

**STI West Negros University, Inc.**  
*A Private Educational Institution*  
*(A Subsidiary of STI Education Systems*  
*Holdings, Inc.)*

Financial Statements  
June 30, 2025 and 2024

and

Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
STI West Negros University, Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of STI West Negros University, Inc. (the Company), a private educational institution (a subsidiary of STI Education Systems Holdings, Inc.), which comprise the statements of financial position as at June 30, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity, statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### Basis for Opinion

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

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

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

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

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

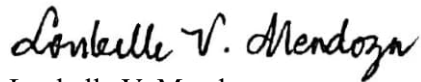
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 23 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of STI West Negros University, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

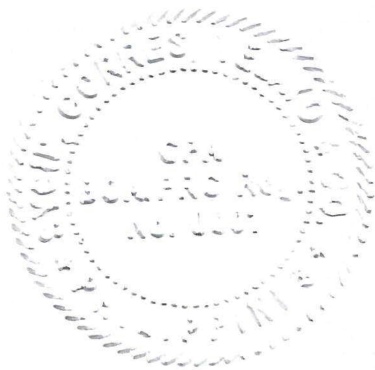
Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10465344, January 2, 2025, Makati City

October 13, 2025



**STI WEST NEGROS UNIVERSITY, INC.**  
**A Private Educational Institution**  
**(A Subsidiary of STI Education Systems Holdings, Inc.)**

**STATEMENTS OF FINANCIAL POSITION**

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	<b>₱306,933,962</b>	₱128,080,717
Receivables (Notes 5 and 17)	<b>83,165,582</b>	60,667,532
Inventories (Note 6)	<b>15,447,484</b>	17,049,581
Prepayments and other current assets (Note 7)	<b>39,405,823</b>	33,198,421
Total Current Assets	<b>444,952,851</b>	238,996,251
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	<b>801,993,072</b>	720,472,565
Deferred tax assets (Note 18)	<b>9,642,234</b>	12,501,055
Other noncurrent assets (Note 9)	<b>50,367,851</b>	57,058,661
Total Noncurrent Assets	<b>862,003,157</b>	790,032,281
<b>TOTAL ASSETS</b>	<b>₱1,306,956,008</b>	₱1,029,028,532
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 10 and 17)	<b>₱99,739,585</b>	₱114,806,254
Unearned tuition and other school fees (Note 13)	<b>23,333,413</b>	8,683,434
Income tax payable	<b>1,137,786</b>	2,558,240
Total Current Liabilities	<b>124,210,784</b>	126,047,928
<b>Noncurrent Liabilities</b>		
Pension liability - net (Note 11)	<b>35,909,118</b>	38,347,723
Total Liabilities	<b>160,119,902</b>	164,395,651
<b>Equity</b>		
Capital stock (Note 12)	<b>503,119,475</b>	303,119,475
Treasury stock (Note 12)	<b>(12,463,761)</b>	(12,463,761)
Remeasurement gain on pension liability (Note 11)	<b>8,213,762</b>	8,255,331
Retained earnings (Note 12)	<b>647,966,630</b>	565,721,836
Total Equity	<b>1,146,836,106</b>	864,632,881
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱1,306,956,008</b>	₱1,029,028,532

*See accompanying Notes to the Financial Statements.*



**STI WEST NEGROS UNIVERSITY, INC.**  
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**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>REVENUES</b> (Note 13)		
Tuition and other school fees	<b>₱672,261,073</b>	₱572,887,005
Sale of educational materials and supplies	<b>16,130,031</b>	11,847,599
	<b>688,391,104</b>	584,734,604
<b>COSTS AND EXPENSES</b>		
Cost of educational services (Note 14)	<b>227,340,726</b>	193,093,325
Cost of educational materials and supplies sold (Note 6)	<b>12,084,686</b>	8,936,826
General and administrative expenses (Note 15)	<b>139,426,080</b>	129,033,862
	<b>378,851,492</b>	331,064,013
<b>INCOME BEFORE OTHER INCOME AND INCOME TAX</b>	<b>309,539,612</b>	253,670,591
<b>OTHER INCOME</b>		
Interest income (Notes 4 and 9)	<b>3,151,024</b>	2,251,391
Rental income (Note 21)	<b>1,082,446</b>	738,616
Recovery of written off accounts (Note 5)	<b>852,532</b>	656,071
Other income (Note 13)	<b>851,821</b>	575,054
	<b>5,937,823</b>	4,221,132
<b>INCOME BEFORE INCOME TAX</b>	<b>315,477,435</b>	257,891,723
<b>PROVISION FOR INCOME TAX</b> (Note 18)		
Current	<b>28,369,201</b>	22,282,565
Deferred	<b>2,863,440</b>	3,281,470
	<b>31,232,641</b>	25,564,035
<b>NET INCOME</b>	<b>284,244,794</b>	232,327,688
<b>OTHER COMPREHENSIVE LOSS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>		
Remeasurement loss on pension liability (Note 11)	<b>(46,188)</b>	(2,645,687)
Income tax effect	<b>4,619</b>	264,569
	<b>(41,569)</b>	(2,381,118)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱284,203,225</b>	₱229,946,570

*See accompanying Notes to the Financial Statements.*



**STI WEST NEGROS UNIVERSITY, INC.**  
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**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	Capital Stock (Note 12)	Treasury Stock (Note 12)	Remeasurement Gain on Pension Liability (Note 11)	Retained Earnings (Note 12)	Total
Balances as at July 1, 2024	P303,119,475	(P12,463,761)	P8,255,331	P565,721,836	P864,632,881
Net income	-	-	-	284,244,794	284,244,794
Other comprehensive loss (Note 11)	-	-	(41,569)	-	(41,569)
Total comprehensive income (loss)	-	-	(41,569)	284,244,794	284,203,225
Stock dividend declaration (Note 12)	200,000,000	-	-	(202,000,000)	(2,000,000)
<b>Balances as at June 30, 2025</b>	<b>P503,119,475</b>	<b>(P12,463,761)</b>	<b>P8,213,762</b>	<b>P647,966,630</b>	<b>P1,146,836,106</b>
Balances as at July 1, 2023	P303,119,475	(P12,463,761)	P10,636,449	P408,738,923	710,031,086
Net income	-	-	-	232,327,688	232,327,688
Other comprehensive loss (Note 11)	-	-	(2,381,118)	-	(2,381,118)
Total comprehensive income (loss)	-	-	(2,381,118)	232,327,688	229,946,570
Cash dividend declaration (Note 12)	-	-	-	(75,344,775)	(75,344,775)
<b>Balances as at June 30, 2024</b>	<b>P303,119,475</b>	<b>(P12,463,761)</b>	<b>P8,255,331</b>	<b>P565,721,836</b>	<b>P864,632,881</b>

*See accompanying Notes to the Financial Statements.*



**STI WEST NEGROS UNIVERSITY, INC.**  
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**STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱315,477,435</b>	₱257,891,723
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 8, 9, 14 and 15)	<b>56,660,797</b>	35,664,194
Interest income (Notes 4 and 9)	<b>(3,151,024)</b>	(2,251,391)
Movement in pension liability (Note 11)	<b>(2,484,793)</b>	979,914
Income before working capital changes	<b>366,502,415</b>	292,284,440
Decrease (increase) in:		
Receivables	<b>(22,498,050)</b>	7,523,834
Inventories	<b>1,602,097</b>	(7,694,829)
Prepayments and other current assets	<b>(2,720,031)</b>	(3,886,178)
Increase (decrease) in:		
Accounts payable and other current liabilities	<b>(19,235,267)</b>	26,939,230
Unearned tuition and other school fees	<b>14,649,979</b>	(12,595,325)
Net cash generated from operations	<b>338,301,143</b>	302,571,172
Income taxes paid	<b>(29,789,655)</b>	(20,434,335)
Interest received	<b>3,151,024</b>	2,251,391
Net cash provided by operating activities	<b>311,662,512</b>	284,388,228
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment (Note 8)	<b>(129,433,949)</b>	(296,517,734)
Proceeds from (payment of) other noncurrent assets	<b>(1,375,318)</b>	26,287,478
Net cash used in investing activities	<b>(130,809,267)</b>	(270,230,256)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Stock issuance cost (Note 12)	<b>(2,000,000)</b>	–
Payments of dividends (Notes 12, 17 and 22)	–	(75,343,800)
Cash used in financing activities	<b>(2,000,000)</b>	(75,343,800)
<b>NET INCREASE (DECREASE)</b>		
<b>IN CASH AND CASH EQUIVALENTS</b>	<b>178,853,245</b>	(61,185,828)
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT BEGINNING OF YEAR</b>	<b>128,080,717</b>	189,266,545
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT END OF YEAR (Note 4)</b>	<b>₱306,933,962</b>	₱128,080,717

