility categories of the Senior High School Voucher Program (SHS VP) differ based on the applicants' educational background and socioeconomic circumstances. Category A covers learners belonging to Social Equity Groups (SEG), while Category B includes public school Grade 10 completers. Category C consists of Alternative Learning System (ALS) and Philippine Educational Placement Test (PEPT) passers, and Category D covers learners who are Education Service Contracting (ESC) grantees. Meanwhile, Category E includes Grade 10 completers from private schools who meet the required income qualifications. Categories A to D are considered priority applicants and are required to submit their applications and complete documentary requirements directly to their chosen participating Senior High Schools, while Category E applicants must submit their applications through the Online Voucher Application Portal (OVAP).

A Qualified Voucher Recipient (QVR) in participating private institutions is entitled to a subsidy ranging from ₱14,000 to ₱22,500 annually, depending on learner category and school location. DepEd, through the Private Education Assistance Committee (PEAC), administers and facilitates the processing and release of voucher subsidies to participating schools.

Receivables from CHED for the Tertiary Education Subsidy (TES) amounted to ₱4.3 million and ₱4.2 million as at September 30, 2026 and June 30, 2026, respectively. Under the Universal Access to Quality Tertiary Education Act (UAQTEA) or RA No. 10931, and its Implementing Rules and Regulations (IRR), students enrolled in select Private Higher Education Institutions (PHEIs) and are qualified to receive the TES are entitled to ₱60.0 thousand per school year. The

TES sharing agreement states that ₱40.0 thousand goes to the TES student grantee and ₱20.0 thousand goes to the PHEI. The subsidy is for tuition and other related school fees and should cover the living allowance, books, supplies, transportation, and miscellaneous expenses. Additional benefits are likewise given to persons with disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand and ₱10.0 thousand, respectively, per annum. Under the TES Program, CHED directly pays the schools where these students enrolled. In July 2023, CHED Unified Student Financial Assistance System for Tertiary Education Board (UniFAST) issued Memorandum Circular No. 5 for the allocation of funds for new TES grants. The circular provides, among others, that the new TES grantees for the first semester of SY 2023-2024 shall receive ₱20.0 thousand per school year or ₱10.0 thousand per semester to cover the full or partial cost of tuition and other school fees. New TES grantees who are PWDs shall receive an additional subsidy of ₱10.0 thousand per school year or ₱5.0 thousand per semester.

Receivables related to DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) amounted to ₱1.0 million and ₱1.1 million as at September 30, 2026 and June 30, 2026, respectively. DBP RISE covers: (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP.

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

Receivables related to educational services and sale of educational materials and supplies amounted to ₱157.2 million as at September 30, 2026, higher by ₱63.4 million from ₱93.8 million as at June 30, 2026. This balance is composed of receivables from franchised schools and an affiliate for the educational services rendered and educational materials and supplies sold by STI ESG. The increase is largely attributed to network billing for subscriptions and assessment certifications. These receivables from franchised schools and an affiliate are expected to be settled within 30 days from invoice date.

Rent, utilities, and other related receivables decreased by ₱16.6 million to ₱33.5 million as at September 30, 2026 from ₱50.1 million as at June 30, 2026, representing collection of rentals from various lessees during the three months ended September 30, 2026.

STI ESG's allowance for expected credit losses (ECL) recognized in relation to the adoption of Philippine Financial Reporting Standards (PFRS) 9, Financial Instruments, increased from ₱164.7 million as at June 30, 2026 to ₱196.8 million as at September 30, 2026. The increase reflects the additional provision for ECL for the three months ended September 30, 2026 amounting to ₱32.1 million.

Inventories decreased by ₱39.2 million or 25%, from ₱154.5 million as at June 30, 2026 to ₱115.3 million as at September 30, 2026, substantially attributed to the sale of uniforms, drawn from stocks carried over from the previous year, partially offset by purchases made during the quarter.

Prepaid expenses decreased by ₱6.3 million, or 6%, to ₱102.6 million as at September 30, 2026 from ₱108.9 million as at June 30, 2026. The decrease was largely due to the amortization of

prepaid taxes and software licenses, partly offset by a higher prepaid insurance balance. Prepaid taxes decreased by ₱9.5 million to ₱14.3 million reflecting the amortization of local business permits and real property tax, both covering the year 2026. Input VAT – net, decreased by ₱3.2 million to ₱50.8 million. Prepaid subscriptions and licenses fell by ₱2.0 million to ₱18.8 million, representing amortization expense recognized during the three months ended September 30, 2026, partly offset by new or renewed subscriptions for the SY 2026-2027. Prepaid insurance rose by ₱10.6 million to ₱11.8 million, mainly due to the annual Health Maintenance Organization (HMO) insurance renewal covering the fiscal year ending June 30, 2027.

Deferred tax assets (DTA) increased by 15.8 million, from 45.0 million as at June 30, 2026 to ₱ 60.8 million as at September 30, 2026, representing taxes due on tuition and other school fees collected in advance. Following statutory regulations, tuition and other school fees which are collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets decreased by ₱42.6 million from ₱743.0 million as at June 30, 2026 to ₱700.4 million as at September 30, 2026. This reflects the application of downpayments against progress billings of ongoing construction projects of STI ESG, partly offset by new downpayments made during the period.

Accounts payable and other current liabilities decreased by ₱145.9 million from ₱780.7 million as at June 30, 2026 to ₱634.8 million as at September 30, 2026, representing payments made for progress billings of ongoing and recently completed construction projects and semi-annual payment of interests on loans during the three months ended September 30, 2026.

Current portion of interest-bearing loans and borrowings, net of deferred finance charges, decreased by ₱198.5 million, from ₱341.8 million (net of ₱2.6 million deferred finance charges) as at June 30, 2026 to ₱143.3 million (net of ₱1.1 million deferred finance charges) as at September 30, 2026. As at September 30, 2026, this balance represents the current portion of STI ESG's term loan with BPI. The decrease reflects the full payment of STI ESG's Term Loan Facility with Metrobank. Similarly, the non-current portion of interest-bearing loans and borrowings, net of deferred finance cost, decreased by ₱469.3 million from ₱684.4 million to ₱215.1 million as at June 30, 2026 and September 30, 2026, respectively. The decline is largely due to prepayment of Metrobank Term Loan and the reclassification to the current portion of loan principal due within the next twelve months.

Unearned tuition and other school fees increased by ₱828.1 million, from ₱460.3 million as at June 30, 2026 to ₱1,288.4 million as at September 30, 2026. This unearned tuition and other school fees will be recognized as income over the remaining months of the related school term(s) within SY 2026-2027.

Current portion of lease obligations is broadly flat at ₱71.7 million and ₱71.6 million as at September 30, 2026 and June 30, 2026, respectively. Noncurrent lease liabilities declined by ₱19.9 million from ₱221.6 million to ₱201.7 million reflecting the reclassification of lease obligations due within the next twelve months under the current portion. 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 and derecognition of obligations arising from lease terminations. The measurement and presentation of lease liabilities were recognized in the unaudited interim condensed consolidated financial statements of the Group following the adoption of PFRS 16, *Leases*.

Income tax payable amounted to ₱79.5 million and ₱30.4 million as at September 30, 2026 and June 30, 2026, respectively. The balance as at September 30, 2026 represents income tax obligation of STI ESG and several of its subsidiaries for the three months ended September 30, 2026, as well as the income tax payable as at June 30, 2026, which was duly settled in October 2026.

Other noncurrent liabilities amounted to ₱9.9 million and ₱12.3 million as at September 30, 2026 and June 30, 2026, respectively. The decrease was primarily attributable to the reclassification of advance rental deposits to current liabilities.

Cumulative actuarial gain amounted to ₱43.8 million as at September 30, 2026 from ₱40.6 million as at June 30, 2026. The increase reflects changes in the market value of the equity investments held within the pension plan assets of the Group for the three months ended September 30, 2026.

Retained earnings increased by ₱412.5 million from ₱6,461.6 million as at June 30, 2026 to ₱6,874.1 million as at September 30, 2026, reflecting the net income attributable to equity holders of the Parent Company for the three months ended September 30, 2026.