*See accompanying Notes to the Financial Statements.*



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**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Corporate Information and Authorization for the Issuance of the Financial Statements**

Corporate Information

STI West Negros University, Inc. (the “Company” or “STI WNU”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (“SEC”) on January 25, 1949. It was granted by the SEC an extension of its term of existence for another 50 years on January 25, 1999. The Company was organized primarily to establish a learning institution for elementary, secondary, including Senior High School (“SHS”), college and university level, including post graduate studies. It also provides technical-vocational education training services under Technical Education and Skills Development Authority (“TESDA”) and/or operates a Training Center as well as an Assessment Center, in relation to the said services.

The Company is 99.9%-owned by STI Education Systems Holdings, Inc. (the “Parent Company” or “STI Holdings”), a publicly-listed entity incorporated in the Philippines. The registered office and principal place of business of the Company is Burgos Street, Bacolod City.

On September 16, 2024, the Commission on Higher Education (“CHED”) granted Autonomous status to STI WNU by virtue of CHED Memo No. 7 Series of 2024. Autonomous schools have the freedom to open new programs without securing prior approval from CHED, priority in the grant of subsidies, and other financial incentives from CHED, and exemption from regular CHED monitoring and evaluation and issuance of Special Order for their graduates, among other benefits.

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

Authorization for the Issuance of the Financial Statements

The accompanying financial statements were approved for issuance by the Board of Directors (“BOD”) on October 13, 2025.

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**2. Basis of Preparation and Summary of Material Accounting Policies**

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis and are presented in Philippine Peso (“P”) which is the Company’s functional and presentation currency. All values are rounded to the nearest peso unless otherwise stated.

Seasonality of Operations

STI WNU’s business is linked to the academic cycle. The Company starts its school calendar every August ending in June of the following year for its elementary, secondary including SHS, and tertiary levels. For the post graduate studies, the school calendar starts in September and ends in August of the following year. The revenues of the Company, which are mainly from tuition and other school fees, are recognized as income over the corresponding academic year to which they pertain.



Accordingly, the revenue of the Company is expected to be lower during the first quarter of the fiscal year as compared to the other quarters, if the number of enrollees remains constant. This information is provided to allow for a proper appreciation of the results of operations of the Company. Management has concluded, however, that the Company's operation is not highly seasonal.

#### Statement of Compliance

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

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective July 1, 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

#### *Effective for fiscal year 2026*

- Amendments to PAS 21, *Lack of exchangeability*



*Effective for fiscal year 2027*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*
  - Amendments to PAS 7, *Cost Method*

*Effective for fiscal year 2028*

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the acquiree, the difference is recognized directly in the statement of comprehensive income. If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair value to be assigned to the acquiree’s identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Company accounts the combination using provisional values. Adjustment to these provisional values as a result of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability, or contingent liability that is recognized from that date and goodwill or any gain recognized shall be adjusted from the acquisition date by the amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

Where goodwill forms part of a cash-generating unit (“CGU”) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGUs to which goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which the goodwill has been allocated, an impairment loss is recognized in the statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Company performs its annual impairment test of goodwill at the end of each reporting period.



## Financial Instruments

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

### a. Financial Assets

#### Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, Fair Value through Other Comprehensive Income (“FVOCI”), and Fair Value through Profit or Loss (“FVPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

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

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

#### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four (4) categories:

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



*Financial Assets at Amortized Cost (Debt Instruments)*. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest (“EIR”) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at June 30, 2025 and 2024, the Company’s financial assets at amortized cost include cash and cash equivalents, receivables (excluding advances to officers and employees), and security deposits.

#### Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

#### Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company’s continuing involvement.



In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b. Financial Liabilities

Initial Recognition

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

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

The Company's financial liabilities as at June 30, 2025 and 2024 are measured at amortized cost.

Subsequent Measurement

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

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

Other financial liabilities include accounts payable and other current liabilities (excluding government and other statutory liabilities).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.0% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Inventories

Inventories are valued at the lower of cost and net realizable value ("NRV"). Cost is determined using the weighted average method. NRV of uniforms, proware and school materials and supplies is the selling price in the ordinary course of business, less costs to sell. The NRV of promotional materials and school materials and supplies is the current replacement cost.



Prepayments and Other Current Assets

Prepayments are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months or within the normal operating cycle.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value, excluding the costs of day-to-day servicing. The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred and the recognition criteria are met. Land is stated at cost less any impairment in value.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Depreciation and amortization are computed on a straight-line method over the useful lives of the property and equipment, except for land and land improvements.

The useful lives of the Company's assets are estimated as follows:

Building and building improvements	25 years
Office and school equipment	5 years
Office and school furniture	5 years
Library holdings	5 years
Transportation equipment	3-5 years
Right-of-use asset - transportation equipment	3-5 years
Computer equipment and peripherals	3 years

The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the periods and depreciation and amortization method are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Construction in-progress represents structures under renovation or construction and is stated at its cost. This includes cost of construction, equipment and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

The Company recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liability recognized and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use asset is subject to impairment.



Software Cost (shown as part of “Other noncurrent assets” account)

Intangible assets, such as software cost, acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

As at June 30, 2025 and 2024, intangible assets pertain to software cost which is amortized over its estimated useful life of three (3) years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

Impairment of Nonfinancial Assets

*Input value-added tax (“VAT”), Property and Equipment and Software Cost.* The Company assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired. If any such indication exists, the Company makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses from continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



#### Unearned Tuition and Other School Fees

Unearned tuition and other school fees represent contract liabilities which refer to the portion of student assessment initially recorded as a liability account at the start of the school term and recognized to earned income proportionately until the end of the related school term. This also includes advance payment for tuition and other school fees for the school year commencing after the financial reporting date.

#### Pension Cost

The Company has a funded, noncontributory defined benefit plan covering all regular and permanent employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

*Termination Benefits.* Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

#### Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

#### Treasury Stock

Shares of the Company that were acquired by the Company are recorded at cost in the equity section of the statement of financial position. No gain or loss is recognized on the purchase, sale, re-issue or cancellation of the treasury stocks. Upon reissuance of treasury stocks, the excess of proceeds from reissuance over the cost of treasury stocks is credited to additional paid-in capital account. However, if the cost of treasury stocks exceeds the proceeds from reissuance, such excess is charged to additional paid-in capital account but only to the extent of previously set up capital in excess of par for the same class of stock. Otherwise, this is debited against the deficit account.

#### Retained Earnings and Dividends on Capital Stock

Retained earnings include the cumulative balance of net income or loss, any dividend distribution and any effects of change in accounting policy. Dividends on capital stocks are recognized as a liability and deducted from equity when approved by the BOD of the Company. Dividends that are approved after the financial reporting date are dealt with as an event after the financial reporting period.

#### Revenue Recognition

Revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses whether it is acting as a principal or an agent in every revenue arrangement. It is acting as a principal when it has the primary responsibility for providing the goods or services. The Company also acts as a principal when it has the discretion in establishing the prices and bears inventory and credit risk. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. The following specific recognition criteria must also be met before revenue is recognized:

*Tuition and Other School Fees.* Revenue from tuition and other school fees is satisfied over time using the output method and is recognized as income over the corresponding school term to which they pertain on the basis of the time lapsed over the service period. Fees received pertaining to the school year commencing after the financial reporting date are recorded under the "Unearned tuition and other school fees" account in the statement of financial position. Unearned tuition and other school fees are amortized over the related school term.