V. MATERIAL CHANGES IN INCOME STATEMENT ACCOUNTS

Total revenues reached ₱1,074.3 million during the three months ended September 30, 2026 from ₱1,134.4 million of the same period last year.

Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended September 30			
(Amounts in Peso millions)	**2026**	**2025**	**Increase (Decrease)**	
Revenues	₱1,074.3	₱1,134.4	(₱60.1)	(5%)
Costs and expenses	621.6	598.9	22.7	4%
Operating income	452.7	535.5	(82.8)	(15%)
Other income - net	4.4	89.8	(85.4)	(95%)
Income before income tax	457.1	625.3	(168.2)	(27%)
Provision for income tax	44.9	50.8	(5.9)	(12%)
Net income	₱412.2	₱574.5	(₱162.3)	(28%)
Other comprehensive income (loss)	3.5	(15.9)	19.4	122%
Total comprehensive income	₱415.7	₱ 558.6	(₱142.9)	(26%)

Tuition and other school fees amounted to ₱896.8 million for the three months ended September 30, 2026 from ₱975.6 million of the same period last year. Revenues from tuition and other school fees are recognized proportionately throughout the related school term(s) to which they pertain, consistent with the time frame in which educational services are delivered. As such, revenue distribution across quarters may vary depending on the timing of the school calendar. The decline primarily reflected lower SHS enrollment and Grade 11 fees, together with fewer instructional days for the tertiary segment within the three months ended September 30, 2026, following the later commencement of classes. These effects were partially

offset by the earlier start of SHS and JHS classes. No tuition fee adjustments were implemented for SY 2026-2027.

Revenues from educational services largely from STI ESG's franchised schools aggregated to ₱74.8 million for the three months ended September 30, 2026, posting an increase of 3% from ₱72.9 million for the three months ended September 30, 2025. Revenues from educational services and royalty fees are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Revenues from educational services likewise include management fees from Philippine School of Business Administration (PSBA Manila), and Philippine School of Business Administration, Inc. – Quezon City (PSBA Quezon City) amounting to ₱8.1 million and ₱4.3 million for the three months ended September 30, 2026 and 2025, respectively. The management agreement, executed in May 2024, became effective on July 1, 2024 for PSBA Quezon City and on August 1, 2024 for PSBA Manila. The agreement has a term of three (3) years counting from the respective management commencement dates. PSBA Manila and PSBA Quezon City pay management fees to STI ESG equivalent to 26.0% of their respective gross revenues.

Other revenues amounted to ₱51.6 million for the three months ended September 30, 2026, posting an increase of 52% from ₱34.0 million for the three months ended September 30, 2025. The increase mainly reflects billings to franchised schools related to subscriptions and licenses covering SY2026-2027. These include Microsoft licenses, eLearning Management System (eLMS), cybersecurity software, Adobe, SAP, and Amadeus. This account likewise includes billings for the certification examination vouchers for CompTIA AI Essentials and Microsoft Azure AI Fundamentals. The related costs are recognized under "Student activities, programs, and other related expenses" as part of the "Cost of educational services" section.

The cost of educational services amounted to ₱236.0 million, compared to ₱222.9 million for the three months ended September 30, 2026 and 2025, respectively. This increase is primarily attributed to higher "Student activities, programs and other related expenses", as well as higher depreciation expense for the three months ended September 30, 2026.

The completion of the new school building at STI Fairview, renovation and rehabilitation works in schools owned and operated by STI ESG, along with the acquisition of new equipment and furniture, led to higher depreciation charges of the Group. The increase is reflected both under the cost of educational services and the general and administrative expense sections of the unaudited interim condensed consolidated statement of comprehensive income. Depreciation expense, under cost of educational services, amounted to ₱87.1 million, compared to ₱78.4 million for the three months ended September 30, 2026 and 2025, respectively, while depreciation expense, under general and administrative expenses section, amounted to ₱69.2 million, compared to ₱62.7 million for the three months ended September 30, 2026 and 2025, respectively.

Expenses attributed to student activities, programs, and other related expenses amounted to ₱30.4 million for the three months ended September 30, 2026 compared to ₱26.1 million for the three months ended September 30, 2025. This account includes subscription costs for the use of eLearning Management System, MS License, ADOBE, Amadeus, and eBooks, among others, as well as examination costs for micro credentials in Cybersecurity, CompTIA AI essentials, and Microsoft Azure AI Fundamentals. The increase is largely attributed to the costs of student certification examinations, specifically for CompTIA AI essentials and Microsoft Azure AI Fundamentals. These subscriptions are generally renewed on a per term basis and are

recognized as expense in accordance with the terms of the respective agreements. The subscriptions for CompTIA AI Essentials and Microsoft Azure AI Fundamentals are on as needed basis, depending on the number of learners taking up the certification examinations and are recognized as expense upon utilization of the examination voucher. 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 expense amounted to ₱7.1 million for the three months ended September 30, 2026 compared to ₱7.6 million for the three months ended September 30, 2025 reflecting lower purchases and utilization of student materials during the period.

The lease agreement of a subsidiary ceased to qualify for the short-term lease accounting under Philippine Financial Reporting Standards (PFRS) Accounting Standards 16 - *Leases*, resulting in the recognition of a right-of-use asset and corresponding lease liability beginning fiscal year ending June 30, 2026. In relation to this, rent expense, under the "Cost of educational services" section amounted to ₱5.7 million, compared to ₱7.2 million for the three months ended September 30, 2026 and 2025, respectively. Similarly, rent expense, under the "General and administrative" section amounted to ₱2.5 million, compared to ₱3.1 million for the three months ended September 30, 2026 and 2025, respectively.

Infrastructure and software maintenance under the "Cost of educational services" section increased from ₱1.2 million to ₱1.3 million for the three months ended September 30, 2025 and 2026, respectively. Similarly, "Infrastructure and software maintenance" account under the "General and administrative" section increased from ₱0.5 million to ₱0.6 million for the three months ended September 30, 2025 and 2026, respectively. This increase is primarily attributable to the upgrade of the "Helpdesk" system of the Group to incorporate Artificial Intelligence features to improve its overall performance, security and reliability. Helpdesk is an application which supports and services the Group in the management, monitoring, and resolution of system-related inquiries and support requests.

General and administrative expenses amounted to ₱351.1 million, compared to ₱341.1 million for the three months ended September 30, 2026 and 2025, respectively. The increase is mainly attributable to higher depreciation, professional fees, and advertising, partially offset by a lower provision for ECL.

Salaries and benefits amounted to ₱88.6 million for the three months ended September 30, 2026, compared to ₱83.3 million for the same period last year. The increase was primarily driven by merit-based salary adjustments and bonuses given in the second quarter of the fiscal year ended June 30, 2026, as well as the onboarding of personnel for previously vacant positions during the three months ended September 30, 2026. The increase likewise reflects higher retirement expense, which rose from ₱2.6 million to ₱3.6 million for the three months ended September 30, 2025 and 2026, respectively, due to higher current service costs and net interest cost based on the applicable actuarial valuation.

Outside services, particularly security and janitorial services are higher by ₱2.7 million from ₱30.9 million to ₱33.6 million for the three months ended September 30, 2025 and 2026, respectively, mainly attributed to increase in minimum wage rates charged by security and utility service providers.

The Group recognized a provision for ECL amounting to ₱32.1 million for the three months ended September 30, 2026, relating to outstanding receivables from students' tuition and other school fees as at September 30, 2026 associated with SY 2026-2027. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned with lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from students pertaining to prior years. This provision for ECL is lower by ₱12.5 million compared to ₱44.6 million for the three months ended September 30, 2025, primarily due to changes in the SHS and JHS academic calendar. Receivables for SHS and JHS were recognized in June 2026, reflecting the earlier start of classes for these segments. Under PFRS 9, *Financial Instruments*, lifetime expected credit losses are recognized upon initial recognition of qualifying trade receivables under the simplified approach. Accordingly, the initial ECL provisions relating to SHS and JHS receivables recognized in June 2026 were recorded in the fiscal year ended June 30, 2026, contributing to the lower provision recognized in the September 2026 quarter. The related allowance for ECL remains subject to reassessment at each reporting date.