*Sale of Educational Materials and Supplies.* Revenue is recognized at the time of sale when significant risks and rewards of ownership have been transferred, normally coinciding with the delivery of materials and supplies to the students.

The following are the revenue streams outside the scope of PFRS 15, *Revenue from Contracts with Customers*:

*Rental Income.* Rental income is recognized on a straight-line basis over the term of the lease agreement.

*Interest Income.* Interest income is recognized as the interest accrues considering the effective yield on the asset.

The following are contract balances relative to PFRS 15:

*Receivables.* Receivables represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

*Contract liabilities.* A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Company performs under the contract. The Company's *Unearned tuition and other school fees* account represents contract liabilities which will be recognized as revenue when the related educational services are rendered.

#### Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the statement of comprehensive income in the year these are incurred.

#### Income Taxes

*Current Income Tax.* Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date.

*Deferred Income Tax.* Deferred income tax is provided using the liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred income tax assets are recognized for all deductible temporary differences and to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the financial reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

*VAT.* Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of “Prepayments and other current assets” and “Other noncurrent assets” accounts or the “Accounts payable and other current liabilities” account, respectively, in the statement of financial position.

#### Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

#### Events After the Reporting Period

Post year-end events that provide additional information about the Company’s financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements, when material.



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### 3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances that are believed to be reasonable as at reporting date. While the Company believes that the assumptions are reasonable and appropriate, differences in the actual experience or changes in the assumptions may materially affect the estimated amounts. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

#### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

*Recognition of revenue from tuition and other school fees over time.* The Company concluded that tuition and other school fees are to be recognized over time on the basis of time lapsed over the service period. This approach reflects the principle that revenue should be recognized as the Company satisfies its performance obligations in rendering its services to students. Since the students receive and consume the benefits of the services as they are provided, there is no need for another entity to re-perform the services that the Company has provided to date. This demonstrates that students simultaneously receive and consume the benefits of the Company's performance as it is performed.

*Recognition of revenue from the sale of educational materials and supplies at the point in time.* Revenue from the sale of educational materials and supplies is recognized at the point in time when the control of the asset is transferred to the customer, generally upon receipt of the goods by the students. It is also the point in which the customer has a present obligation to pay for the asset and the Company has transferred physical possession of the asset.

*Contingencies.* The Company is currently a party in several legal proceedings. The Company's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling defense in these matters and is based upon an analysis of potential results. Management and its legal counsels believe that the Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 21).

#### Estimates and Assumptions

The key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Measurement of expected credit losses.* ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.



- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the credit-adjusted effective interest rate.

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the Probability of Default (“PD”), Loss Given Default (“LGD”), and Exposure at Default (“EAD”), defined as follows:

- *Probability of default*  
The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD.
- *Loss given default*  
LGD represents the Company’s expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money.
- *Exposure at default*  
EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

*Simplified approach for receivables from students.* The Company applies the simplified approach in calculating ECLs of receivables from students. The Company develops loss rates based on days past due for each grouping of receivables per school term. The methodology is initially based on the Company’s historically observed default rates. The Company will then adjust the historical credit loss experience using forward-looking information. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of the customer’s actual default in the future.

The Company’s impairment calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the impairment models that are considered accounting judgments and estimates include:

- The Company’s criteria for defining default and for assessing if there has been a significant increase in credit risk;
- The segmentation of financial assets when impairment is assessed on a collective basis;
- The choice of inputs and the various formulas used in the impairment calculation
- Determination of relationships between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the impairment models.



It is the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The amount and timing of the ECLs, as well as the probability assigned thereto, have been based on the available information at the end of the first two months subsequent to report date. As a result of this review, the probability of default of receivables from students that are due subsequent to report date was adjusted accordingly.

*Incorporation of forward-looking information.* The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macro-economic variables include the following key indicators for the Philippines: unemployment rates, inflation rates and GDP growth rate. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Company has not identified any uncertain event that it has assessed to be relevant to the risk of a default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

The Company recognized net provision for (reversal of) ECL amounting to (₱0.1 million) and ₱3.1 million for the years ended June 30, 2025 and 2024, respectively. Receivables aggregating to ₱42.9 million and ₱24.2 million were written off for the years ended June 30, 2025 and 2024, respectively.

Allowance for ECL amounted ₱25.8 million and ₱68.8 million as at June 30, 2025 and 2024, respectively. Receivables, net of allowance for ECL, amounted to ₱83.2 million and ₱60.7 million as at June 30, 2025 and 2024, respectively (see Note 5).

*Estimating Useful Lives of Nonfinancial Assets.* Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment and software cost based on the period over which the asset is expected to provide economic benefits. Management's estimation of the useful lives of property and equipment and software cost is based on a collective assessment of industry practice, internal technical evaluation, and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Management will increase the depreciation and amortization charges where useful lives are less than the previous estimate. A reduction in the estimated useful lives of any property and equipment or software cost would increase recorded expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment and software cost as at June 30, 2025 and 2024. The carrying values of property and equipment (excluding land and construction in-progress) and software cost, net of depreciation and amortization are as follows:

	<b>2025</b>	<b>2024</b>
Property and equipment (Note 8)	<b>₱607,328,574</b>	₱489,489,760
Software cost (Note 9)	<b>4,377,508</b>	8,956,265



*Impairment of Nonfinancial Assets (Input VAT, Property and Equipment and Software Cost).* The Company assesses at each reporting date whether there is an indication that an item of nonfinancial assets may be impaired. Determining the value of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that the property and equipment is impaired. Any resulting impairment loss could have a material impact on the Company's financial condition and performance.

The preparation of the estimated future cash flows involves judgments and estimations. While the Company believes that the assumptions used are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

The carrying values of input VAT, property and equipment, and software cost are disclosed in Notes 7, 8 and 9, respectively. No provision for impairment on these assets was recognized in the Company's financial statements for the years ended June 30, 2025 and 2024.

*Impairment of Goodwill.* Acquisition method requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date. It also requires the acquirer to recognize any goodwill as the excess of the acquisition cost over the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The Company's business acquisition in May 2014 resulted in goodwill which is subject to an annual impairment testing. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amounts of CGUs have been determined based on the value in use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. The significant assumptions used in the value in use calculations are forecasted revenue growth, the earnings before interest expense, taxes and depreciation and amortization ("EBITDA") margins, long-term growth rate and discount rate.

Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for an entity having substantially the same risks and characteristics. Management used the weighted average cost of capital wherein the source of the costs of equity and debt financing are weighted. The weighted average cost of capital is the overall required return on the Company. A pre-tax discount rate of 11.9% and 13.4% were used in 2025 and 2024, respectively. The growth rate used in extrapolating the cash flows beyond the period covered by the CGU's recent budgets was 5.0% in 2025 and 2024.

Other assumptions used in the calculations for impairment testing of goodwill are projection rates of new students, retention rates of old students, tuition fee increase rates and inflation rates. Current and historical transactions have been used as indicators of future transactions.

Management believes that any reasonable change in any of the above key assumptions on which the recoverable amount is based on would not cause the carrying value of the goodwill to materially exceed its recoverable amount.



Impairment testing as at June 30, 2025 and 2024 showed that the CGU's recoverable amount was greater than their carrying amount, hence, no provision for impairment loss in value was recognized for the years ended June 30, 2025 and 2024. Goodwill amounted to ₱15.7 million as at June 30, 2025 and 2024 (see Note 9).

*Realizability of Deferred Income Tax Assets.* Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred income tax assets recognized in the statements of financial position amounted to ₱9.6 million and ₱12.5 million as at June 30, 2025 and 2024, respectively (see Note 18).

*Pension Liability.* The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Company to its actuary in calculating such amounts. Those assumptions are described in Note 11 and include among others, discount rate and future salary increases. In accordance with Revised PAS 19, *Employee Benefits*, actual results that differ from the Company's assumptions are included in OCI and are not reclassified to profit or loss in subsequent periods. While it is believed that the assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's pension and other pension obligations. The assumed discount rates were determined using the market yields on Philippine bonds with terms consistent with the expected employee benefit payout as at financial reporting date. As at June 30, 2025 and 2024, the net pension liability of the Company amounted to ₱35.9 million and ₱38.3 million, respectively (see Note 11).

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#### 4. Cash and Cash Equivalents

	2025	2024
Cash on hand	₱2,064,409	₱1,287,090
Cash in banks	85,077,167	109,920,313
Cash equivalents	219,792,386	16,873,314
	<b>₱306,933,962</b>	<b>₱128,080,717</b>

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months and earn interest at the respective short-term investment rates.

Interest income earned from deposits in bank and short-term investments amounted to ₱3.2 million and ₱2.2 million for the years ended June 30, 2025 and 2024, respectively.

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#### 5. Receivables

	2025	2024
Tuition and other school fees	₱91,195,702	₱111,969,648
Advances to officers and employees (Note 17)	9,663,257	8,587,144
Others	8,078,850	8,894,318
	<b>108,937,809</b>	<b>129,451,110</b>
Less allowance for ECL	25,772,227	68,783,578
	<b>₱83,165,582</b>	<b>₱60,667,532</b>



The terms and conditions of the receivables are as follows:

- Tuition and other school fees are noninterest-bearing and are normally collected during enrollment and on or before the date of major examinations.
- Other receivables are normally collected within one month. Included in this item are receivables from canteen and gym rentals.

Movements in allowance for ECL on receivables are as follow:

	2025	2024
Balances at beginning of year	<b>₱68,783,578</b>	₱89,854,148
Provisions (reversal) - net (Note 15)	<b>(145,824)</b>	3,097,660
Write-off	<b>(42,865,527)</b>	(24,168,230)
Balances at end of year	<b>₱25,772,227</b>	₱68,783,578

In June 2025, the BOD of the Company approved the write-off of receivables amounting to ₱42.9 million for the year ended June 30, 2025. These receivables largely pertain to outstanding tuition and other school fees for SY2008-2009 to SY2012-2013 and SY 2020-2021.

In June 2024, the BOD of the Company approved the write-off of receivables amounting to ₱24.2 million for the year ended June 30, 2024. These receivables largely pertain to outstanding tuition and other school fees for SY2017-2018 to SY2019-2020.

Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱0.9 million and ₱0.7 million for the years ended June 30, 2025 and 2024, respectively. These amounts are reported in the “Other income” section in the statements of comprehensive income.

## 6. Inventories

	2025	2024
At cost:		
Uniforms	<b>₱12,642,737</b>	₱12,585,867
School materials and supplies	<b>1,517,073</b>	3,008,964
Proware	<b>699,716</b>	866,792
Textbooks	<b>587,958</b>	587,958
	<b>₱15,447,484</b>	₱17,049,581

No provision for inventory obsolescence was recognized for the years ended June 30, 2025 and 2024.

Inventories charged to cost of educational materials and supplies sold amounted to ₱12.1 million and ₱8.9 million for the years ended June 30, 2025 and 2024, respectively.



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7. **Prepayments and Other Current Assets**

	<b>2025</b>	2024
Input VAT	<b>₱24,944,353</b>	₱18,055,285
Advances to suppliers	<b>12,899,791</b>	13,778,033
Security deposits	<b>1,074,669</b>	971,669
Prepaid expenses	<b>487,010</b>	393,434
	<b>₱39,405,823</b>	₱33,198,421

Input VAT represents the remaining balance after application against output VAT and is recoverable in future periods. This is primarily attributable to the rehabilitation of the university gymnasium, repair of the existing powerhouse as well as the construction of a new powerhouse, and purchases of various goods and services. Total input VAT amounted to ₱24.9 million and ₱21.5 million for the years ended June 30, 2025 and 2024, respectively. The remaining balance of ₱3.5 million as at June 30, 2024 is presented as part of “Other noncurrent assets” (see Note 9).

Advances to suppliers pertain to advance payment for purchase of supplies and materials.

Security deposits mainly pertain to deposits made to a utility company for the installation of transformers and energization of additional power lines for school buildings.

Prepaid expenses mainly pertain to subscription of journals and e-books, SPSS licenses, vehicles, and fire and earthquake insurance coverage on buildings, and are amortized within the period of coverage.



8. Property and Equipment

June 30, 2025										
	Land and Land Improvements (Note 10)	Building and Building Improvements	Office and School Equipment	Office and School Furniture	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Right-of-use Asset - Transportation Equipment	Construction in Progress	Total
<b>Cost:</b>										
Balances at beginning of year	₱163,513,217	₱667,713,669	₱165,471,490	₱54,934,680	₱5,756,982	₱78,233,348	₱84,166,678	₱3,387,650	₱67,469,588	₱1,290,647,302
Additions	-	1,208,798	11,300,954	5,919,519	911,965	891,113	2,313,932	-	111,056,266	133,602,547
Reclassification	-	89,727,145	57,647,428	-	-	-	-	-	(147,374,573)	-
Balances at end of year	163,513,217	758,649,612	234,419,872	60,854,199	6,668,947	79,124,461	86,480,610	3,387,650	31,151,281	1,424,249,849
<b>Accumulated depreciation and amortization:</b>										
Balances at beginning of year	-	239,584,201	142,274,331	34,833,714	3,518,473	67,564,608	81,814,351	585,059	-	570,174,737
Depreciation and amortization (Notes 14 and 15)	-	25,741,257	13,820,518	5,719,265	518,522	4,720,994	883,955	677,529	-	52,082,040
Balances at end of year	-	265,325,458	156,094,849	40,552,979	4,036,995	72,285,602	82,698,306	1,262,588	-	622,256,777
<b>Net book value</b>	<b>₱163,513,217</b>	<b>₱493,324,154</b>	<b>₱78,325,023</b>	<b>₱20,301,220</b>	<b>₱2,631,952</b>	<b>₱6,838,859</b>	<b>₱3,782,304</b>	<b>₱2,125,062</b>	<b>₱31,151,281</b>	<b>₱801,993,072</b>
June 30, 2024										
	Land and Land Improvements (Note 10)	Building and Building Improvements	Office and School Equipment	Office and School Furniture	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Right-of-use Asset - Transportation Equipment	Construction in Progress	Total
<b>Cost:</b>										
Balances at beginning of year	₱163,513,217	₱406,305,295	₱146,758,545	₱43,211,630	₱3,401,558	₱70,808,615	₱82,482,870	₱843,890	₱74,260,188	₱991,585,808
Additions	-	243,106	12,912,779	11,723,050	2,355,424	7,424,733	1,683,808	2,543,760	260,174,834	299,061,494
Reclassification	-	261,165,268	5,800,166	-	-	-	-	-	(266,965,434)	-
Balances at end of year	163,513,217	667,713,669	165,471,490	54,934,680	5,756,982	78,233,348	84,166,678	3,387,650	67,469,588	1,290,647,302
<b>Accumulated depreciation and amortization:</b>										
Balances at beginning of year	-	225,392,626	136,109,729	30,972,622	3,399,675	63,876,785	80,981,783	416,280	-	541,149,500
Depreciation and amortization (Notes 14 and 15)	-	14,191,575	6,164,602	3,861,092	118,798	3,687,823	832,568	168,779	-	29,025,237
Balances at end of year	-	239,584,201	142,274,331	34,833,714	3,518,473	67,564,608	81,814,351	585,059	-	570,174,737
<b>Net book value</b>	<b>₱163,513,217</b>	<b>₱428,129,468</b>	<b>₱23,197,159</b>	<b>₱20,100,966</b>	<b>₱2,238,509</b>	<b>₱10,668,740</b>	<b>₱2,352,327</b>	<b>₱2,802,591</b>	<b>₱67,469,588</b>	<b>₱720,472,565</b>



As at June 30, 2025, the remaining construction-in-progress account includes the costs of renovation of the university gymnasium with a total project cost of ₱66.3 million, repair and rehabilitation of the existing powerhouse as well as the construction of another powerhouse to house the generators with a total project cost of ₱3.7 million, construction of a Materials Recovery Facility (MRF) for waste disposal with a total project cost of ₱1.95 million, and the replacement of air-conditioning units (ACUs) for its college buildings with a total cost of ₱4.3 million. The renovation of the university gymnasium and installation of the new ACUs for its college buildings were all completed in September 2025. The repair and rehabilitation of the existing powerhouse and the construction of the new powerhouse, including the construction of the MRF Facility have likewise been completed in September 2025.

As at June 30, 2024, the remaining construction-in-progress account included the costs of construction of STI WNU's new university canteen, the construction of another kitchen laboratory for its College of Hotel and Tourism Management, and rehabilitation of student lounge and walkway, aggregating to ₱67.5 million. The construction of the kitchen laboratory and the rehabilitation of the student lounge and walkway were both completed in January 2025, while the new university canteen was completed in June 2025.

The cost of fully depreciated assets still used in operations amounted to ₱207.3 million and ₱191.1 million as at June 30, 2025 and 2024, respectively.

The Company has non-cash investing activities pertaining to unpaid progress billing for construction-in-progress amounting to ₱4.2 million as at June 30, 2025 and the addition to right-of-use asset amounting to ₱2.5 million for the year ended June 30, 2024.

## 9. Other Noncurrent Assets

	2025	2024
Advances to suppliers	₱28,196,442	₱27,063,602
Goodwill	15,681,232	15,681,232
Software cost	4,377,508	8,956,265
Security deposits	2,112,669	1,870,191
Input VAT - net of current portion (Note 7)	-	3,487,371
	<b>₱50,367,851</b>	<b>₱57,058,661</b>

### Advances to Suppliers

Advances to suppliers as of June 30, 2025 include advance payments for the rehabilitation of the university gymnasium, and solar panels for SBE and Engineering buildings.

The balance as of June 30, 2024 includes advance payments for the construction of STI WNU's new university canteen, construction of a kitchen laboratory for the College of Hotel and Tourism Management, and rehabilitation of STI WNU's student lounge (see Note 8).

### Goodwill

In February 2014, the Company acquired STI Bacolod. The transaction, which was accounted for as an acquisition of a business, resulted to the recognition of goodwill in the amount of ₱15.7 million.

Management performs its impairment test at the end of each reporting period. The recoverable amount is computed based on value-in-use calculation using cash flow projections. Future cashflows are discounted using a pre-tax discount rate of 11.9% and 13.4% in 2025 and 2024, respectively. The cash flow projections are based on a five-year financial planning period as approved by senior management.



Management used forecasted revenue increase ranging from 12.8% to 25.6% and 8.1% to 27.2% in 2025 and 2024, respectively, for the next five (5) years. The long-term growth rate applied beyond the five-year forecast is 5.00% in June 2025 and 2024. No provision for impairment on goodwill was recognized for the years ended June 30, 2025 and 2024.

*Key assumptions used in the value-in-use calculations*

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Forecasted revenue growth - Revenue forecasts are management’s best estimates considering factors such as historical/industry trends, target market analysis, government regulations and other economic factors. Revenue forecasts are primarily dependent on the number of students enrolled and tuition fee rates.
- Long-term growth rate - Rates are based on published industry research.
- Discount rate - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (“WACC”). The Company used the WACC rate as affected by the beta of companies with similar activities and capital structure with the CGUs. WACC is driven by cost of equity and debt which consider lending rates with a tenor of 10 years to consider both liquidity and risk.

*Sensitivity to changes in assumptions*

With regard to the assessment of value-in-use of the CGUs, management believes that a reasonably possible change in the assumptions would not cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Software Cost

Software cost pertains to the Company's academic management system. Movements in this account follow:

	2025	2024
<b>Cost:</b>		
Balances at beginning and end of year	<b>₱22,306,042</b>	₱22,306,042
<b>Accumulated amortization:</b>		
Balances at beginning of year	<b>13,349,777</b>	6,710,820
Amortization (Note 15)	<b>4,578,757</b>	6,638,957
Balances at end of year	<b>17,928,534</b>	13,349,777
<b>Net book value</b>	<b>₱4,377,508</b>	₱8,956,265

Security Deposits

Security deposits mainly pertain to deposits made to a utility company for the installation of transformers. Such deposits will be refunded to the Company upon termination of the service contract and return of such transformers.

Long-term Negotiable Certificate of Deposit

On July 12, 2018, the Company invested ₱2.00 million as long-term negotiable certificate of deposit with China Banking Corporation which matured in January 2024. The deposit earned an interest of 4.55% per annum. Interest income earned from long-term negotiable certificate of deposit amounted to ₱18,200 in 2024.



## 10. Accounts Payable and Other Current Liabilities

	2025	2024
Accounts payable (Note 17)	₱60,002,705	₱77,089,117
Due to a related party (Note 17)	4,073,570	–
Accrued expenses:		
Salaries and wages	12,196,803	9,771,161
Graduation	3,982,975	3,036,270
Outside services	2,626,537	3,025,290
Others	1,996,734	27,150
Retention payable	11,085,870	17,220,363
Statutory payables	3,131,950	3,386,092
Dividends payable	69,486	69,486
Others	572,955	1,181,325
	<b>₱99,739,585</b>	<b>₱114,806,254</b>

The nature of the above liabilities are as follows:

- Accounts payable are noninterest-bearing and are normally settled within a 30 to 60-day term. It also includes due to National Service Training Program (“NSTP”) and to Supreme Student Government (“SSG”). These are normally settled within the first month of the next financial year.
- Due to related parties are transactions with related parties in the normal course of business and are normally settled in cash within the year (see Note 17).
- Accrued expenses significantly relate to accruals for operating expenses. These are normally settled within the first month of the next financial year.
- Retention payable includes amounts due to contractors which are settled upon satisfactory completion of the project. As of June 30, 2025, retention payable includes retention for the rehabilitation of the university gymnasium, and repair of the existing powerhouse as well as the construction of another powerhouse. As of June 30, 2024, retention payable includes retention for the construction of the new SBE building and the kitchen laboratory for the College of Hotel and Tourism Management, and rehabilitation of STI WNU’s student lounge.
- Statutory payables primarily include taxes payable and other payables to government agencies which are normally settled on or before the respective due dates, typically within five (5) to 30 days following the end of the taxable month or quarter, in accordance with Bureau of Internal Revenue (“BIR”) regulations.
- Dividends payable pertain to dividends declared and which have remained unclaimed to date (see Note 12).
- Other payables include refundable deposits from lessees of food kiosks.

## 11. Pension Plan

The Company has a funded defined benefit plan covering substantially all of its officers and employees. The plan provides benefits upon a member’s normal retirement age of 60. The benefits are based on the years of service and percentage of latest monthly salary. It is managed by Rizal Commercial Banking Corporation Trust and Investments Group and is duly registered with the BIR.



Under the existing regulatory framework, RA No. 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense recognized in the statements of comprehensive income and the amounts recognized in the statements of financial position for the pension liabilities.

The net pension expense recognized in profit or loss follows:

	2025	2024
Current service cost	₱2,466,274	₱2,177,011
Net interest cost	2,580,802	2,156,244
<b>Net pension expense</b>	<b>₱5,047,076</b>	<b>₱4,333,255</b>

The net pension liability recognized in the statements of financial position follows:

	2025	2024
Present value of defined benefit obligation	₱36,201,434	₱38,630,533
Fair value of plan assets	(292,316)	(282,810)
	<b>₱35,909,118</b>	<b>₱38,347,723</b>

Changes in the present value of the defined benefit obligation are as follows:

	2025	2024
Defined benefit obligation at beginning of year	₱38,630,533	₱34,990,742
Current service cost	2,466,274	2,177,011
Interest cost	2,599,835	2,172,925
Actuarial loss (gain) due to:		
Changes in financial assumptions	825,106	(1,512,086)
Experience adjustments	(788,445)	4,155,282
Benefits paid	(7,531,869)	(3,353,341)
<b>Defined benefit obligation at end of year</b>	<b>₱36,201,434</b>	<b>₱38,630,533</b>

Changes in the fair value of plan assets of the Company are as follows:

	2025	2024
Fair value of plan assets at beginning of year	₱282,810	₱268,620
Interest income	19,033	16,681
Actual contributions	7,531,869	3,353,341
Benefits paid	(7,531,869)	(3,353,341)
Actuarial loss	(9,527)	(2,491)
<b>Fair value of plan assets at end of year</b>	<b>₱292,316</b>	<b>₱282,810</b>
<b>Actual return on plan assets</b>	<b>₱9,506</b>	<b>₱14,190</b>



The remeasurement effect of employee benefits recognized in the statements of comprehensive income, included in “Other comprehensive loss”, follows:

	2025	2024
Actuarial loss	<b>₱36,661</b>	₱2,643,196
Loss on return on plan assets, excluding amount included in net interest	<b>9,527</b>	2,491
Remeasurement loss on employee benefits	<b>46,188</b>	2,645,687
Income tax effect	<b>(4,619)</b>	(264,569)
	<b>₱41,569</b>	₱2,381,118

The principal assumptions used in determining pension benefit obligations of the Company are shown below:

	2025	2024
Discount rate	<b>6.73%</b>	6.21%
Future salary rate increases	<b>8.00%</b>	8.00%

As of June 30, 2025, the discount rate and future salary increase rate is 6.73% and 8.00%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the value of the defined benefit obligation as at June 30, assuming all other assumptions were held constant:

	<b>Increase (Decrease) in Defined Benefit Obligation</b>	
	2025	2024
Discount rates:		
Increase by 1%	<b>(₱2,895,672)</b>	(₱2,600,349)
Decrease by 1%	<b>3,453,968</b>	3,124,089
Future salary increases:		
Increase by 1%	<b>3,314,033</b>	3,000,916
Decrease by 1%	<b>(2,870,635)</b>	(2,587,688)
Employee turnover:		
Increase by 10%	<b>(570,765)</b>	(474,071)
Decrease by 10%	<b>570,765</b>	474,071

The expected contribution of the Company in 2026 is ₱8.2 million.

Management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Company’s defined benefit plans are guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

As at June 30, 2025 and 2024, the average duration of the defined benefit obligation is 16 and 15 years, respectively.



Shown below is the maturity analysis of the undiscounted benefit payments as at June 30:

	2025	2024
Within one year	<b>₱3,590,208</b>	₱10,877,913
After one year but not more than five years	<b>15,385,695</b>	12,306,771
After five years but not more than 10 years	<b>23,961,794</b>	21,741,508
After 10 years but not more than 15 years	<b>30,195,983</b>	25,476,078
After 15 years and beyond	<b>145,373,868</b>	125,926,728

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2025	2024
Government securities	<b>42.31%</b>	42.92%
Cash in banks, loans and receivables	<b>57.69%</b>	57.08%

The Company's net assets available for plan benefits consist of the following:

	2025	2024
Fixed income:		
Short-term	<b>₱173,769</b>	₱161,874
Medium and long-term - Government securities	<b>117,770</b>	114,430
Others	<b>777</b>	6,506
	<b>₱292,316</b>	₱282,810

*Short-term Fixed Income.* Short-term fixed income investment includes time deposits and special savings deposits.

*Medium and Long-term Fixed Income.* Investments in medium and long-term fixed income include Philippine peso-denominated bonds, such as government securities, whose maturities range from one (1) to 15 years and interest rates ranging from 4.90% to 6.13%.

*Others.* This pertains to accrued interest receivable on cash equivalents, net of accrued trust fees and withholding tax payable.

## 12. Equity

### Capital Stock

	2025		2024	
	Number of Shares	Amount	Number of Shares	Amount
Authorized - ₱100 par value	<b>10,000,000</b>	<b>₱1,000,000,000</b>	10,000,000	₱1,000,000,000
Subscribed	<b>5,031,260</b>	<b>₱503,126,000</b>	3,031,260	₱303,126,000
Treasury shares	<b>(17,469)</b>	<b>(12,463,761)</b>	(17,469)	(12,463,761)
Outstanding shares	<b>5,013,791</b>	<b>₱490,662,239</b>	3,013,791	₱290,662,239



The movement in subscribed capital stock follows:

	2025		2024	
	Number of Shares	Amount	Number of Shares	Amount
Balances at beginning of year	3,031,260	₱303,126,000	3,031,260	₱303,126,000
Stock dividends distributed	2,000,000	200,000,000	–	–
Balances at end of year	5,031,260	₱503,126,000	3,031,260	₱303,126,000

As at June 30, 2025 and 2024, subscriptions receivable amounted to ₱6,525.

#### Retained Earnings

On October 11, 2024, the Company's BOD authorized the declaration of stock dividends equivalent to 2,000,000 common shares, with an aggregate par value of ₱200.0 million, taken from the unissued portion of the authorized capital stock. The ₱200.0 million stock dividends, which were due to all stockholders of record as of September 30, 2024, were taken out of the Company's audited retained earnings as of June 30, 2024. This was approved by the Company's stockholders in their meeting held on November 14, 2024. The stock certificates were issued in May 2025. The related documentary stamp tax paid amounting to ₱2.0 million was recognized as stock issuance cost and presented as reduction to retained earnings in the statement of changes in equity for the year ended June 30, 2025.

On December 20, 2023, the Company's BOD approved the declaration of cash dividends amounting to ₱75.3 million in favor of all stockholders of record as at December 31, 2023 and paid on March 19, 2024.

### 13. Revenues and Other Income

#### Disaggregated Revenue Information

The disaggregated revenue information is presented in the statements of comprehensive income in a manner that reflects the various sources and categories of revenues generated by the Company for the years ended June 30, 2025 and 2024.

#### Timing of Revenue Recognition

	2025	2024
Services transferred over time	₱672,261,073	₱572,887,005
Goods transferred at a point in time	16,130,031	11,847,599
	₱688,391,104	₱584,734,604

#### Contract Balances

The Company's receivables are disclosed in Note 5 while the contract liabilities are presented as "Unearned tuition and other school fees" in the statements of financial position. There is no significant change in the contract liability and the timing of revenue recognition for SY2024-2025 and SY2023-2024.



Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱8.7 million and ₱21.3 million for the years ended June 30, 2025 and 2024, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the years ended June 30, 2025 and 2024.

#### Performance Obligations

The performance obligation related to revenue from tuition and other school fees are satisfied over time since the student consume the benefit provided by the Company's performance. The payment for these services is normally due within the related school term.

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 is transferred at this point. The payment for the sale of educational materials and supplies is generally due within 30 days from delivery.

As at June 30, 2025 and 2024, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) which are expected to be satisfied within one (1) year amounted to ₱23.3 million and ₱8.7 million, respectively. These pertain to the advance payment for tuition and other school fees for the school year commencing after the financial reporting date and will be recognized as tuition and other school fees within one (1) year.

On the other hand, the Company does not have any performance obligations that are expected to be satisfied in more than one year.

#### Other Income

For the years ended June 30, 2025 and 2024, other income includes registration fees paid from students of OK English Academy and income from the sale of scrap materials from the demolition of old canteen and rehabilitation of the university gymnasium.

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#### 14. Cost of Educational Services

	2025	2024
Faculty salaries and benefits (Note 16)	<b>₱113,508,668</b>	₱104,159,289
Depreciation and amortization (Note 8)	<b>38,511,848</b>	21,994,756
Student activities and programs	<b>20,989,560</b>	19,759,322
Software maintenance	<b>13,812,979</b>	8,057,950
University projects and programs	<b>12,493,943</b>	11,355,260
Professional fees	<b>6,522,619</b>	5,427,019
Supplies and materials	<b>5,702,180</b>	4,907,790
Printing and publication expense	<b>4,441,749</b>	4,590,852
Others	<b>11,357,180</b>	12,841,087
	<b>₱227,340,726</b>	₱193,093,325



## 15. General and Administrative Expenses

	2025	2024
Salaries, wages and benefits (Note 16)	₱42,986,597	₱38,071,448
Light and water	25,518,564	20,320,109
Depreciation and amortization (Notes 8 and 9)	18,148,949	13,669,438
Security and janitorial	17,508,283	16,452,835
Repairs and maintenance	8,021,124	13,270,527
Taxes and licenses	5,553,466	3,722,994
Supplies and materials	3,726,955	2,539,484
Professional fees	3,617,157	5,713,465
Advisory fees (Note 17)	3,600,000	3,600,000
Advertising	2,122,862	1,791,775
Travel and transportation	1,350,222	1,261,699
Insurance	1,327,857	985,387
Entertainment and representation	1,325,326	1,188,002
Communication	631,170	966,629
Rent	164,210	164,210
Provision for (reversal of) allowance for ECL - net (Note 5)	(145,824)	3,097,660
Others	3,969,162	2,218,200
	<b>₱139,426,080</b>	<b>₱129,033,862</b>

## 16. Personnel Expenses

	2025	2024
Salaries and wages (Notes 14 and 15)	₱132,669,050	₱116,833,229
Other employee benefits (Notes 14 and 15)	18,779,139	21,064,253
Net pension expense (Notes 11, 14 and 15)	5,047,076	4,333,255
	<b>₱156,495,265</b>	<b>₱142,230,737</b>

## 17. 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) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. The Company has entered into transactions with related parties in the normal course of business.



The amounts included in the financial statements with respect to these transactions are as follows:

<b>Related Party</b>	<b>Year</b>	<b>Amount of Transactions During the Year</b>	<b>Outstanding Receivable (Payable)</b>	<b>Terms and Conditions</b>
<b>Parent Company</b>				
Advisory fee (Note 15)	2025	₱3,600,000	₱–	Payable within one (1) year; unsecured; noninterest-bearing
	2024	₱3,600,000	₱–	
<b>Affiliates*</b>				
<b>STI Education Services Group, Inc. (“STI ESG”)</b>				
Accounts payable (Note 10)	2025	29,007,950	(14,704,479)	Payable within one (1) year, unsecured; noninterest-bearing
	2024	33,545,445	–	
Due to STI ESG (Note 10)	2025	7,746,999	(4,073,570)	Payable within one (1) year, unsecured; noninterest-bearing
	2024	7,818,817	–	
<b>GROW VITE Staffing Services</b>				
Janitorial and staffing services	2025	8,380,770	(779,279)	Payable within one (1) year, unsecured; noninterest-bearing
	2024	8,424,726	(3,713,283)	
<b>Philhealthcare, Inc.</b>				
HMO coverage	2025	1,080,766	(159,921)	Payable within one (1) year, unsecured; noninterest-bearing
	2024	1,024,341	–	
<b>Phils First Insurance Co., Inc.</b>				
Insurance	2025	1,590,459	(4,735)	Payable within one (1) year, unsecured; noninterest-bearing
	2024	249,289	–	
<b>Officers and Employees</b>				
Advances (Note 5)	2025	9,997,521	9,663,257	Liquidated within one (1) year; unsecured; no impairment; noninterest-bearing
	2024	7,053,169	8,587,144	

\*Affiliates are entities under common control

Related party receivables and payables are generally settled in cash.

a. Business Advisory Agreement with STI Holdings

In January 2015, the Company and its Parent Company entered into an agreement for the latter to act as an adviser of the Company for a monthly fee of ₱0.3 million. Advisory fees incurred amounted to ₱3.6 million for the years ended June 30, 2025 and 2024.

b. Transactions with STI ESG

*Accounts Payable.* This pertains to purchase of educational materials and supplies, educational services, and fees for the use of various software to support the operations of the Company, such as eLMs, PSCS and Adobe, among others.

*Due to STI ESG.* This pertains to reimbursement to STI ESG for various expenses and other charges.



c. Compensations to key management personnel are as follows:

	2025	2024
Short-term employee benefits	<b>₱3,731,228</b>	₱4,675,556
Post-employment benefits	–	235,615
	<b>₱3,731,228</b>	₱4,911,171

## 18. Income Tax

Private educational institutions are subject to tax under RA No. 8424, “An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes” which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporation - Sec 27(B) of the said Act defines and provides that: a “Proprietary Educational Institution” is any private school maintained and administered by private individuals or groups with an issued permit to operate from DepEd, CHED, or TESDA, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of 10% on its taxable income.

On June 20, 2023, the BIR issued Revenue Memorandum Circular (“RMC”) No. 69-2023 reverting the preferential income tax rate of proprietary education institutions and nonprofit hospitals to 10% effective July 1, 2023 pursuant to RA No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (“CREATE”)” Act. Preferential income tax rate was previously reduced from 10% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized provision for current income tax using the effective rate of 10% starting taxable year 2024 in accordance with RMC 69-2023.

The components of the Company’s recognized deferred income tax assets as of June 30 are as follows:

	2025	2024
Pension liability	<b>₱3,590,912</b>	₱3,834,772
Allowance for ECL	<b>2,577,223</b>	6,878,358
Unearned tuition and school fees	<b>2,333,341</b>	868,343
Unamortized past service cost	<b>1,140,758</b>	919,582
	<b>₱9,642,234</b>	₱12,501,055

The reconciliation between the provision for income tax computed at the statutory income tax rate and the provision for income tax as shown in the Company’s statements of comprehensive income are as follows:

	2025	2024
Provision for income tax at statutory income tax rate	<b>₱31,547,744</b>	₱25,789,172
Tax effects of interest income already subjected to final tax	<b>(315,103)</b>	(225,137)
	<b>₱31,232,641</b>	₱25,564,035



## 19. Financial Risk Management Objectives and Policies

The principal financial instruments of the Company are comprised of cash and cash equivalents, and receivables. The Company has various other financial instruments such as security deposits, accounts payable and other current liabilities, and obligation under finance lease which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The BOD and the Company's management review and approve policies for managing each of these risks.

### Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet its currently maturing commitments. The Company'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 Company uses internally generated funds. As part of its liquidity risk management program, the Company regularly evaluates projected and actual cash flow information. The Company's EBITDA amounted to ₱368.3 million and ₱291.3 million in 2025 and 2024, respectively.

The following table shows the maturity profile of the Company's financial instruments as at June 30:

	2025				Total
	Due and Demandable	Less than 3 Months	3 to 12 Months	More than 1 Year	
<b>Financial Assets</b>					
At amortized cost:					
Cash and cash equivalents	₱306,933,962	₱-	₱-	₱-	₱306,933,962
Receivables <sup>(a)</sup>	16,340,432	15,517,296	15,800,864	25,843,733	73,502,325
Security deposits	-	-	103,000	3,084,338	3,187,338
	323,274,394	15,517,296	15,903,864	28,928,071	383,623,625
<b>Financial Liabilities</b>					
Other financial liabilities:					
Accounts payable and other current liabilities <sup>(b)</sup>	54,797,677	5,250,364	36,559,594	-	96,607,635
<b>Net Financial Assets (Liabilities)</b>	<b>₱268,476,717</b>	<b>₱10,266,932</b>	<b>(₱20,655,730)</b>	<b>₱28,928,071</b>	<b>₱287,015,990</b>

<sup>(a)</sup>Excluding advances to officers and employees amounting to ₱9.7 million.

<sup>(b)</sup>Excluding statutory payables amounting to ₱3.1 million.

	2024				Total
	Due and Demandable	Less than 3 Months	3 to 12 Months	More than 1 Year	
<b>Financial Assets</b>					
At amortized cost:					
Cash and cash equivalents	₱128,080,717	₱-	₱-	₱-	₱128,080,717
Receivables <sup>(a)</sup>	13,930,504	13,102,846	14,851,420	10,195,618	52,080,388
Security deposits	-	-	783,658	2,058,202	2,841,860
	142,011,221	13,102,846	15,635,078	12,253,820	183,002,965
<b>Financial Liabilities</b>					
Other financial liabilities:					
Accounts payable and other current liabilities <sup>(b)</sup>	53,601,003	7,052,977	50,766,182	-	111,420,162
<b>Net Financial Assets (Liabilities)</b>	<b>₱88,410,218</b>	<b>₱6,049,869</b>	<b>(₱35,131,104)</b>	<b>₱12,253,820</b>	<b>₱71,582,803</b>

<sup>(a)</sup>Excluding advances to officers and employees amounting to ₱8.6 million.

<sup>(b)</sup>Excluding statutory payables amounting to ₱3.4 million.



### Credit Risk

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. It is the Company's policy to require the students to pay all their tuition and other incidental fees before they can get their report cards and other credentials. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. With respect to credit risk arising from other financial assets of the Company, which comprise cash and deposits, exposure of the Company to credit risk arises from default of the counterparty, with maximum exposure equal to carrying amount of these instruments.

*Credit Risk Exposures.* The table below shows the gross maximum exposure to credit risk of the Company, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as at June 30:

	2025		2024	
	Gross Maximum Exposure <sup>(a)</sup>	Net Maximum Exposure <sup>(b)</sup>	Gross Maximum Exposure <sup>(a)</sup>	Net Maximum Exposure <sup>(b)</sup>
Cash and cash equivalents <sup>(c)</sup>	₱304,869,553	₱299,367,236	₱126,793,627	₱123,924,107
Receivables <sup>(d)</sup>	73,502,325	73,502,325	52,080,388	52,080,388
Security deposits	3,187,338	3,187,338	2,841,860	2,841,860
	<b>₱381,559,216</b>	<b>₱376,056,899</b>	<b>₱181,715,875</b>	<b>₱178,846,355</b>

<sup>(a)</sup> Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.

<sup>(b)</sup> Gross financial assets after taking into account any collateral held or other credit enhancements or offsetting arrangements or insurance in case of bank deposits.

<sup>(c)</sup> Excluding cash on hand amounting to ₱2.1 million and ₱1.3 million as at June 30, 2025 and 2024, respectively.

<sup>(d)</sup> Excluding advances to officers and employees amounting to ₱9.7 million and ₱8.6 million as at June 30, 2025 and 2024, respectively.

*Credit Quality per Class of Financial Asset.* The tables below show the credit quality by class of financial assets based on the Company's credit rating system as at June 30:

	2025				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Cash in banks and cash equivalents	₱304,869,553	₱-	₱-	₱-	₱304,869,553
Receivables:					
Tuition and other school fees	-	-	-	91,195,702	91,195,702
Other receivables	8,078,850	-	-	-	8,078,850
Security deposits	3,187,338	-	-	-	3,187,338
Gross carrying amount	316,135,741	-	-	91,195,702	407,331,443
ECL	-	-	-	(25,772,227)	(25,772,227)
Carrying amount	<b>₱316,135,741</b>	<b>₱-</b>	<b>₱-</b>	<b>₱65,423,475</b>	<b>₱381,559,216</b>

	2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Cash in banks and cash equivalents	₱126,793,627	₱-	₱-	₱-	₱126,793,627
Receivables:					
Tuition and other school fees	-	-	-	111,969,648	111,969,648
Other receivables	8,894,318	-	-	-	8,894,318
Security deposits	2,841,860	-	-	-	2,841,860
Gross carrying amount	138,529,805	-	-	111,969,648	250,499,453
ECL	-	-	-	(68,783,578)	(68,783,578)
Carrying amount	<b>₱138,529,805</b>	<b>₱-</b>	<b>₱-</b>	<b>₱43,186,070</b>	<b>₱181,715,875</b>



The following are the details of the Company's assessment of credit quality and the related ECLs as at June 30, 2025 and 2024:

- *General Approach*
  - *Cash in Banks and Cash Equivalents.* The ECL relating to the cash in banks and cash equivalents of the Company is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
  - *Other Receivables and Security Deposits.* The Company did not recognize ECL relating to other receivables and security deposits since there were no history of default payments. A collective and specific impairment assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.
- *Simplified Approach*
  - *Tuition and Other School Fees.* The Company applied the simplified approach under PFRS 9, using a 'provision matrix'. The Company considers a receivable as past due when it has not been fully paid at the end of the school term.

The table below shows the aging analysis of receivables from tuition and other school fees on which the amount of allowance was based on lifetime ECL:

	Current	Within the Current Semester	After the Semester but within the School Year	After the School Year	ECL	Total
2025	₱16,305,432	₱15,374,671	₱15,731,448	43,784,151	(₱25,772,227)	₱65,423,475
2024	13,930,504	12,897,648	14,204,530	70,936,966	(68,783,578)	43,186,070

#### Capital Management

The Company's objective when managing fund risk is to ensure that cash is available to support its operations and all other projects undertaken by the Company and to maintain funds on a long-term basis.

No other changes were made in the objectives, policies or processes in 2025 and 2024.

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## 20. Fair Value Information of Financial Assets and Liabilities

*Cash and Cash Equivalents, Receivables, and Accounts Payable and Other Current Liabilities.* Due to the short-term nature of the transactions, the carrying amounts of these instruments approximate the fair values as of June 30, 2025 and 2024.

*Security Deposits.* The fair values of utility security deposits are not determinable since the timing of each refund is linked to the cessation of service, which is not reasonably predictable, hence presented at cost. For the years ended June 30, 2025 and 2024, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



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## 21. Contingencies and Commitments

### Contingencies

Due to the nature of the Company's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves illegal dismissal cases under which faculty members have brought claims against the Company by reason of their faculty contract. The Company is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and its BOD has no knowledge of any proceedings pending or threatened against the Company or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that the Company has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Company's financial position and results of operations.

### Capital Commitments

The Company has contractual commitments and obligations for the construction of school buildings and upgrade of its facilities aggregating to ₱452.8 million and ₱404.4 million as of June 30, 2025 and 2024, respectively. Of these, ₱408.6 million and ₱301.5 million had already been paid as at June 30, 2025 and 2024, respectively.

### Company as Lessor

Building spaces such as classrooms are rented out to OK English Academy and ICSEC Kaplan Bacolod for their classes while canteen spaces are rented out to concessionaires. Rental income amounted to ₱1.1 million and ₱0.7 million for the years ended June 30, 2025 and 2024, respectively.

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## 22. Changes in Liabilities Arising from Financing Activities

Changes in the Company's dividends payable arising from financing activities follow:

	<b>2025</b>	2024
Balances at beginning of year	<b>₱69,486</b>	₱68,511
Noncash movement - dividend declaration	-	75,344,775
Cash flow	-	(75,343,800)
Balances at end of year	<b>₱69,486</b>	₱69,486

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## 23. Supplementary Information Required under Revenue Regulations No. 15-2010

Below is the additional information required by Revenue Regulations No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. The Company reported and/or paid the following types of taxes for the year:

### VAT

The Company as a school is a VAT-exempt entity. However, the Company has vatable transactions on which input VAT is recorded and output VAT is paid.



Movements in input VAT for the year ended June 30, 2025 follow:

Balance at July 1, 2024	₱20,697,471
Purchase of capital goods exceeding ₱1.0 million	10,728,983
Purchase of capital goods not exceeding ₱1.0 million	321,418
Domestic purchases other than capital goods	3,519,369
Domestic purchase of services	13,901,216
Total	49,168,457
Input VAT allocable to exempt sales	(22,271,690)
Input VAT claimed against output VAT	(1,952,414)
Balance at June 30, 2025	₱24,944,353

Documentary Stamp Tax (DST)

DST for the year ended June 30, 2025 consists of:

Stock issuance <sup>1</sup>	₱2,000,000
Others <sup>2</sup>	2,160
	₱2,002,160

<sup>1</sup>DST payment was presented as reduction to the Company's retained earnings.

<sup>2</sup>Presented as "other DST" under "Other taxes and licenses" section.

Other Taxes and Licenses

All other taxes and licenses for the year ended June 30, 2025 consist of:

License and permit fees	₱5,332,037
Annual registration fee	215,430
Other DST	2,160
Others	3,839
	₱5,553,466

Withholding Taxes

The following table summarizes the withholding taxes recognized for the year ended June 30, 2025:

	Paid	Accrued
Expanded withholding taxes	₱5,785,130	₱907,505
Withholding tax on compensation	4,766,513	409,905
	₱10,551,643	₱1,317,410

Tax Assessments and Tax Cases

The Company has no deficiency tax assessments issued by the BIR to the Company as at June 30, 2025. Also, the Company has no pending tax cases outside the administration of the BIR as at June 30, 2025.