Professional fees increased by ₱4.9 million from ₱23.0 million to ₱27.9 million for the three months ended September 30, 2025 and 2026, respectively. The balance for the three months ended September 30, 2026 includes legal fees incurred in connection with the disposal of STI ESG's share in De Los Santos Medical Center, Inc. (DLSMC). In May 2026, under Deeds of Absolute Sale (the Deeds), STI ESG sold its 57,972 common shares in DLSMC to MPHC for a total consideration of ₱39.5 million, or ₱681.49 per share. MPHC paid 85%, or ₱33.6 million, when the Deeds were signed, and the ₱5.9 million balance in July 2026, after the conditions in the Deeds were met. The carrying value of the investment in DLSMC was nil as at June 30, 2026 and September 30, 2026.

Professional fees also include consultancy fees incurred by STI Training Academy, Inc. (STI Training Academy**)**, for artificial intelligence, marketing, and TESDA-related services. In addition, NAMEI Polytechnic Institute, Inc. (NAMEI) incurred higher fees for the annual inspection conducted by Det Norske Veritas Aksjeselskap Philippine Branch (DNV), and the services of a Reserve Officers' Training Corps (ROTC) trainer. DNV is an independent certification and assurance organization which assesses and supports continued compliance with applicable management system standards and supports the maintenance of NAMEI's certification. ROTC is one of the components through which students may fulfill the NSTP graduation requirement. STI Training Academy and NAMEI are subsidiaries of STI ESG.

Advertising and promotions expenses increased to ₱10.1 million for the three months ended September 30, 2026, compared to ₱7.8 million for the three months ended September 30, 2025. The increase was primarily due to expansion of online ads placements to reach more of the Group's target market. The Group also engaged technical experts for SY 2026-2027 to streamline its digital ad productions and maximize the production timelines.

The transportation expenses increased from ₱4.7 million to ₱5.1 million for the three months ended September 30, 2025 and 2026, respectively, due to rising fuel prices.

Insurance expense decreased to ₱3.8 million from ₱4.8 million for the three months ended September 30, 2026 and 2025, respectively, reflecting adjustments to the insured values.

Association dues amounted to ₱2.4 million from ₱1.9 million for the three months ended September 30, 2026 and 2025, respectively, representing higher condominium dues paid by STI ESG for its investment properties.

Payment channels and other bank charges decreased from ₱2.6 million for the three months ended September 30, 2025 to ₱2.2 million for the three months ended September 30, 2026. The earlier start of the SHS and JHS academic year moved the collection of some payments to before July 1, 2026. The related convenience fees on these collections were accordingly recognized in the period in which the related tuition and other school fees were collected.

STI ESG sold STI Holdings shares aggregating to 185.0 million shares for a total consideration of ₱277.5 million in August 2025. This reduced STI ESG's shareholding to 247.4 million shares, representing ownership interest in STI Holdings of 2.50%. This disposal of STI ESG's interest in STI Holdings has resulted in gain amounting to ₱102.7 million which was recognized as "Gain on disposal of interest in an associate" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2025. As at September 30, 2026 STI ESG holds 66.5 million quoted equity shares of STI Holdings, representing 0.67% ownership interest.

Interest expenses decreased by ₱14.7 million, from ₱54.1 million to ₱39.4 million for the three months ended September 30, 2025 and September 30, 2026, respectively. This reduction is primarily attributed to full principal repayment for STI ESG's Chinabank and Metrobank Term Loans, as well as principal repayments made by STI ESG on its Term Loan Facility with BPI. The respective Term Loans of STI ESG with Metrobank and Chinabank have been fully settled on September 18, 2026 and March 19, 2026, respectively. Interest rates per annum, effective September 2025, for BPI, Chinabank, and Metrobank were at 7.0588%, 7.1577%, and 7.0517%, respectively. Interest rate of STI ESG's Term Loan Facility with BPI has been repriced at 7.5344% per annum effective September 18, 2026.

Rental income increased by ₱8.2 million, from ₱22.3 million to ₱30.5 million for the three months ended September 30, 2025 and 2026, respectively, attributed to new lease agreements in some of STI ESG's investment properties.

Interest income declined from ₱12.2 million for the three months ended September 30, 2025 to ₱8.9 million for the three months ended September 30, 2026, as a portion of STI ESG's funds was used to prepay STI ESG's outstanding term loan with Metrobank.

Equity in net earnings of associates and joint venture amounted to negative ₱0.1 million for the three months ended September 30, 2026, compared to ₱4.1 million for the same period in 2025. The decrease is primarily due to the reclassification of STI ESG's investment in STI Holdings as "Equity instruments at FVPL."

STI ESG recognized a net fair value gain on equity instruments at FVPL of ₱1.7 million for the three months ended September 30, 2026, compared with a fair value loss of ₱0.2 million for the same period in 2025. As at September 30, 2026, STI ESG's investment in 66.5 million STI Holdings shares was valued at ₱1.28 per share, or ₱85.1 million in aggregate, compared with

₱1.23 per share, or ₱81.8 million, as at June 30, 2026. This increase resulted in a fair value gain of ₱3.3 million for the three months ended September 30, 2026. Meanwhile, STI ESG's investment in 1.5 million quoted equity shares of RL Commercial REIT, Inc. (RCR) had carrying values of ₱9.5 million and ₱11.1 million as at September 30, 2026 and June 30, 2026, respectively. STI ESG recognized a fair value loss of ₱1.6 million for the three months ended September 30, 2026, compared to ₱0.2 million for the same period in 2025.

STI ESG recognized an unrealized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱24.4 thousand and ₱34.5 thousand for the three months ended September 30, 2026 and 2025, respectively.

The Group also recognized other expense aggregating to ₱0.15 million and ₱0.14 million for the three months ended September 30, 2026 and 2025, respectively, representing Philippine Depository and Trust Corporation (PDTC) maintenance fee for the 10-year series bonds.

The Group recognized "Provision for income tax" amounting to ₱44.9 million and ₱50.8 million for the three months ended September 30, 2026 and 2025, respectively.

STI ESG reported a net income of ₱412.2 million for the three months ended September 30, 2026, compared to ₱574.5 million for the three months ended September 30, 2025. Net income margin stood at 38%, compared to 51% for the same period of the previous year, resulting from lower revenues recognized for the three months ended September 30, 2026, largely driven driven by changes in enrollment trends and the academic calendar, the absence of the gain on disposal of interest in an associate recognized for the three months ended September 30, 2025, and higher depreciation expense.

STI ESG recognized remeasurement gain, net of tax effect, in pension liability of ₱3.1 million for the three months ended September 30, 2026 compared to remeasurement loss, net of tax, of ₱15.7 million for the three months ended September 30, 2025, reflecting the adjustments in the market value of equity shares forming part of pension assets.

The unrealized fair value gain on equity instruments at FVOCI amounted to ₱0.4 million for the three months ended September 30, 2026, compared to unrealized fair value loss of ₱0.2 million for the three months ended September 30, 2025. The movement represents fair value adjustments in the market price of quoted equity shares held by STI ESG.

Total comprehensive income for the three months ended September 30, 2026 amounted to ₱415.7 million compared to ₱558.6 million for the three months ended September 30, 2025.

EBITDA amounted to ₱618.3 million for the three months ended September 30, 2026 compared to ₱678.8 million for the three months ended September 30, 2025. EBITDA margin is 58% for the three months ended September 30, 2026, compared to 60% for the same period of the previous year.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱410.6 million for the three months ended September 30, 2026 compared to core income for the same period last year of ₱468.0 million.

VI. FINANCIAL RISK DISCLOSURE

The Group's present activities expose it to liquidity, credit, interest rate, and capital risks.

Liquidity risk – Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet its currently maturing commitments. The Group's liquidity profile is managed to be able to finance its operations and capital expenditures, and other financial obligations. To cover its financing requirements, the Group uses internally generated funds and interest-bearing loans and borrowings. As part of its liquidity risk management program, the Group regularly evaluates the projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives.

Any excess funds are primarily invested in short-dated and principal-protected bank products that provide flexibility of withdrawing the funds anytime. The Group regularly evaluates available financial products and monitors market conditions for opportunities to enhance yields at acceptable risk levels.

The Group's current liabilities are mostly made up of trade liabilities with 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 September 30, 2026 and June 30, 2026, the Group's current assets amounted to ₱3,290.1 million and ₱2,899.8 million, respectively, while current liabilities amounted to ₱3,036.9 million and ₱2,503.5 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱1,288.4 million and ₱460.3 million as at September 30, 2026 and June 30, 2026, 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 10-year series 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 BPI prescribes 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. The Metrobank term loan had been fully settled as at September 30, 2026. Accordingly, the related financial covenant requirements for Metrobank were no longer applicable as at September 30, 2026. STI ESG is compliant with the DSCR requirement as at June 30, 2026, as defined in the respective term loan agreements, (see Note 16 of the unaudited interim condensed 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. DSCR, as defined in the loan agreements, as at June 30, 2026 is 1.91:1.00. ICR, as defined in the bond trust agreement, as at June 30, 2026 is 23.48:1.00. STI ESG has been compliant with the financial covenants imposed under the loan and bond trust agreements.

Credit risk – Credit risk is the risk that the Group will incur a loss arising from students, franchisees, or counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for each counterparty and by monitoring exposures 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 Term Loans 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, as defined in the term loan and trust agreements, (see Notes 16 and 17 of the unaudited interim condensed consolidated financial statements).

VII. AGREEMENTS/COMMITMENTS AND CONTINGENCIES/OTHER MATTERS

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

b. Except as provided in Note 26 of the Notes to the Unaudited Interim Condensed Consolidated Financial Statements attached as Annex "A," the Group has no other financial and capital commitments.

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

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

e. The various loan agreements entered into and the issuance of fixed rate bonds by STI ESG provide certain restrictions and conditions with respect to, among others, change in majority ownership and management and maintenance of financial ratios. STI ESG is fully compliant with all the covenants of the respective agreements. See Notes 16, 17, and 26 of the notes to Unaudited Interim Condensed Consolidated Financial Statements of the Company attached as Annex "A" for a more detailed discussion. There are no other events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation.

f. There are no known trends, demands, commitments, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/ income from continuing operations except for the contingencies and commitments enumerated in Note 26 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements attached as Annex "A".

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

h. The Group's business is linked to the academic cycle. For SY 2026–2027, the academic year began in late June 2026 and will end in May 2027 for SHS and JHS segments while classes for the tertiary segment began in early August 2026 and will end in June 2027. For SY 2025–2026, the academic year began in late July 2025 and ended in June 2026. 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 7-year Series Bonds due 2024 and 10-year Series 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 17 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements).

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

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

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

Company Telephone Number

0 6	3 0	SEC FORM 17-L	1st Thursday of November
Month *Day* Fiscal Year		FORM TYPE	*Month* *Day* 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 [ ] Form 17-Q [**X**]

Period-Ended Date of required filing..... **For the Quarter Ended 30 September 2026/16 November 2026**

Date of this report..... 9 November 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 Interim Consolidated Financial Statements (FS) and Quarterly Report required under SEC Form 17-Q has been adversely affected by the recent typhoons and continuous heavy rains in certain areas where the Company's schools are located. These weather conditions caused flooding and power interruptions in the affected areas, preventing or significantly disrupting the work of key personnel responsible for the preparation and completion of the required reports for several days. As a result, the Company has experienced delays in completing the FS and other reports required under SEC Form 17-Q within the prescribed filing period.

In view of the above, the prescribed filing deadline of November 16, 2026 is not sufficient for the Company to complete all reports required to be included in the Quarterly Report under SEC Form 17-Q for the quarter ended September 30, 2026.

We therefore request an additional period of five (5) days or up to November 21, 2026 to file the Company's SEC Form 17-Q for the quarter ended September 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: 9 November 2026

Arsenio C. Cabrera

From: noreply-cifssost@sec.gov.ph
Sent: Monday, 9 November 2026 3:36 PM
Subject: SEC eFast Initial Acceptance

Dear **STI EDUCATION SERVICES GROUP, INC.**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

SEC Registration No: 0000113156
Company Name: STI EDUCATION SERVICES GROUP, INC.
Document Code: SEC_Form_17-L

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REMINDER:

TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF;) 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL