COVER SHEET

1 7 4 6

STI EDUCATION SYSTEMS HOLDINGS,
INC. AND SUBSIDIARIES

(Company's Full Name)

7/F STI HOLDINGS CENTER
6764 AYALA AVE., MAKATI CITY
1226

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

ARSENIO C. CABRERA, JR.	(632) 8813 7111
Contact Person	Company Telephone Number

0 6	3 0	SEC FORM 17-A For the Fiscal Year ended June 30, 2023	Third Friday of November
Month	*Day*	FORM TYPE	*Month* *Day*
Fiscal Year			Annual Meeting

N A

Secondary License Type, If Applicable

C F D	AOI - Art. III; By-Laws - Art. II, Art. VI, Sec. 6 and Art. VII
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

1 2 6 4	N A	N A
Total No. of Stocholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

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

1.	For the fiscal year ended	June 30, 2023
2.	SEC Identification Number	1746
3.	BIR Tax Identification Number	000-126-853
4.	Exact name of registrant as specified in its charter	STI EDUCATION SYSTEMS HOLDINGS, INC.
5.	Province, country or other jurisdiction of incorporation or organization	Metro Manila, Philippines
6.	Industry Classification Code (SEC Use Only)	
7.	Address of Principal Office	7th Floor STI Holdings Center 6764 Ayala Avenue 1226 Makati City
8.	Registrant's telephone number (including area code)	(632) 8844-9553
9.	Former name, former address, **former fiscal year**, if changed since last report	

10. Securities Registered pursuant to Sections 4 and 8 of the RSA.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	9,904,806,924 shares Issued and Outstanding

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

Yes [/]　　　　No [ ]

Name of Stock Exchange: Philippine Stock Exchange　　Class of Securities: Common

12. Check whether the registrant:

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

Yes [/]　　　　No [ ]

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

Yes [/]　　　　No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

    3,057,612,687 shares based on the closing price as of September 30, 2023 of ₱0.41per share: ₱1,253,621,201.67

    Note: As of June 30, 2023, the Company's shares were traded at ₱0.38 each.

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

DOCUMENTS INCORPORATED BY REFERENCE

15. The June 30, 2023 Audited Consolidated Financial Statements are incorporated by reference in this SEC Form 17-A (Item 7)

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PART 1 - BUSINESS AND GENERAL INFORMATION

Item 1. DESCRIPTION OF BUSINESS

Group History and Structure

STI Education Systems Holdings, Inc.

STI Education Systems Holdings, Inc. (STI Holdings or the Parent Company) was originally established in 1928 as the Philippine branch office of Theo H. Davies & Co., a Hawaiian corporation. It was reincorporated as a Philippine corporation in 1946. After many years of operations as part of the Jardine-Matheson group, STI Holdings was sold to local Philippine investors in 2006. In March 2010, it became part of the Tanco Group of Companies.

STI Holdings is the holding company within the Tanco Group that drives investment in its education business. It is a publicly-listed company in the Philippine Stock Exchange (PSE) and its registered office address and principal place of business is 7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City. Unless indicated otherwise or the context otherwise requires, reference to the "Group" are to STI Holdings and its subsidiaries.

In June and August 2012, the Board of Directors and stockholders of the Parent Company, respectively, approved the share-for-share swap transaction (the "Share Swap") between the shareholders of the Parent Company and the shareholders of STI Education Services Group, Inc. (STI ESG Shareholders) and the corresponding increase in the Company's authorized capital stock from 1,103,000,000 shares with an aggregate par value of ₱551.5 million to 10,000,000,000 shares with an aggregate par value of ₱5 billion. The Securities and Exchange Commission (SEC) approved both the Share Swap and increase in authorized capital stock in September 2012.

In the latter part of August 2012, the Board of Directors of STI Holdings approved the offering and issuance by way of a follow-on offering of up to a maximum of 3 billion common shares of the Parent Company. The Offer, comprised of Primary Offering, Secondary Offering and the Over Allotment Option were all executed and completed in November 2012 where a total of 2,900,000,000 shares were issued following its listing in the PSE.

As of June 30, 2023 and June 30, 2022, STI Holdings has outstanding shares totaling 9,904,806,924 out of its authorized capital stock of 10 billion shares.

STI Holdings has 4 subsidiaries as of June 30, 2023, namely: STI Education Services Group, Inc. (STI ESG), STI West Negros University, Inc. (STI WNU), Information and Communications Technology Academy, Inc. (iACADEMY), and Attenborough Holdings Corporation (AHC).

Consolidation of STI ESG into STI Holdings

In August 2012, STI Holdings' shareholders approved an increase in share capital from 1,103,000,000 shares with an aggregate par value of ₱551.5 million to 10,000,000,000 shares with an aggregate par value of ₱5 billion and a share swap agreement with the STI ESG Shareholders. The SEC approved the agreement and the increase in the authorized capital of the Parent Company in September 2012. By the end of October 2012, the consolidation of the two companies was completed.

In view of the increase in its authorized capital stock and pursuant to the Share Swap, STI Holdings issued 5,901,806,924 shares to STI ESG Shareholders in exchange for 907,970,294 common shares of STI ESG. As a result, immediately after the Share Swap, the STI ESG Shareholders who joined the Share Swap owned approximately 84% interest in STI Holdings while STI Holdings increased its shareholdings to 96.0% of the total issued and outstanding capital stock of STI ESG.

In November and December 2012, STI Holdings subscribed to 2.1 billion STI ESG shares. In July 2013, the Parent Company acquired an additional 328,125 shares. STI Holdings' ownership of STI ESG is at 98.7% as of June 30, 2023 and 2022.

Acquisition of West Negros University

On October 1, 2013, STI Holdings acquired 99.45% of the issued and outstanding common shares and 99.93% of the issued and outstanding preferred shares of West Negros University Corp., now known as STI West Negros University, a leading university in the City of Bacolod in Negros Occidental.

STI WNU offers a wide variety of programs and complements the courses offered by the Parent Company's other subsidiary, STI ESG.

The acquisition is part of the planned expansion of the Parent Company. It not only widened its course offerings at the tertiary level but also provided STI Holdings another entry into basic education which is the focus of the government's K to 12 program, and into the graduate school level which is vital in uplifting the development of human capital in the country.

In May 2015, the SEC approved the change in the corporate name of West Negros University Corp. to STI West Negros University, Inc.

Acquisition of iACADEMY

On September 27, 2016, STI Holdings purchased One Hundred Million (100,000,000) iACADEMY shares or 100% of iACADEMY's issued and outstanding capital stock from STI ESG. STI Holdings also subscribed to ₱100 million of the ₱400 million increase in the authorized capital stock of iACADEMY. On November 9, 2016, the SEC approved the increase in the authorized capital stock of iACADEMY. As of said date, the authorized capital stock of iACADEMY is at ₱500 Million with ₱200 million subscribed and fully paid by STI Holdings. As a result, iACADEMY is now a 100% subsidiary of STI Holdings.

AHC

The Parent Company became a stockholder owning 40% of AHC in November 2014 following the SEC approval of the increase in the authorized capital stock of AHC. In February 2015, STI Holdings acquired the remaining 60% ownership of AHC from various individuals making it a 100% owned subsidiary.

AHC is a holding company which is a party to the Joint Venture Agreement and Shareholders' Agreement (the "Agreements") among Philippine Women's University (PWU), Unlad Resources Development Corporation (Unlad) and the Benitez Group. Under the Agreements, AHC is set to own up to 20% of Unlad. AHC is also a party to the Omnibus Agreement it executed with STI Holdings and Unlad.

On March 1, 2016, AHC executed a Deed of Assignment wherein AHC assigned to STI Holdings its loan to Unlad, including capitalized foreclosure expenses, amounting to ₱66.7 million for a cash consideration of ₱73.8 million.

Business Development

STI Education Services Group, Inc. (STI ESG)

Established on August 21, 1983, ***STI Education Services Group, Inc. (STI ESG)*** began with a goal of training as many Filipinos as possible in computer programming and address the need for information technology (IT) education in the Philippines. Starting as a training center, STI ESG initially offered short-term computer programming courses that were patterned to satisfy the demand of college graduates and working professionals who wanted to learn more about emerging computer technology.

Shortly after, STI ESG's campuses began to grow as it started granting franchises in other locations within Metro Manila, which soon expanded to other key areas in Luzon, Visayas, and Mindanao, and sites outside the Philippines. In 2003, management decided to focus its attention on the domestic market but continued to study the possibility of going international once again.

Over the years, STI ESG began shifting its focus from short-term courses to college degree programs to adjust to the changing business environment. In 1995, STI ESG was granted a permit by the Commission on Higher Education (CHED) to operate colleges and rolled out four-year college programs starting with the Bachelor's Degree in Computer Science. STI ESG then slowly diversified its programs beyond Information & Communications Technology by introducing new programs in the fields of Business and Management, Engineering, Healthcare, Hospitality Management, Tourism Management, Arts and Sciences, and Education.

STI ESG embarked on strengthening its geographical presence nationwide as it aggressively constructed improved facilities. More STI ESG schools are veering away from rented commercial complexes and have moved to bigger and better stand-alone campuses in strategic locations. The improved campuses house state- of-the-art facilities, spacious classrooms, top-of-the-line simulation laboratories, and recreational facilities conducive to high academic delivery. To date, there are twenty-two (22) wholly-owned schools with renovated or newly built facilities. In addition, STI ESG offered incentives to franchisees to upgrade their facilities wherein nine (9) have responded so far.

STI ESG has centralized its efforts into academic quality and started investing in trainings on awareness, documentation, and internal quality audit to achieve the ISO 9001:2008 certification on February 5, 2015 and the ISO 9001:2015 certification on February 5, 2018. Awarded by the ISO certifying body TÜV Rheinland Philippines Inc., both certifications focus on STI ESG's Learning Delivery System covering courseware development and faculty training and certification for the tertiary level. The ISO 9001:2015 certification has also been extended to senior high school and expanded to include student development programs and job placement assistance for graduates.

When the Department of Education (DepEd) announced the K to 12 program in 2013, STI ESG capitalized on its nationwide presence to implement the first-to-market approach of the Senior High School (SHS) program. STI ESG is the largest pioneer to offer Senior High School. The two (2) program tracks covered by the permit are the Academic and Technical-Vocational-Livelihood tracks. Under the Technical-Vocational-Livelihood track, STI ESG offers three strands with various specializations.

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

STI ESG fully supports the government's advocacy to provide equal opportunities to the Filipino youth by making tertiary education more accessible and encouraging them to pursue and complete higher learning. Thus, STI ESG signed a Memorandum of Agreement on December 17, 2018 with CHED and the implementing organization Unified Student Financial Assistance System for Tertiary Education (UniFAST) for the enactment of the tertiary education subsidy and student loan program.

Through the consistent efforts of management, the STI brand stays true to its commitment of providing real-life education to the Filipino youth and nurturing them to become competent and responsible members of the society.

STI ESG Network

As a testament to its growing presence nationwide, the STI ESG network has sixty-three (63) active schools spread across Luzon, Visayas, and Mindanao and is comprised of sixty (60) STI-Branded Colleges and three (3) STI-Branded Education Centers. Likewise, of these sixty-three (63) schools, thirty-six (36) college campuses and one (1) education center are wholly-owned, while twenty-four (24) college campuses and two (2) education centers are operated by franchisees.

Area	Wholly-Owned	Franchised
Metro Manila (12)	Alabang Caloocan Cubao Fairview Global City Las Piñas NAMEI Novaliches Pasay-EDSA Sta. Mesa	Marikina Muñoz-EDSA
Northern Luzon (16)	Baguio Dagupan Laoag Meycauayan San Jose del Monte Sta. Maria	Alaminos Angeles Balagtas Baliuag Cauayan Malolos San Fernando San Jose Tarlac Vigan
Southern Luzon (19)	Batangas Calamba Carmona Legazpi Lipa Lucena Naga Ortigas-Cainta Puerto Princesa San Pablo Sta. Cruz Tanauan Tanay	Bacoor Balayan Dasmariñas Rosario Santa Rosa Tagaytay

Area	Wholly-Owned	Franchised
Visayas (5)	Calbayog Dumaguete Kalibo	Maasin Ormoc
Mindanao (11)	Cagayan De Oro Davao Iligan Malaybalay Valencia	Cotabato General Santos Koronadal Surigao Tacurong Tagum

Suspension and Closure of Schools

In September 2020, STI ESG announced the suspension of the operations of some of its owned schools, namely: STI Cebu, STI Iloilo, STI Quezon Avenue, and STI Tuguegarao for SY 2020-2021, and cessation of the operations of STI Pagadian effective SY 2020-2021. Similarly, STI ESG announced the cessation of operations of some of its franchised schools, namely: STI College Bohol, Inc. (STI Bohol), STI College Recto, Inc. (STI Recto), Sungold Technologies, Inc. (STI Zamboanga), STI College Pasay, Inc. (STI Pasay), STI College Dipolog, Inc. (STI Dipolog), STI College San Francisco, Inc. (STI San Francisco), and suspension of operations of STI College Parañaque, Inc. (STI Parañaque) effective SY 2020-2021. STI College San Fernando City, Inc. (STI La Union), a franchised school, informed CHED in June 2021, and DepEd and Technical Education and Skills Development Authority (TESDA) in July 2021, of its decision not to accept enrollees for SY 2021-2022. Further, STI Iloilo ceased to operate beginning SY 2022-2023. STI ESG determined that continuing the operations of these schools was no longer viable due to low enrollment turnout and/or the high cost of rental of facilities.

The students enrolled in the aforementioned schools were given the option to transfer to other STI schools. The suspension and cessation of operations of the STI schools mentioned above have no material financial impact to the Group.

Capital Market Infrastructure

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

STI ESG's ₱3.0 billion bond issue has been assigned by Philippine Rating Services Corporation (PhilRatings) an Issue Credit Rating of PRS Aa, in its report to the SEC dated January 23, 2017, which meant that STI ESG's proposed debt issue as of the date of the report is of "high quality and is subject to very low credit risk." According to PhilRatings, "Obligations rated PRS Aa are of high quality and are subject to very low credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aa is the second-highest rating category on PhilRatings' existing credit rating scale." In January 2021, PhilRatings changed the Issue Credit Rating for STI ESG's outstanding bond issuance to PRS A plus, with a Negative Outlook, from PRS Aa, with a Stable Outlook. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, STI ESG's capacity to meet its financial commitments on the obligation is still strong. A 'plus' or 'minus' sign may be added to further qualify ratings. On the other hand, a Negative Outlook indicates that there is a potential for the present credit rating to be downgraded in the next 12 months.

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

STI West Negros University, Inc. (STI WNU)

West Negros University was founded on February 14, 1948 by three Baptist women leaders. The school, then West Negros College (WNC), first operated as a sectarian educational institution in an old rented Valentine Memorial Hall in Bacolod, offering six undergraduate programs that attracted 710 students handled by 33 faculty members.

In 1951, the school was re-established as a non-sectarian school in its present location along Burgos Street, utilizing a three-storey wooden building that housed classrooms and administrative offices. A separate building was also built for elementary and high school pupils.

With the continued increase in enrollment, then President Leodegario N. Agustin initiated the construction of a ₱2.2 million concrete five-storey building. The building accommodated all academic departments and administrative offices, laboratories, clinic, library, and classrooms.

To enrich the college life of students, a gymnasium was constructed in 1968 for the school's extra-curricular and sports activities. It also hosted convocations, cultural presentations and graduation activities, and extended its services to the community by accommodating, among others, basketball games, boxing tournaments, social gatherings, and concerts.

The following year, the school's enrollment rose to 6,843 students, with a pool of 200 faculty members. The increase brought about further expansion, hence in 1972 the construction of a concrete three-storey building for the high school and elementary department was initiated.

In 1980, responding to the changing times with the advent of computers, the college put up its own Computer Center and expanded its curricular offerings by opening computer courses and short-term or technical programs. It was then considered among the biggest and was recognized among the pioneers of computer schools in Western Visayas.

On October 1, 2007, as initiated by then President Dr. Suzette Lilian A. Agustin, an application for University status was submitted to the CHED Central Office, Manila. CHED Central Office sent a Special Team from November 22 to 23, 2007 to evaluate and verify compliance of WNC with the university standards. The school's readiness for a final CHED visit to inspect and evaluate WNC's level of compliance was conveyed on January 25, 2008 to the Commission *en banc* and to the Office of Programs and Standards of the Commission on Higher Education, which resulted to the conduct of the detailed and rigorous process of verification by the CHED Commissioners on February 5, 2008.

On February 11, 2008, the Commission on Higher Education found WNC in full compliance of CHED requirements, and granted WNC the University Status, per Resolution No. 78, s. 2008. The WNC Board of Trustees then unanimously approved the change of the school's name from West Negros College to West Negros University on February 26, 2008. On June 10, 2008, West Negros University received the official confirmation through a Certificate of University Status from CHED, by virtue of Resolution No. 290, s. 2008, dated June 2, 2008.

On October 1, 2013, STI Holdings acquired 99.45% of the issued and outstanding common shares and 99.93% of the preferred shares of STI WNU, thus making it a subsidiary of the Parent Company.

On May 13, 2014, STI WNU purchased the net assets of Bacolod Educational Service and Technology Center, Inc. (STI College Bacolod) from an STI ESG franchisee, thus taking over the operation of its schools, a college and TESDA registered education center in Bacolod City, on the same date. The students of both the college and the education center were fully integrated into STI WNU in the second semester of School Year (SY) 2014-2015.

On May 15, 2015, the SEC approved the change of the University's name to STI West Negros University. It is now branded as an STI school.

On October 5, 2015, DepEd granted STI WNU the Permit to Operate SHS Program for all tracks. On May 11, 2016, DepEd also granted the University the permit to offer ICT Strand and certain specializations. On December 5, 2017, permit to offer Maritime Specialization strand effective SY 2018-2019 was likewise granted to the University.

On December 9, 2015, the SEC approved the amendment of STI WNU's Articles of Incorporation allowing STI WNU to provide maritime training services that will offer and conduct training required by the Maritime Industry Authority (MARINA) for officers and crew on board Philippine and/or foreign registered ships operating in the Philippine and/or international waters.

On June 20, 2016, STI WNU was granted permit to operate its Maritime Training Center. The following are non-simulator programs offered by the University:

- Consolidated Marine Pollution 73/78 Annexes I-VI
- Ship Security Officer (SSO)
- Seafarer Security Awareness Training (SSAT) / Seafarer with Designated Security Duties (SDSD)
- Ratings Forming Part of Navigational Watch (RFPNW)

Beginning SY 2016-2017, STI WNU had set new directions through its new vision of becoming a leading university in the Negros Island by 2025, driven by passion for academic excellence through innovation. The school has also committed to produce excellent quality graduates who are able to meet and uphold the standards of the industry in pursuit of a better Filipino family and nation.

On November 21, 2017, TESDA Region VI granted STI WNU a Certificate of Technical-Vocational Training and Education (TVET) Program Registration for Housekeeping NC II with a duration of 436 hours per training. The program covers units of competencies in order to provide housekeeping services and perform workplace and safety practices. The first batch started on March 25, 2018 to May 18, 2018 with a total of 25 trainees. There were 25 trainees as well for the second batch which started on June 30, 2021 and ended on September 8, 2021.

On September 21, 2018, the SEC approved the amendment of STI WNU's Articles of Incorporation allowing the latter to provide technical-vocational education training services under TESDA and/or operate a Training Center as well as an Assessment Center, in relation to the said services.

In previous years, the school calendar of STI WNU started in June of each year. For SY 2019-2020, classes in the School of Basic Education (SBE) and SHS started in June while the classes in the Tertiary level started in July.

Information and Communications Technology Academy, Inc. (iACADEMY)

iACADEMY is the premier school in the Group that has Senior High School and College programs centered on Computing, Business and Design. It has specialized course offerings such as software engineering, game development, real estate management, accountancy, animation, multimedia arts and design, film and visual effects, and music production and sound design. It started in 2002 with an initial class of 72 students. The school is located in Makati - the Central Business District of Metro Manila. The faculty is composed of both experienced academicians and industry practitioners. iACADEMY prides itself in being the first Wacom Authorized training partner in the Philippines, the first college in the ASEAN region to be appointed as an IBM Center of Excellence, the first Toon Boom Center of Excellence in Asia, a certified Unity certification partner, and a partner of Amazon Web Services for Cloud Computing Certification courses. Aside from bringing in industry professionals to teach at iACADEMY, the school also has an impressive internship program, which is one of the most intensive in the country today. Under the program, iACADEMY student interns work full-time in partner companies for at least 960 hours. This model has resulted in a 96% job placement rate within the first six (6) months after graduation.

On Ferbuary 7, 2023 the BOG and stockholders of iACADEMY, at separate meetings, approved the change in the corporate name from Information and Communications Technology Academy, Inc. to iACADEMY, Inc. iACADEMY applied for the amendment of its Articles of Incorporation and By-Laws with the SEC on February 23, 2023. The application with the SEC is pending approval as at report date.

iACADEMY's success in its Makati Campus has triggered expansion plans and a major growth path is to bring the type of education that iACADEMY offers closer to people in other regions of the country. In 2022, iACADEMY started setting up its first regional campus in Cebu City. The campus is located in Cebu I.T. Park, the I.T. Capital of Cebu. Its initial academic offerings are Bachelor of Science in Computer Science with major in Software Engineering (BSCS-SE), Bachelor of Science in Entertainment and Multimedia Computing with specialization in Game Development (BSEMC-GD), Bachelor of Science in Real Estate Management (BSREM), Bachelor of Arts in Animation (ABANI), and Bachelor of Arts in Multimedia Arts and Design (ABMAD). The applications for the permit to operate said programs were submitted on June 28, 2022 to CHED Region 7 Office (CHEDRO7).

The fit-out construction of the campus started in October 2022. On November 22, 2022, CHEDRO7 conducted an institutional ocular visit to check the readiness of iACADEMY Cebu for the formal visit of the CHED Regional Quality Assessment Team (RQAT) as part of the permit application process. The fit-out construction was finished on December 10, 2022 and the RQAT visit was conducted on December 15, 2022 for the initial permit application of the BSCS-SE, BSEMC-GD, ABMAD, and BSREM programs. Since ABANI is a non-CHED standard program, the inspection had to be conducted by the Office of Programs and Standards Development (OPSD) of the CHED Central Office.

On January 21, 2023, iACADEMY Cebu held its unveiling and blessing ceremony.

iACADEMY Cebu received the Initial Government Permit to Offer the First and Second Year Levels for the BSEMC-GD, ABMAD, and BSREM programs in February 2023 and for the BSCS-SE program in March 2023. The CHED OPSD validation visit for the Animation program was conducted on April 20, 2023. On July 5, 2023, CHED approved the first and second year levels for the Animation program. The permits and approval were obtained by iACADEMY Cebu in time for the program offerings starting SY 2023-2024.

Enrollment and Graduates

STI ESG

In SY 2020-2021, private schools reported a dip in enrollment due to the impact of the COVID-19 pandemic. A survey conducted by STI ESG disclosed that a number of students did not pursue education during the aforementioned school year because of the financial difficulties experienced by their respective families/benefactors. Despite this, STI ESG and its subsidiaries registered an enrollment of 62,490 at the start of the school year. The total enrollment further increased in the subsequent school years, 72,750 registered students at the beginning of SY 2021-2022 and 81,697 students at the start of SY 2022-2023.

The average percentage of students retained in a semester was at 98.3% in SY 2020-2021, remained steady at 98.6% in SY 2021-2022, and increased to 99.3% in SY 2022-2023. Meanwhile, the average percentage of students who migrated to the succeeding semester in SY 2020-2021 was 79.2%. Migration was notably higher at 95.5% in the following school year, SY 2021-2022, while it slowly dipped to 93.9% in SY 2022-2023.

The enrollees in associate and baccalaureate degree programs, technical-vocational programs, and senior high school level for SY 2020-2021 accounted for 56%, 2%, and 42% of the total enrollment, respectively. The enrollment mix posted in SY 2021-2022 was 67% for associate and baccalaureate degree programs, 2% for technical-vocational programs, and 31% for senior high school tracks and specializations. Meanwhile, the enrollment mix in SY 2022-2023 was at 70%, 1%, and 29% for associate and baccalaureate degree programs, technical-vocational programs, and senior high school tracks and specializations, respectively.

There were 2,850 tertiary graduates for the first and second semesters, while 12,548 students graduated from senior high school in SY 2020-2021. For SY 2021-2022, there were 8,185 students who graduated from tertiary for the first and second semesters and 10,481 senior high school graduates. Meanwhile in SY 2022-2023, there were 9,960 tertiary graduates for the first and second semesters and 10,209 senior high school graduates.

STI WNU

In SY 2020-2021, STI WNU accepted a total of 5,584 students. This included 1,470 enrollees in the SHS. The following year, SY 2021-2022, 7,580 students enrolled, including 1,367 SHS enrollees. In SY 2022-2023, 10,218 students enrolled in STIWNU, including 2,057 SHS students.

During SY 2020-2021, 1,288 students graduated from the University, including 810 SHS students. In SY 2021-2022, a total of 1,455 students graduated from the University, including 623 from SHS. The following year, SY 2022-2023, a total of 2,007 students graduated from the University. This included 754 SHS students.

iACADEMY

College

The school year 2020-2021 has been affected by the pandemic. The total number of freshmen decreased by 18% and the combined enrollment for the three terms posted at 1,335. The average retention rate was recorded at 84%. The School of Design still has the majority of the students enrolled which was recorded at 59%. At the end of the school year, the school was able to produce 105 college graduates from the different programs.

The average combined enrollment for the three terms of SY 2021-2022 was recorded at 1,593 with the average retention of 93%. A total of 506 freshmen students enrolled during the first trimester which posted a 1% increase from the previous school year. The School of Design had the highest enrollment with 61% of the total population, followed by the School of Computing at 26% and lastly by the School of Business and Liberal Arts at 13%. A total of 291 students graduated from the different programs at the end of the school year.

In SY 2022-2023, an increase of 13% in the total number of freshmen enrollees during the first trimester was posted. An average of 91% retention rate with the average combined enrollment of 1,698 for the three terms was recorded. Majority of the students enrolled was from the School of Design which recorded an average of 62.17%, followed by School of Computing with an average of 24.53% and finally with 13.30% from the School of Business and the Liberal Arts. A total of 405 students from the different programs graduated at the end of the school year.

Senior High School

The effect of the pandemic was seen in the combined enrollment of SY 2020-2021, the average enrollment rate for the two semesters posted at 750. There were 335 Grade 11 students enrolled in the Senior High School program, while 431 students enrolled in the Grade 12 for the first semester. Arts and Design track still garnered the highest percentage of SHS population at 32%, the second with the highest percentage this school year came from Tech-Voc Track – ICT Strand with specialization in Computer Programming at 20% followed by Tech-Voc Track – ICT Strand with specialization in Animation at 18%. At the end of the school year, 399 students graduated from the Senior High School Program.

The prevailing mode of learning for the SY 2021-2022 for the Senior High School Program is still via on-line. With this mode, the program had an average combined enrollment of 561 for the two semesters. There was a decrease in the total number of students enrolled compared to the previous school year. During the first semester, there were 238 students enrolled in Grade 11, while there were 330 students enrolled in Grade 12. Arts and Design track showed consistency in having the highest percentage of population at 27%, Tech-Voc Track – ICT Strand with specialization in Animation at 23% was second and on the third rank was Tech-Voc Track – ICT Strand with specialization in Graphic Illustration at 16%. A total of 295 Senior High School students graduated at the end of the school year.

In SY 2022-2023, HYBRID mode of learning was implemented for the Senior High School program. An average combined enrollment of 482 for the two semesters was recorded. As compared to the previous school year, the total number of students enrolled again dwindled. The top three areas with the most number of students enrolled were Arts and Design at 31%, followed by Tech-Voc Track –with specialization in Animation at 22% and on the third rank was Tech-Voc Track with specialization in Graphic Illustration at 15%. Two hundred twenty two (222) students graduated from Grade 12 at the end of this school year.

Tuition Fee Increases

STI ESG

No increases in tuition fees and other school fees were implemented in SY 2020-2021 and SY 2021-2022 for both college and senior high school. For SY 2022-2023, however, there was a 5% increase in tuition fee for college freshmen and no increases in both tuition fee and other school fees for senior high school students.

STI WNU

During SY 2020-2021 and SY 2021-2022, the University did not impose any increase in tuition. In SY 2022-2023, the University implemented a 5% tuition fee increase and a 5% increase in other fees for new students only.

iACADEMY

The COVID-19 pandemic which hit the country in early 2020, brought many sorts of difficulties among students. Despite the fact that iACADEMY was heavily affected like many other schools, iACADEMY made no increase in tuition and other school fees in SY 2020-2021 and SY 2021-2022. With its initiative to alleviate the cumbersome effects of the pandemic on the students and their families, iACADEMY gave discounts of up to as much as 31% and 6% on its regular Other School Fees and Tuition Fees respectively, to Senior High School students resulting to considerable reduction on their total fees in that school year. For the same reason, the institution also gave discounts of as much as 50% and 33% on its regular Laboratory Fees and Other School Fees respectively, to College students.

For SY 2022-2023 for the College level, tuition fees increased by 5% for incoming freshmen. For Senior High School, tuition fees increased by 5% for Grade 11 only.

Financial Aid Programs

As part of the Group's continuing efforts to support more Filipino youth to have access to quality education especially during the unprecedented situation brought about by the economic impact of the COVID-19 pandemic, the Group partnered with banks and other institutions and provided rebates and discounts to students as follows:

DBP RISE

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

Pag-IBIG – STI Educational Assistance Program

STI ESG and STI WNU strengthened their partnership with Pag-IBIG Fund in SY to ensure that students from all walks of life will have the opportunity to receive quality education. Through the Pag-IBIG – STI Educational Assistance Program, Pag-IBIG Loyalty and Loyalty Plus cardholders and their qualified dependents within the second degree of consanguinity and/or affinity availed of a 20% partial scholarship grant on tuition fees (excluding miscellaneous and other school fees) in any STI campus nationwide.

New Programs/Majors and Revised Curricula

STI ESG

STI ESG regularly conducts market studies to determine what degree and technical-vocational programs are needed by the industry and the market. Moreover, revisions to existing programs are implemented to meet changes in the identified needs, as well as changes in government regulatory requirements.

STI ESG reviews the existing course offerings as needed. The streamlining of program curricula in response to the market needs and industry developments drives the rationalization of STI course offerings. As such, three (3) new programs were developed in SY 2020-2021, four (4) new programs were developed and sixteen (16) programs were updated in SY 2021-2022, and one (1) program was developed in SY 2022-2023.

In addition, select STI campuses were given government permits to offer Bachelor of Science in Retail Technology and Consumer Science program (BSRTCS) and government recognition for 2-year Associate in Retail Technology Program (ART) in SY 2020-2021, and government permits for BS Psychology and BS Criminology programs in SY 2022-2023. ART has a ladderized curriculum preparatory for the BSRTCS and graduates of ART will receive a diploma upon completion of the program.

STI WNU

On August 4, 2020, CHED granted STI WNU a permit to offer Bachelor of Science in Retail Technology and Consumer Science (BSRTCS). The program shall prepare students for a career in the retail industry focusing on the need to understand the consumer as the final user of all goods and services. Likewise, students shall be equipped with competencies in retail marketing, consumer psychology, information technology, and data science, thus, producing graduates who can fill the need of the growing industry.

iACADEMY

For SY 2020-2021, iACADEMY received the government permits for the following new programs: Bachelor of Arts in Music Production and Sound Design, Bachelor of Arts in Product Development; and Bachelor of Arts in Fashion Communication. Furthermore, CHED also granted the addition of a new major to our existing program in Bachelor of Science in Information Technology. The additional major will be concentrating in Cybersecurity.

The government permit to offer AB Psychology effective SY 2022-2023 was received by iACADEMY from CHED on April 5, 2023.

iACADEMY commenced the year 2023 by establishing a new campus in the vibrant Cebu Technology Park, solidifying its presence and commitment to GAME CHANGING education. With the initial permits granted by CHED, iACADEMY Cebu offers degree programs in BS Computer Science with major in Software Engineering, BS Entertainment and Multimedia Computing with Specialization in Game Development, BS Real Estate Management, AB Animation, and AB Multimedia Arts and Design.

STI ESG's Standardized Courseware

STI ESG develops courseware to ensure the standard delivery of courses across all campuses in the STI ESG network. These are sets of teaching materials used by the instructors, including the course syllabus with the course outline that sets the general objectives of the course, presentation slides, the class hand-outs, and other materials for use throughout the course duration, with accompanying instructors' guides. The instructors' guides identify the specific objectives of each class session, the appropriate teaching methodologies to be used, and how the provided materials are to be used to achieve the set objectives. The courseware materials are suited for both online learning and face-to-face classes.

As of this writing, STI ESG has developed courseware for over 500 courses and new courseware materials are being developed as new courses and programs are offered. Moreover, existing courseware materials are regularly revised and updated to keep pace with recent developments in the target industries.

In SY 2022-2023, 38 courseware materials were developed and revised for Business and Management, Arts and Sciences, IT and Engineering, Tourism Management, and Hospitality Management. Meanwhile, 12 courseware materials were updated and 12 new courseware materials were developed for Senior High School and Junior High School, respectively. These courseware materials were embedded with activities leading toward the attainment of the STI 4Cs — Character, being Change- adept, being a good Communicator, and being a Critical Thinker — the required skills and attitude of top industries worldwide. Moreover, STI ESG updated the courseware materials that will suit the online modality and, at the same time, ensured that the materials are also Outcome-Based Education (OBE)-aligned with assessment tools, rubric, and performance tasks.

ONE STI Learning Model

STI ESG introduced the ONE STI Learning Model in SY 2020-2021. The ONE STI Learning Model is an innovative approach to student development that uses digital tools and online technology combined with invaluable hands-on practice and onsite engagements to achieve the students' academic objectives through a responsive learning experience.

Onsite learning refers to school activities to be conducted on-campus and follows the latest regulations issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), Department of Health (DOH), CHED for tertiary, and DepEd for SHS.

STI ESG is not new to the concept of online learning as it has been implementing a blended learning model for the past eight years so that students can continue their studies at home uninterrupted despite any physical classroom disruptions. STI ESG utilizes the electronic Learning Management System (eLMS), a software application running on Amazon cloud, to better manage the delivery of educational courses and/or training programs to its students. The eLMS features built-in support for collaboration through various tools such as wikis, forums, and discussion groups; an internal messaging system with bidirectional support for emails and text messaging; and a built-in portfolio system which students can use to collect works to support learning and/or achievements. This cloud-based eLearning tool gives the teachers and students a two-way platform where they can collaborate, assign, and submit homework, take assessments, and track learning progress, among others.

Digital Learning

STI ESG introduced various applications in SY 2021-2022 to make learning more interesting and a bit experiential for the students: Point-of-Sale (POS) Web Application Simulator, a complete and functioning web-based POS application designed to teach key retails store operations wherein the student outputs are stored in a database and can be easily accessed and reviewed by their teachers; On-demand videos in which the handouts were converted into video materials and were designed for self-paced learning for students taking up the Data Storytelling and Visualization course; and Airline Cabin Simulator, a web-based virtual reality (VR) application that allowed the Tourism Management students to explore the cabin of a Boeing 777 and it is run on both desktop and mobile devices. Meanwhile, for SY 2022-2023, the Group developed interactive reviewers and assessments for the Tourism Management students to supplement learning delivery. Traditional handouts were converted to interactive presentations wherein the students' scores and progress were recorded and tracked. STI ESG also developed instructional videos such as the Psychological Statistics Software that will provide students with a visual reference to the SOFA statistics software.

STI ESG's Standardized Periodical Examination

STI ESG's Academic Research Group (ARG) develops the Standardized Periodical Examinations. In SY 2018- 2019, ARG introduced the STI Test Bank System and prepared 1,119 exams for the first semester and 692 exams for the second semester. The following school year, 57 more exams were added to the Test Bank. For SY 2020-2021 and SY 2021-2022, in view of the ONE STI Learning Model, STI ESG administered practical Standardized Periodical Examinations in the form of task performances and iLearn and Share (iLS) activities in place of the written Standardized Periodical Examinations.

STI Career Camp

The STI Career Camp, launched during SY 2018-2019, is a free workshop for Grade 10 and Grade 12 students where they can explore their potential career options for Senior High School or College. The four camps — Baker's Camp, Entrepreneur's Camp, Game Developer's Camp, and Photographer's Camp — aim to provide the participants with hands-on experiences that will help and guide them in choosing the right track or course.

In SY 2020-2021, the Group transitioned to a virtual Career Camp in which interested students go through engaging learning modules that were developed by utilizing Articulate Rise 360 and featured interactive activities suited for online modality. Articulate Rise 360 is a web app that lets the users create fully-responsive online courses whether the participants are viewing the camps through a desktop computer, tablet, or mobile. The Flight Attendant's Camp was introduced in SY 2021-2022 which provided the students a glimpse of what it takes to become a flight attendant. It also included gamified activities and airline in-flight simulations/demonstrations.

During SY 2022-2023, with the easing of quarantine restrictions, the STI ESG implemented both the onsite workshops and the virtual career camp.

Milestones

STI ESG

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

58th Anvil Awards

STI ESG won big in the much-anticipated onsite return of the 58th Anvil Awards Gabi ng Parangal on March 8, 2023 at the Marriott Grand Ballroom in Pasay City. Presented annually by the Public Relations Society of the Philippines (PRSP), the country's premier organization for public relations professionals, STI College brought home the Silver Anvil awards for the Student's Career Opportunity and Personality Evaluator (SCOPE) and the STI Official Facebook Page.

The STI SCOPE, an online personality assessment test created by the institution to generally aid students who are at a crossroad in choosing the ideal program and career path, bagged the Silver Anvil award under the Public Relations (PR) Program category, as a Specialized PR Program Advocacy Campaign. Meanwhile, the STI Official Facebook page won the Silver Anvil award under the PR Tools category – Social Media tool for its campaign to cultivate an engaging and enriching online community through insightful and informative content.

18th Philippine Quill Awards

The International Association of Business Communicators (IABC) awarded STI ESG with two merit awards under the Communication Management – Marketing, Advertising, and Brand Communication category for STI SCOPE and STI Career Camp. STI ESG was recognized during the virtual award ceremony held on March 25, 2021 for its programs that are geared towards guiding and enriching the Filipino youth.

ICT Talent Partner of the Year

True to its word of creating "New Value Together," Huawei has recognized the significant contributions and exemplary performance of its industry and academic partners. In July 2021, Huawei conferred the ICT Talent Partner of Year 2020 award to STI ESG. The Group joined Huawei's Learn ON online learning program that tackled trends such as virtualization as well as networking and storage basics for cloud computing. Since 2020, STI ESG has produced 543 Huawei-certified students.

SABRE Awards Asia-Pacific

STI ESG was recognized for its youth-oriented program, the STI Career Camp, during the virtual SABRE Awards ceremony held in Tokyo, Japan on September 24, 2020. The STI Career Camp is the sole winner of the prestigious award from the Philippines and bested other Asia-Pacific region finalists in the Educational and Cultural Institutions category. The SABRE or Superior Achievement in Branding and Reputation Award is evaluated by a jury of more than 60 industry leaders worldwide.

Asia-Pacific Stevie Awards

STI ESG also received another international award for its STI Career Camp program under the Innovation in Communications/Public Relations category. STI ESG was a bronze awardee during the virtual awarding ceremony of the 2020 Asia-Pacific Stevie Awards held on September 22, 2020. The winners were judged by more than 100 executives around the world. The Stevie Awards is the world's premier business awards, conferring recognition for achievements that generate public recognition and positive contributions worldwide.

STI WNU

STI WNU, represented by its Executive Vice President Dr. Ryan Mark Molina, was elected as President of the Negros Occidental Private Schools Sports Cultural Educational Association (NOPSSCEA) in SY 2018-2020 and was re-elected for another term beginning SY 2020-2022. Dr. Molina also held the position of President of the Western Visayas Private Schools Athletic Association (WVPRISAA) in 2018.

Dr. Molina was elected as Vice President for Negros of the newly organized Western Visayas Association of Higher Education Institutions (WVAHEI) on May 3, 2021. This is a venue where Universities and Colleges in Western Visayas, both public and private, can collaborate in order to push their best interests.

In February 2021, Galuh University in West Java, Indonesia enrolled five of its students in the Online International Credit Transfer Program in the College of Criminal Justice Education.

The University reached a remarkable milestone when it achieved the highest level of accreditation – Level IV – for the following programs in January 2022: Bachelor in Elementary Education, Bachelor in Secondary Education, Liberal Arts and Bachelor of Science in Business Administration.

In 2022, BS Information Technology and BS Hospitality Management were also awarded with Level I and Candidate Accreditation status, respectively.

During the 49th Founding Year of the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and 33rd Annual General Assembly on December 2, 2022, the University was awarded as the Institution with the highest number of accredited programs in Region VI (with 11 accredited programs) and four special awards as the First Liberal Arts program to have been granted Level IV Accredited Status in Region VI, First Business Administration program to have been granted Level IV Accredited Status in Region VI, First Bachelor of Secondary Education program to have been granted Level IV Accredited Status in Region VI, and First Bachelor of Elementary Education program to have been granted Level IV Accredited Status in Region VI.

In January 2023, Master of Public Administration, Master of Arts in Education and Doctor of Philosophy in Educational Management were granted by PACUCOA Level IV, Level IV and Level III accreditation, respectively. In April 2023, BS Hospitality Management was awarded with Level I accreditation status.

As part of the Institution’s commitment to continuous improvement, STI West Negros University conquered ISO 9001:2015 (Quality Management System) by DNV GL Philippines on March 2-3, 2023 and moreover proved its ongoing dedication to excellence by obtaining ISO 21001:2018 (Educational Organizations Management System) on May 16, 2023, just nearly 2 weeks after receiving its first certification.

iACADEMY

In October 2020, iACADEMY won the Most Innovative Education Provider award by the UK-based publications company Global Brands along with other top-tier schools including Harvard, Massachusetts Institute of Technology (MIT), and Nanyang Technological University.

In January 2021, iACADEMY launched iACADEMY Pro School of Professional Education and Lifelong Learning with international certification partners - Alibaba Business School’s Global Digital Talent (GDT), Alibaba Cloud, Linux Professional Institute, OpenEDG Python Institute, and Outcert.

For Alibaba Cloud, Linux Professional Institute, OpenEDG Python Institute, and Outcert, trained and certified professors are able to prepare BS Computer Science students for the international programming standards required for professional certification exams.

The Alibaba Business School’s Global Digital Talent team has trained the professors of iACADEMY with its e-commerce courseware that will be incorporated in iACADEMY’s business course subjects.

Global leaders in audio and sound technology Dolby Atmos and Avid partnered with iACADEMY to teach world-class AB Music Production and Sound Design program. In this program, students will be using industry-standard tools and training courtesy Dolby Atmos and Avid.

The school is working on expanding its linkages to integrate other types of tools, skills, and techniques that enhance students’ professional competitiveness. Included here are Alibaba Cloud Academy for the Data Science specialization of the BSCS degree program and the global body for professional accountants - ACCA (the Association of Chartered Certified Accountants) for BS Accountancy among many others.

In June 2021, Global Brands recognized iACADEMY again as The Most Innovative Education Provider (Ph), Most Innovative Design School (Ph) and Best New School for Music Production and Technology (Ph).

In July 2021, two UAE-based award-giving body recognized iACADEMY: Global Business Review, a UAE-based magazine focusing on the updates and information about emerging markets, Finance, Banking and Technology awarded iACADEMY as Best School for Music Production, Design and Technology and Most Innovative Education Provider (Ph); International Business Magazine awarded iACADEMY as Best New School for Music Production and Technology Philippines 2021, Most Innovative Design School Philippines 2021 and Most Innovative Education Provider Philippines 2021.

The Computer Science program was granted Level 1 formal accredited status from July 2021-2024 by the PACUCOA.

In September 2021, US-based World Economic Magazine Inc. Awards announced iACADEMY Most Progressive Education Provider (PH), recognized for being a thought leader and an industry disruptor among many schools in the Philippines and Asia.

In October 2021, iACADEMY won as the Learning and Development Organization of the Year (Academe) at the Gawad Maestro organized by the Philippine Society for Talent Development. Cited for being a spearhead of innovative, technology-focused, and industry-relevant programs, iACADEMY is lauded for aligning its curriculum and projects with the thrust of the country's educational reform.

In December 2021, World Business Outlook awarded iACADEMY as the Most Innovative Education Provider in the Philippines and Leading Computing, Business and Liberal Arts, and Design Education Provider in the Philippines. The school is recognized for its efforts to hone globally competitive students through the inception of Vision Creative Unit, a prestigious elite group comprising of the best iACADEMY students who are to take on exclusive projects and mentorship sessions with the country's most sought-after creative professionals.

In February 2022, iACADEMY music professor Gerard Paul Elviña from the Music Production and Sound Design program headlined the industry news as the first Filipino and second Asian to join the Audio Engineering Society (AES) Standards Committee, the prestigious organization responsible for conducting the AES Standards Program. The group develops and publishes a number of technical standards, information documents, and technical reports within the field of professional audio technology.

In March 2022, iACADEMY was awarded Best Design School, Best School for Music Production, Design, and Technology, Best Education Provider, and Most Innovative Education Provider by the international publication Global Business Review Magazine 2022 in UAE.

In April 2022, iACADEMY landed among the top 10 schools with the highest number of passers in the Real Estate Licensure Exam conducted by the Professional Regulation Commission (PRC), producing 30 licensed real estate brokers.

In June 2022, iACADEMY was officially renewed as a Toon Boom Center of Excellence (COE). Toon Boom Animation is the leading supplier of animation software and storyboard software for animation studios and media publishers.

In July 2022, iACADEMY was announced Leading Arts and Design Education Provider in the Philippines, and Most Innovative Education Provider in the Philippines for 2022 by World Business Outlook Magazine in Singapore, having participated in various international competitions such as the Negative Space Comic Book Writing Competition in New York, USA, and the Python Coding Competition hosted by Raffles University in India.

Also in July 2022, iACADEMY was again recognized by the Global Business Review Magazine based in UAE as the Best New School for Music Production and Technology for its innovative approach to education and curriculum integration of industry practices in music production and sound design in partnership with Dolby and Avid.

In school year 2021-22, iACADEMY launched its SHS Homeschool Program - Design for Remote, Individualized, and Versatile Education (DRIVE). Programs offered include animation, multi-media arts, software development and accounting, business and management. DRIVE caters to students with unique learning styles and preferences and provides an elevated online and self-paced learning experience. It is the offspring of learnings and insights gained from the shift to online learning.

In replenishing the need to step up for quality education, SHS, with the consistent supervision of the principal, Mr. Rheal Dayrit, pulled the rope up for The Leaders' Accompaniment and Development Sessions (LEADS), the succession program being implemented in iACADEMY's Senior High School. It has three (3) major objectives: (1) To nourish the leadership aspirations, potential, and skills of the incumbents with the aim of keeping them inspired and equipped to handle the demands of their office. (2) To provide theoretical and hands-on training to understudies that will enable them to take on leadership roles when the situation calls for it; and (3) To ensure continuity of the school's operations which redounds to the welfare of the students, faculty, and staff.

In September 2022, iACADEMY achieved 93.75% passing rate in the Real Estate Appraiser Licensure Examination conducted by the PRC, ranking number one among schools with at least 80% passing percentage.

In February 2023, iACADEMY and NETFLIX teamed up for a film lab, The Indiegenius program, which aims to support voices in the Philippines that have strong regional perspectives by providing young filmmakers with development opportunities to strengthen concepts and to produce short narratives, animation and documentary projects. The program is designed to give young Filipino filmmakers access to resources and encourage those with regional roots and indigenous backgrounds to ensure creative inclusion and diversity.

In Apri 2023, iACADEMY is one of the top-performing schools at the Real Estate Brokers Licensure Examination with graduates landing third and fifth places. iACADEMY obtained an overall passing rate of 70%, with a remarkable 66.76% passing rate for first-timers and a perfect 100% passing rate for repeaters.

Faculty Achievements

STI ESG

International Conferences

STI ESG's Instructional Designer Alyanna Tobias joined the EDUtech Asia 2022 panel to discuss the topic "Redesigning Learning Experiences for the New Digital – Forward Model of Education." Held on November 9-10, 2022 at the Marina Bay Sands in Singapore, Tobias was joined by education leaders from Malaysia, Singapore, and Google Cloud as other panel members. The panel delivered insights on developing a roadmap to accessible education alongside innovation in curricula to meet the needs of 21st century learners. Meanwhile, Debbie Sacay, a faculty courseware developer, presented a show-and-tell about "Going Online with Social Studies." Her presentation focused on how technological innovations and strategies can be incorporated to tackle a complex subject, and included strategies that STI campuses utilize in delivering instruction for Social Studies and its related subjects.

On February 2, 2023, Instructional Designer Alyanna Tobias was appointed as one of the eight members of EDUtech Asia Advisory Board Panel. As an advisory board member, Tobias is expected to lend her extensive knowledge and experience to guide and advise the content of the next conference, and identify topics and speakers vital in influencing technology-enabled learning outcomes and teaching strategies that shape the future of education delivery in Asia. EDUtech Asia is a dedicated festival for education leaders and policymakers from governments across the region to share their successes, strategies, and plans for the future of education, which continues to be shaped by the ongoing acceleration of digitalization.

Huawei held its Global Teacher Summit 2023 in Shenzhen, China on May 27, 2023. Around 150 professors and university leaders from 36 countries gathered to deliberate on how tertiary institutions can collaborate with private enterprises for the cultivation of ICT talent. STI ESG's ICT & Engineering Courseware Development Head Beronika Peña was one of the three representatives from the Philippines.

Academic Research

STI College Bacoor's faculty member Angelo Defensor, MBA MPA was one of the awardees for the NEC International Research Excellence Best Paper 2022 entitled "Japanese Business Culture: A Study on Foreigner Integration and Social Inclusion."

STI College Baguio's Academic Head Mia Torres-Dela Cruz presented her research paper, "Pattern Recognition of Durian Foliar Diseases using Fractal Dimension and Chaos Game", at the International Conference on Expert Clouds and Applications on February 9-10, 2023 in Bengaluru, India.

Guidance Assistant and General Education instructor Channell Florence Ann Pedrosa, from STI College Balayan, presented her research study "Students' Learning and Satisfaction Towards a Stress-Management Program during the COVID-19 Pandemic" on April 20, 2023 via Zoom during the Adventist University of the Philippines' 5th International Research Forum. Her study focused on identifying the attitude of STI College Balayan's students toward a stress management program that addresses pandemic stress.

Romnick Cartusiano, an IT faculty member of STI College Las Piñas, presented his research study on Las Piñas Flood Monitoring System with Alternate Route using Bayesian Network via Mobile Application using the city's best practice at the 15th International Conference on Computer and Automation Engineering 2023 in Sydney, Australia on March 3-5, 2023.

STI College Balagtas' faculty member Angelo Coloma published a research study titled "Speech Fluency Through Computer-Assisted Instruction" in the International Journal of Academic and Applied Research, a broad-based open access that provides world-class information and innovative tools in the fields of engineering, sciences, information technology, management research, education research, and health among others. Coloma's study aimed to reduce the frequency and severity of disfluency in the English language through computer-assisted instruction of Grade 10 students in a public school in Bulacan.

Certifications

STI College Cotabato's faculty member Roland Carl Denopol received a certification for professional computer engineer on July 3, 2023 from the Computer Engineering Certification Board, Inc.

Meanwhile, Edrian Llauderes from STI College General Santos passed the National Competency Assessment on October 2, 2022 and is now recognized as a regional lead assessor for Housekeeping NC III and Housekeeping NC IV. Aside from being a regional lead assessor, Llauderes was also hailed as the regional Idol ng TESDA 2023 in the Wage-Employed category. The recognition aims to produce national idols who are the epitome of hard-working individuals and became successful in their own endeavor through the participation in the Technical Vocational Education and Training (TVET) programs.

Also, from STI College General Santos, Edzel John Raposas, Preitzel Tagupa, and Mary Lou Emen, participated in a training on Global Professional Advancement for Tourism Management Professional. All faculty members passed all eight cognate micro-learning modules and professional core micro-learning modules, held from April 17 to 28, 2023, and were recognized as Certified Tourism Management Professionals.

Ace Pasag, IT Program Head of STI College Baguio, completed several training and certification requirements of Microtiks S/A, Latvia held on August 12, 2022. In October 2022, Pasag received the certifications on MicroTik Certified Network Associate, MicroTik Certified Routing Engineer, and MicroTik User Management Engineer.

STI WNU

On June 25, 2021, STI WNU together with its partner school, Huachiew Chalermprakiet University, Bangphli District, Samutprakarn Thailand, co-hosted a virtual presentation during the 8th National and International Academic Conference with the theme, "Research to Serve Society". Presenting their studies from STI WNU were Dr. Mima M. Villanueva, Vice President for Academic Affairs, presented "Academic and On-the-Job Training Performances of Business Administration Students of STI West Negros University"; Dr. Mary Jonie O. Villanueva, faculty member of the College of Education, Arts and Sciences (CEAS), presented "Mahogany Sawdust Tannin as Ink Source; and Ms. Liza Joy Barican, Faculty member of the College of Criminal Justice Education (CCJE) presented "Status of Mendicancy in Bacolod City".

Dr. Dioscoro P. Marañon, Jr. was elected as Chapter President of the Philippines Integrated Fire Protection Organization (PIFPO) Negros Occidental Chapter on June 21, 2021.

Select faculty members of the STI WNU School of Graduate Studies presented the following research studies during the 9th International Conference of Huachiew Chalermprakiet University in Bangphli District, Samutprakarn Thailand on July 1, 2022 (via e-conference on Zoom), with the theme "Research to Serve Society" under the Liberal Arts, Humanities and Social Sciences: Lauren S. Mercado presented "School-based Management: School Heads' Commitment, Compliance, and Challenges;" Monijean F. Espeleta, Luisito P. Servinas discussed "The Effects of Group Chat on Learners' English Proficiency;" Cherry Mae B. Praico presented "Teachers' Organizational Commitment and Job Satisfaction in the New Normal;" Yasmin Pascual-Dormido, MPA, discussed "Preference and Utilization of Media Channels as Communication Instruments of Local Public Administrators in Bacolod City, Negros Occidental."

The following research outputs of STI WNU faculty were also published:

- "Foreign Language Anxiety Among Korean Students at Keimyung College University in Daegu, South Korea" – This research work by faculty members Zherry Antoinette P. Jacela, MAEd, Dr. Rey T. Eslabon and Dr. Randolf Asistido, LPT of the College of Education and School of Graduate Studies (SY 2020-2021) was published in Kalamboan Journal 2021 (volume 1, October 2021, page 72).

- "Job Resiliency, Work-Life Balance, and Work Values of the Employees in a Catholic College" – This research by Geff B. Sagala of the College of Liberal Arts and Sciences (SY 2021-2022) was published in the Philippine Social Science Journal (volume 5, no. 2, page 19) in June 2022.

- "Research Exposure and Competence of Senior High School Teachers in Relation to Learners' Performance" – This work by Dr. Dioscoro Marañon, of the College of Engineering (SY 2020-2021) was published in Kalamboan Journal 2021 (volume 1, October 2021, page 115).

- "Solar-Powered Automatic Watering System" – This research by Dr. Erlyn Mae Getino-Desamparado, ECE, Dean of the College of Engineering (SY 2020-2021) was published in Kalamboan Journal 2021 (volume 1, October 2021, page 133).

- "Perceived Self-Efficacy, Workplace, Well-being, and Workforce Engagement of School Department Heads" – This research by Ms. May Bautista and Mr. Reyan Balleso, of the School of Graduate Studies (SY 2021-2022) was published in Global Scientific Journals (Volume 10, Issue 6, page 811) in June 2022.

- "Academic Expectancy Stress and Mental Toughness of Senior High School Students in a Catholic School" – This research work by Carmelo Renault B. Matutino, of the College of Liberal Arts and Sciences (SY 2021-2022) was published in the Philippine Social Science Journal (page 141) in June 2022

- "Influencing Variables and Implications in the Teacher-Student Relationships"- This research by Dr. Randolf Asistido, LPT and Dr. Mary Jonie Villanueva (SY 2020-2021) was published in the European Journal of Educational Research (page 1317) in July 2021.

- "Imperatives evident in the EVP's special message during the General Assembly and Alumni Homecoming of 2018" – This research by Dr. Randolf L. Asistido, LPT and Dr. Wilfredo O. Hermosura (SY 2020-2021) was published in Kalamboan (page 58) in October 2021.

- "Academic and on the job training performance of Business Administration students of STI West Negros University"- This work by Dr. Mima M. Villanueva, Ms. Edna Maricon Arca, MBA and Dr. Salvador S. Sigaya Jr. of the College of Business Management and Accountancy (S.Y. 2020-2021) was published in Kalamboan (page 103) in October 2021.

- "Mahogany sawdust tannin as ink source"- This work by Dr. Mary Jonie Villanueva of the College of Liberal Arts and Sciences (S.Y. 2020-2021) was published in Kalamboan (page 7) in October 2021.

- "Rice Hulling Ceiling Board"- This work by Dr. Lalaine G. Rufin of the College of Engineering (S.Y. 2020-2021) was published in Kalamboan (page 22) in October 2021.

- "Sustainable Livelihood Program for Purok Arao Baranagy Vista Alegre, Bacolod City, Negros Occidental"- This work by Dr. Mima M. Villanueva, Ms. Edna Maricon Arca, MBA, Dr. Salvador S. Sigaya Jr. and Mr. Eugenio A. Pedrosa of the College of Business Management and Accountancy (S.Y. 2020-2021) was published in Kalamboan (page 43) in October 2021.

- "Teacher's Leadership, Decision Making, and Innovative Skills amidst Modernizing Technology"- This work by Dr. Rammy A. Lastierre of the College of Liberal Arts and Sciences, together with Dr. Gualberto Dajao, DPA and Dr. Ma. Christine F. Bangcaya, (S.Y. 2022-2023) was published in Busilak Journal 2023 (page 5).

- "Grade 7 Learner's Difficulties with Integers"- This work by Dr. Rammy A. Lastierre of the College of Liberal Arts and Sciences, together with Mr. Julius B. Vlog, MAEd and Dr. Luisito P. Serviñas, (S.Y. 2022-2023) was published in Busilak Journal 2023 (page 20).

- "High School Teachers Technological Difficulties Basis for an Intervention Plan"- This work by Dr. Renith S. Guanzon of the College of Liberal Arts and Sciences, together with Mr. Andre Brian D. Azarcon, MAEd and Dr. Ma. Kristina Bagundol, (S.Y. 2022-2023) was published in Busilak Journal 2023 (page 36).

- "Well-being of employees in the New Normal"- This work by Dr. Rey T. Eslabon of the College of Liberal Arts and Sciences, and Dr. Lilybeth P. Eslabon of the College of Education, together with Ms. Sharyn Joy E. Octavio, MBA and Dr. Daisy Mae E. Octavio, (S.Y. 2022-2023) was published in Busilak Journal 2023 (page 76).

- "Parental Challenges brought by Online Modalities"- This work by Dr. Rey T. Eslabon, and Dr. Rammy T. Lastierre of the College of Liberal Arts and Sciences, together with Dr. Lilybeth P. Eslabon, and Dr. Ma. Leni C. Francisco of the College of Education (S.Y. 2022-2023) was published in Busilak Journal 2023 (page 147).

- "Effects of Social Media on the Performance in Statistics of Grade 11 Senior High School Students"- This work by Dr. Rey T. Eslabon of the College of Liberal Arts and Sciences, Dr. Jake Lauren S. Mercado of Collge of Education together with Dr. Cherry Mae B. Praico (S.Y. 2022-2023) was published in Busilak Journal 2023 (page 161).

- "Security Culture in Bacolod City before and after Pandemic"- This work by Dr. Nicholas S. Caballero, Dr. Liza Joy B. Barican, and Ms. Jonalyn M. Suarnaba of the College of Criminal Justice Education, (S.Y. 2022-2023) was published in Federation of Author in Criminology and Criminal Justice Inc. Research Journal, Volume 5, Issue 2 (page 20).

- "The Aftermath of a Gunfire: Lived Experiences of Police Officers involved in Shooting Incidents"- This work by Dr. Nicholas S. Caballero of the College of Criminal Justice Education, (S.Y. 2022-2023) was published in Federation of Author in Criminology and Criminal Justice Inc. Research Journal, Volume 5, Issue 2 (page 65).

iACADEMY

Hector Calma, a faculty member from the School of Design and the Arts, was chosen to participate in the Talents Tokyo 2020 during the Tokyo FILMeX Festival on November 2 -7, 2020. Talents Tokyo is supported by the Japan Foundation Asia Center in cooperation with Berlinale Talents and caters to young filmmakers and producers from East Asia and Southeast Asia.

In 2021, Ralph Licaros, Andrew Lumbang, Patrick Mark Galang, and Bonnie Factor, iACADEMY Faculty members, passed the Alibaba Global Digital Talent program and are certified to teach all topics under the program.

iACADEMY's President, Maria Vanessa Rose Tanco, was among the recipients of Asia Leaders Awards 2021 awarded at the Embassy of Singapore on November 11 in recognition of the achievements in the field of business, entrepreneurship, leadership and corporate social responsibility.

In January 2021, Bennett Tanyag, Chair of Computer Science and Web Development Programs, received a Python Programming certification from the Python Institute. Also in the same month, part-time faculty and alumnus of iACADEMY Computer Science Brendo Toledo received from the Linux Professional Institute his certification in Linux Essentials.

Jhovy Malasig, Humanities and Social Science/Reseach faculty member, earned his certification for Teaching English as a Foreign Language (TEFL) on January 22, 2021.

Peter Hans Tejada, Coordinator of Senior High School ABM Strand, earned his MBA degree in February 2021 from the De La Salle University.

iACADEMY School of Computing faculty member Riel Gomez became an Alibaba Cloud Associate in April 2021.

Alibaba Business School has awarded Global Development Training certifications in April 2021 to the following iACADEMY personnel: Peter Hans Tejada, Patrick Mark Galang, Bernard Daniel Eseo, and Wilson Tiu from the Senior High School Department; Noel Sergio, Ralph Michael Licaros, Joenil Cofreros, Mitch Andaya, Bennett Tanyag, Jay R San Pedro, Abram Andrew Lumbang, Marita Laborte, and Bonnie Jo Factor of the UG-Academics Department.

General Education Chair Gian Carlo Alcantara published two journal articles namely *Digital na Ebanghelisasyon: Isang Panimulang Pag-aaral sa Kasalukuyang Sitwasyon ng Social Communication Ministry ng Arkidiyosesis ng Maynila at Diyosesis ng Cubao* at the Malay Journal in June 2021. Malay is an internationally refereed and abstracted multi-disciplinary journal of Dela Salle University - Manila. It focuses on Filipino language, culture, and mass media.

Carl Louie So, Chair of the Game Development Program, completed his Master's degree in Game Design from Asia Pacific College in July 2021. Another part-time faculty member from iACADEMY School of Computing Game Development Program, Arisa Alcantara, also finished the same degree.

Also in July 2021, School of Design and Arts (SODA) faculty member Gerard Elvina was recognized as the first Avid Certified Instructor in the Academe Category in the Philippines. Avid creates tools, software, and platforms used by content creators the world over - from film, television and music.

Former SHS Coordinator for Multimedia Arts, Ralph Anthony Cacal, was the art director of Bebang Siy's ebook entitled COVIDagli, published by the Isang Balangay Media Productions on August 1, 2021. The ebook is a collection of illustrated short stories where the proceeds of the book will go to a writer-teacher based in Cavite who fell ill of COVID-19 and needed support for his medical bills.

Mitch Andaya, dean of the School of Computing, and Bennett Tanyag, Program Chairperson of Computer Science and Web Development Programs, together with iACADEMY Research and Development Director Jay R San Pedro, presented a research paper entitled "Employability of Software Engineering Graduates from 2016 to 2020: A Tracer Study" at the 1st DALTA Research Conference 2021 organized by the University of Perpetual Help Dalta System - Las Piñas City on August 7-8, 2021. The same research was also presented in the 4th International Conference on Open and Distance Learning of the University of the Philippines - Los Baños, on October 13 - 15, 2021. The study investigated the employability of software engineering graduates during the pandemic COVID-19. It also established the graduates' profile, employment characteristics, transition to employment, and perspective toward the institution's curriculum, processes, and services.

"Mutya", a short film by SODA Dean Jon Cuyson is one of the Philippines' finalists in the SeaShorts Film Festival that ran from August 25 to September 2, 2021. SeaShorts showcases Southeast Asia's stories and emerging filmmaking talents by bringing together the arts and cultural community from the region. It has received more than 1,450 film submissions and seen more than 3,700 festival admissions since it started in 2017.

Lean Ordinario, a SHS Multimedia Arts and Design faculty member, was featured in Inquirer Lifetsyle about his new track "New To Me" on October 25, 2021. It taps into one's vulnerable side and acknowledges the confidantes who are ready to back one up. The track was co-written by Steffie Ziebert with breaks from Marty Carsi-Cruz.

iACADEMY's President, Maria Vanessa Rose Tanco, was among the recipients of Asia Leaders Awards 2021 awarded at the Embassy of Singapore on November 11, 2021 in recognition of the achievements in the field of business, entrepreneurship, leadership and corporate social responsibility.

On January 15, 2022, the DevComm with the leadership of Mitch Andaya along with Jay R San Pedro, Danica Cabo, Rheal Dayrit, Hamil Buyco, Shaina Sucaldito, Weena Espardinez, John Bryan Ferraro, Benjamin Tan, Margey Oriel, and Jean Duenas completed the study entitled, "Examining the Culture of Excellence (CoE) in a Philippine Private Higher Education Institution amidst of the Pandemic COVID-19"

On February 20, 2022, Jay R San Pedro completed the research study entitled, "Challenges in a Remote Virtual Accreditation of a Philippine Private Higher Educational Institution: Perspectives from Delegative Leaders".

Paolo Antonio Noceda, SHS Assistant Principal, received praiseworthy recognition from International Journal for Science and Research Publication (IJSRP) for his research paper titled "Progressive Anticipation: A Forecast Methodology in Decision-Making among School Administrators". His paper was published online in Volume 12, Issue 4 of April 2022 Edition. IJSRP is a high-quality, peer-reviewed, and refereed international journal that focuses on new research, development, and applications in a variety of topics in science, engineering, and technology. This research delved into the decision-making and problem-solving processes of school administrators through the lens of progressivism and forecast methodology termed progressive anticipation. The researcher has identified some of the key problems faced in educational management and has proposed the use of computer software that is capable of analyzing fragments to show the best options to solve the encountered school problems.

Jon Cuyson held a solo exhibition of abstract works entitled "SOS" at Galleria Duemila on May 7 - 31, 2022. The exhibition featured paintings and collage works that explore horizontality, materiality and abstraction.

On May 25, 2022, Abraham Andrew Lumbang and Jay R San Pedro completed the research study entitled, "Harmonizing General Education Courses through a Guided Online Autonomous Learning (GOAL) Integrated Output in a Philippine Private Higher Education Institution"

On May 27, 2022, Gian Carlo Alcantara was recognized by the De La Salle University - Manila OVPRI with his publication under the category Scopus, Web of Science, and ASEAN Citation Index-Listed Journal from January 2021 to December 2021. His publication titled "All about the Filipino?: A Preliminary Characterization of Pinoybaiting in YouTube" was published in Plaridel: A Philippine Journal of Communication, Media and Society in December 2021. Plaridel Journal is indexed in Scopus, EBSCO Information Services, and ASEAN Citation Index (ACI). Scopus is the largest abstract and citation database of peer-reviewed literature: scientific journals, books, and conference proceedings. This research was also presented in the *Pambansang Seminar Workshap* with the theme *Pagtuturo, Pananaliksik at Wikang Filipino sa Panahon ng* New Normal in June 2021.

Gian Carlo Alcantara was also a reviewer of Sinaya: Philippine Journal for Senior High School Teachers and Students, for volume 1 issues 1-3 for 2021-2022.

The short film KEREL (Sea of Love), written and directed by Jon Cuyson, Dean of the School of Design and the Arts, was invited to premiere in Italy at the SICILIA QUEER FILM FESTIVAL. The screening was held in CINEMA DESETA from May 30 to June 5, 2022.

Peter Hans Tejada, ABM Coordinator, earned his Google Certified Educator Level 1 on June 6, 2022.

Weena Espardinez, chairperson of the Animation program, was reelected as board director in the Animation Council of the Philippines on June 22, 2022. The Animation Council Of The Philippines is a non-stock and non-profit organization, duly recognized and supported by the Philippine government, and whose member companies specialize mainly in traditional and digital 2D and 3D animation. The Board of Directors are duly elected representatives from both the animation industry sector and the non-industry or the academe with the main purpose of coming up with projects and events that would promote Philippine animation, as well as identify areas of needs to narrow the gap between the animation schools and the animation studios. Ms. Espardinez was a board member in 2016 until 2020, and was reelected in 2022 to serve until 2024.

Kim Rio, ANI/GI Coordinator, and Mich Cervantes, SHS Animation faculty member, attended the Center for Excellence Toon Boom Training Sessions on June 29, 2022.

School of Design and Arts faculty members actively cemented their marks in the animation, fine arts and music production fields. Animation faculty members AJ Siytangco and Hamill Buyco were both featured in BusinessMirror in July 2022 recalling their roles in Lucasfilm Animation as FX artist and Big Hero 6 TV series as 3-D artist respectively.

"Dikit", a short film production designed by Mario Serrano, iACADEMY Multimedia Arts Program Chairperson, and directed by his daughter, Gabriela Serrano, was recently selected as one of the 12 finalists in the Cinemalaya Philippine Independent Film Festival 2022, out of 199 entries from all over the country. "Dikit" was shown during the 2022 Cinemalaya Festival on August 5 to 14, 2022 at various CCP venues and select partner cinemas. It competed in the Short Film Category during the Cinemalaya Awards Night on August 14, 2022, at the CCP Tanghalang Nicanor Abelardo (CCP Main Theater).

Animator and professor Tito Romero shared his valuable insights and experiences in the 2022 Philippine Animation Festival dubbed Animahinasyon 16 in August 2022. Tito Romero has been in the animation industry since 1984. He has been involved with a number of TV shows since that time from The Flintstones, Jetsons, Jhonny Quest, The X-Men Animated series to name a few. He has worn many hats over the years in the industry, from being an animator, animation director, character designer and other job description that focuses on the pre-production and production side of doing 2D animation work.

Music Production and Sound Design Coordinator Gerard Elviña was appointed as a member of the Executive Council Member for the National Committee on Cinema in October 2022 and assumed office on January 1, 2023. National Committee on Cinema is one of 19 national committees under the National Center for Culture and Arts tasked with enriching, preserving, and cultivating Philippine Cinema. Through this engagement, Elviña was part of the Senate Hearing on the four proposed senate bills regarding the Movie Television Review and Classification Board (MTRCB) in March 2023. He also represented the NCCA in April 2023 as a resource speaker in Baguio for the Cinemarehiyon 15 for the 15th Regional Film Festival. In December 2022, he joined the George Massenburg Educational Advisory Group for the Beta Testing of George Massenburg's digital EQ plug-ins. In April 2023, Mr. Elviña was also one of the resource speakers for the SoundID Reference: Create, Mix, and Deliver with Confidence. He also participated in the beta testing of Sonarworks in the Philippines, and his insights about this program will provide valuable knowledge for the attendees. For the same month, Elviña also was the trainor for the upskilling of ABS CBN's Big Dipper Division on Audio Description Technology. Audio Description is the auditory narration of visual representations such as television programs, live performances and movies and other art forms for people who are blind, have low vision, or who are otherwise visually impaired. The same team that was trained bagged the "Innovation for Audio Description" at the First Asia Pacific Broadcasting Awards in Singapore last June 2023.

Abram Andrew Lumbang and Jay R San Pedro virtually presented the paper entitled, "Harmonizing General Education Courses through a Guided Online Autonomous Learning (GOAL) Integrated Output in a Philippine Private Higher Education Institution" in several international and local conferences, specifically the 1st International Conference of the Society for Strategic Education Studies from August 24 to 25, 2022; 2022 National Conference on Educational Measurement and Evaluation (NCEME 2022) from August 25 to 27, 2022; 7th National Conference on Open and Distance Learning (NCODeL) from November 23 to 25, 2023; and APCORE 2022 Virtual International Conference from December 12 to 14, 2022. In addition, this was considered to be the Best Paper Presentation during the NCEME 2022.

In November 2022, Abram Andrew Lumbang also represented iACADEMY in the International Conference for Research of Civil Society in Moscow, Russia with his paper entitled "Globalization - A Tool for Volunteerism in a Post-Pandemic Society."

Bernard Eseo presented his paper entitled, "A Dramaturgical Analysis of Analysis of Humor in Organizational Culture in Philippine Organizations, with Effects on Work Engagement and Work Productivity" during the 2022 International Conference of the Philippine Sociological Society from November 11 to 15, 2022 in partnership with Wesleyan University Philippines.

Jarek Cabanatuan presented their paper entitled "A Cross-Channel Autoencoder Image Recoloration Experiment Analysis" during the International Conference on Information and Technology Education from November 17 to 19, 2022 at the Mapua Malayan Colleges Mindanao, Davao City, Philippines. In addition, he also acted as a Session Chair during the said conference.

Mitch Andaya, Apolinario Cuyson, Marita Laborte, Jay R San Pedro and Cecilia Sy virtually presented the paper entitled "Philippine Private Higher Education Institution Guided Online Autonomous Learning: A Response to the Educational Transition in the New Norm" during the 7th National Conference on Open and Distance Learning (NCODeL) from November 23 to 25, 2022.

Paola Katherina Gonzales, Anton Miguel Perez, Hans Furgen Go, Mary Andrea Dayao, Ma. Carmela Erica Bugarin, and Carlos Jacob De Guzman, virtually presented the paper entitled, "Taga-Bayad-Utang: A Phenomenological Study, Its Roles, and Implications" during the Ika-46 Pambansang Kumperensiya sa Sikolohiyang Pilipino from November 24 to 26, 2022 organized by the National Association for Sikolohiyang Pilipino, Inc in partnership with Pamantasang Ateneo de Davao.

iACADEMY became a co-organizer and major partner during the Asia-Pacific Consortium of Researchers and Educators (APCORE) 2022 International Virtual Conference last December 12 - 14, 2022. A delegate comprised of Mitch Andaya, Cecilia Sy, Paul Ocampo, Bennett Tanyag, Carl Louie So, John Mark Vincent Gianan, Paola Gonzales, John Padua, Leizandra Pugong, Gilly Tribiana, Bernard Temporosa, Gerard Paul Elvina, Christine Marie Aguilar, Vincent Barcelona, Jhovy Malasig, Andrew Abram Lumbang, Bernard Eseo, Carlo Romion, Gienha Batucan, Jay R San Pedro, Danica Cabo, Marian Leonido, Ruth Mary Cas, and Meryl Silva participated during the said conference. In addition, the following were able to present their respective papers:

- Cecilia Sy for Philippine Private Higher Education Institution Guided Online Autonomous Learning: A Response to the Educational Transition in the New Norm;
- Jay R San Pedro for Challenges in a Remote Virtual Accreditation of a Philippine Private Higher Educational Institution: Perspectives from Delegative Leaders;
- Mitch Andaya for Examining the Culture of Excellence (CoE) within a Private Philippine Higher Education Institution amidst of the Global Health Crisis; and
- Abram Andrew Lumbang for Harmonizing General Education Courses through a Guided Online Autonomous Learning (GOAL) Integrated Output in a Philippine Private Higher Education Institution.

In addition, the paper of Jay R San Pedro was recognized to be a Finalist/Winner of the Best Research Paper during this conference.

In line with research publication, the following were able to publish their research and creative papers:

- Mitch Andaya, Hamil Buyco, Danica Chrizzy Ann Cabo, Rheal Dayrit, Jean Duenas, Weena Jennifer Espardinez, John Bryan Ferraro, Margery Oriel, Jay R San Pedro, Shania Jane Sucaldito, Benjamin Tan, and Dennis Caballes for Examining the Culture of Excellence (CoE) within a Private Philippine Higher Education Institution amidst of the Global Health Crisis at the International Journal of Multidisciplinary: Applied Business and Education Research 2022, Vol. 3, No. 8, 1415 – 1421 http://dx.doi.org/10.11594/ijmaber.03.08.04 August 12, 2022
- Jay R San Pedro for Organizational Effectiveness Related to Disaster Risk Reduction Management in Taytay, Rizal, Philippines: Perspective from the Academic Leaders at the International Journal of Multidisciplinary: Applied Business and Education Research 2022, Vol. 3, No. 8, 1415 – 1421 http://dx.doi.org/10.11594/ijmaber.03.08.03last August 12, 2022
- Abram Andrew Lumbang for Heart of Education: The Relationship of Corporate Social Responsibility on the Organizational Commitment of Senior High School Teachers in Caloocan City, Philippines at the International Journal of Multidisciplinary: Applied Business and Education Research 2022, 2022, Vol. 3, No. 10, 1943 – 1962 http://dx.doi.org/10.11594/ijmaber.03.10.11 last October 13, 2022
- Gian Carlo Alcantara published three papers at Plaridel Journal of Communication, Media, and Society. The following papers were entitled, "Katutubong vlog: Isang pagsusuri sa oryentalismo sa mga vlog tungkol sa iba't bang Indigenous Cultural Communities/Indigenous People (ICCs/IPs) sa Pilipinas" at https://doi.org/10.52518/2023-02alcntdmtr; "Pinoy thirst trappers: Panimulang pagsipat at paglalarawan ng thirst trapping ng mga piling Filipinong YouTuber" at https://doi.org/10.52518/2022-07alcdem; and "Bida ang Pinoy?: Isang panimulang pagsasalarawan ng Pinoybaiting sa YouTube" https://doi.org/10.52518/2021-19alcdem

Faculty members of iACADEMY are active in graduate studies, research, industry work and consultation. In February 2023, Carl So, Chairperson for Game Development, has been appointed as a member of the Technical Panel for Game Development and Animation, under the Commission of Higher Education (CHED). This appointment by Mr. So will aid in the advancement of Game Development and Animation curricula in the Philippines.

In March 2023, General Education chairperson Gian Carlo Alcantara earned his Doctor of Philosophy degree in Philippine Studies. His new degree will enable him to bring valuable insights and expertise to his role. He can use his knowledge and skills to improve the quality of education provided to students.

In May and June 2023, Dean Jon Cuyson participated in two exhibits to showcase his work. In "Line of Sight", Dean Cuyson presented acrylic painted on canvas on plywood, which hung on top of each other in perfect lines, referencing marine issues and structures of power. The exhibit ran at Galleria Duemila from May 6 to June 20, 2023 and was featured by the Inquirer. This was followed by his works being featured at Elusive Endge: Philippine Abstract Forms at the Metropolitan Museum of Manila on June 13 to August 31, 2023. The exhibit focused on expressions of abstraction in Philippine modern art. It is organized around five sections that identifies precursors of geometric abstraction; dwells on the idiom of hard edge and color field; explores the calibration of abstraction within figuration; speculates on the currency of abstraction in contemporary art; and initiates discussion of abstraction in the field of design and architecture.

iACADEMY Senior High School Principal Paolo Antonio Noceda was invited by the International Association for Statistical Education (IASE) to be one of the speakers in the webinar entitled: STATISTICAL EDUTAINMENT on May 23, 2023. His presentation was entitled "Gamifying Statistics Through Elevated Learning eXperience (ELX)".

SHS Assistant Principal Peter Hans Tejada successfully renewed his Google Certification on June 7, 2023. A Google Certified Educator is someone who has demonstrated a level of mastery using a wide variety of Google edtech tools in teaching and learning environments. Becoming a Google Certified Educator provides a pathway to edtech integration in ways that maximize the use of Google platforms to elevate the learning experiences of students.

On June 1, 2023, SHS faculty members Ms. Ma. Concepcion Luarte, Mr. Chad Kevin Rosel, and Ms. Christine Aguilar attended the National Seminar Workshop on Designing Technology-Enhanced Learning Experiences in Ateneo de Manila University Quezon City.

Student Achievements

STI ESG

The global pandemic changed the educational landscape as the schools transitioned to online learning and virtual conferences and competitions.

The educational landscape changed in SY 2020-2021 as educational institutions transitioned to online learning due to the ongoing global pandemic. With this, school activities likewise shifted to virtual conferences and online competitions. SY 2022-2023, however, marked the resumption of in-campus activities and competitions.

12th ASEAN Para Games

Andrei Kuizon, BS Information Technology student from STI College Las Piñas, won the gold medals for Men's Shot Put F53/F54 Para Athletics and Men's Javelin Throw F53/F54 Para Athletics during the 12th ASEAN Para Games held in Cambodia.

Local Competitions

Armed with clever ideas, Computer Engineering students from STI College Calamba and Caloocan dominated two out of five categories as the grand champions in Smart City and Smart Logistics, respectively, at the Packetworx's Packet Hacks 2023 Internet of Things Conference finals at World Trade Center on June 28, 2023.

At the same event, Information Technology students Jason Llanes and Christian Paul Flores from STI College Cagayan de Oro presented the app they developed for Cagayan de Oro city. The STI students, together with a representative from the city's Local Environment and Natural Resources Office, unveiled the Oro Kalimpyo App that enables seamless collection of solid waste by digitizing the manual tasks of writing the records of recyclable waste collected from households. The mobile app, which is in the Visayan language for better use of Cagay-anons, uses machine learning for an interactive scanner feature that assists users in identifying different types of recyclable materials, including plastic polymers. Data collected through the mobile applications are fed into the web dashboard managed by CLENRO where data can be monitored and reports can be easily generated. The app is being tested in pilot barangays and are expected to roll out in the third quarter of 2023.

Another Computer Engineering student was recognized by the Institute of Computer Engineers of the Philippines. Stephen Yecyec from STI College Surigao was lauded as the Most Outstanding Computer Engineering student in the Caraga region on December 1-2, 2022.

STI College Pasay-EDSA's BS Hospitality Management students bagged two championship awards in the Cake Fiesta Manila 2022, the biggest and most exciting international baking and cake decorating expo in the country. Held on November 24-26, 2023, the group of Joenna Calixto, Crisel dela Cruz, and Aryanne Kaye Arnido won in the Cake Wars (college category) whereas the group of Danika Sarate, Antonio Dimaano, and Christine Angeline Dacillo won in Sweetscape (intercollegiate category).

Additionally, STI College Balagtas' Rodelio David, Jr. and Cherryjoy Gamac took home the silver award in the prestigious Council of Hotel and Restaurant Educators of the Philippines (COHREP) 2022 National Skills Olympics on Filipino Dessert Live Cooking.

STI College Novaliches' BA Communication students Nicole Espina and Kristine Hazel Macuha, meanwhile, earned a spot in the Catholic Mass Media Awards with their anti-drunk driving print ad.

STI College Lucena's students joined the iSTAND: 7th Atimonan Social Media Summit 2022 Makabagong Normal sa Atimonan Short Film Festival where their short film titled "La Talentado (The Talented)" won 1st runner-up. The short film showcases the life of Mr. Ryan Cadag Sabacco, a famous figure in Atimonan, highlighting his life and achievements to inspire Atimonanins into neoteric and progress-driven citizens, and also shows the power of social media in having an outlet of creativity and connecting with other talented people.

Nap Kelvin Berganio, Grade 12 student from STI College Cubao, won the Senior Bronze medal at the National New Face of the Year Taekwondo Championship held on May 21, 2023 at the Ninoy Aquino Stadium.

STI College General Santos' students showed impressive performances and garnered recognition in different competitions. The school's BS Tourism Management students joined the 2nd China-ASEAN College Student International Tourism Innovation Competition where the group of Mike Joven Bastes, Precious Qhium Rama, Dhesiry Capilitan, and Noremae Peligrino won 1st place in the Cultural and Creative Production Design category while the group of Helen Grace Alicando, Ivory Capilitan, Stephanie Hamile, and JP Spencer Patriarca won 3rd place in Marketing Plan category.

Daniel Alburoto and Joeja Bernabe, on the other hand, brought home two silver medals from the Philippine National Skills Competition in Web Design Technology and 3D Game Art, respectively.

Eight students likewise excelled in the Regional PRISAA (Private Schools Athletic Association) 2023 held from April 29 to May 2, 2023. Hartlie Nhoriz Nacar won the gold medal in Bantamweight Taekwondo while Dianne Acosta won the bronze medal in Extemporaneous Speaking.

STI College Cauayan's Johndave Jaquias was hailed Mister World Ambassador International 2023 1st runner-up. He also won a special award as Best in National Costume.

For the list of achievements in previous years, please visit www.sti.edu for prior years' 17A reports.

STI WNU

From SY 2020-2021 to SY 2022-2023, STI WNU has proven its supremacy in the fields of academics, sports, and culture and arts through different regional and national competitions.

In Academics:

- Jaylloyd Garche – Grade 12, HUMSS student – 1st place, We Care Orgnization's Nationwide Online Essay Writing contest, Theme: "Your Mental Health Matters, Speak Up for the Voiceless" (April 27, 2021)
- The Negros Occidental ICT Scholars from the College of Information and Communications Technology (CICT) presented the five (5) ICT applications. These were "Emergency Rescue and Response Operation System", "Depot Procurement and Inventory System", "Fire Alert Notification with Map Locator", Monitoring System of the Scholarship Program Division", and "Document Tracking System of Negros Occidental". The presentation was held at the Negros Residences on May 7, 2021.
- Rey Joshua Dela Peña of the College of Education, former President of the Supreme Student Government was one of the invited panelists in the RMN Bacolod Debate Series for Congressman in the lone district of Bacolod City on March 9, 2022.
- Several students from the STI WNU School of Graduate Studies likewise presented their research at the 9th International Conference of Huachiew Chalermprakiet University in Bangphli District, Samutprakarn Thailand on July 1, 2022 (via e-conference on Zoom). Bryan Fidel C. Tirol, PhD1 presented "The Effects of Inquiry-based Approach on Pupils' Performance and Motivation in Science;" Danilo V. Sumbi Jr. discussed his work entitled, "Teachers' Awareness and Effectiveness in Values Integration Program in a High School in Silay City, Negros Occidental;" Dr. Lyka Kymm Garcia of the School of Graduate Studies presented "Implementation of the Infection Control Program in CoViD-19 Management in a District Hospital in Negros Occidental."

In Sports:

- Mustang eSports headed by JD Vasquez, 2nd Year, BS Information Technology student, participated as one of the accredited students for the "Esports Scholarships Are Now A Reality In The Philippines, Thanks To Acad Arena and Globe," an eSports scholarship program named Globe-AcadArena Merit Esports Scholarship (GAMES) (October 2020)
- Mustang Esports – Champion, 2021 Deadeye Esports Campus - League Scrimmage Internationals - Mobile Legends Bangbang (April 11, 2021)
- Jamelyn Ruth Lim – Grade 9, 8th Place in the 8th Mobile Chess x Community Hero Championship 2021, 17U Girls (Swiss) (February 13, 2021)
- Ellaine Summer Abanco – Grade 4, 2nd Place in the 8th Mobile Chess x Community Hero Championship 2021, 12U Girls (Swiss) (February 13, 2021)
- Charlee Andrea Manjares – Grade 3, 6th Place in the 8th Mobile Chess x Community Hero Championship 2021, 10U Girls (Swiss) (February 6, 2021)
- Jose Charles Montalvo– Grade 11 ABM, 6th Place in the 8th Mobile Chess x Community Hero Championship 2021, 17U Boys (Swiss) (February 13, 2021)
- Leigh Andee Rodriguez - Grade 9, Winner, Junior Female - 52kg Category in the R6A Regional Inter-school Online Poomsae and Speedkicking Championships 2021 (October 6, 2020).
- Greg Allan M. Alabanzas – (Grade 9) – Student Athlete – Champion, 2019 6th Ceres Cup and Finalist in 2018 NOPPSCEA Track and Field Provincial Meet.
- Jaycee Adjei, 3rd Year BSBA Student Athlete – Shooting Guard of Negros Mascuvados Maharlika Pilipinas Basketball League (MBPL) March 2021
- STI West Negros University Mustang Esports won the National Campus Open Season 2 of Mobile Legends: Bangbang Visayas- Mindanao Championship last July 11, 2021 streamed live on AcadArena's official Facebook page.

- Top 3 Finalist – National Competition "AIA Philippines Hackathon", sponsored by AIA Philippines, Joshua Grijaldo, June Mhurk Asetre, Josh Alden Albito, Marvin Arreglado, November 9 to December 3, 2021.

In the field of Culture and the Arts:

- Kezia Gabuya (BSCE III) - 2nd Place, Smart Bro Student Vlogger Search, Smart Communications Inc. (December 2020)
- Ms. Angela Beatriz C. Siason (BSCS II)- winner, K-Create for a Cause (May 31, 2021)
- "Aangat", Third Place - CHED Region 6 Songwriting and Interpretation Competition in celebration of the 54th Founding Anniversary of ASEAN - Trisha Grace Pontino and Maycie Parreño Pellejo of the College of Engineering, August 14, 2021
- Champion (Visayas) – Angela Beatriz C. Siason, "K-Create for a Cause" Smart Communication, June 22, 2021

STI WNU students likewise successfully passed several licensure and accreditation examinations, to wit:

Engineering Board Examinations

In the Registered Master Electrician Board Examinations conducted in September 2021, STI WNU's passing rate for new exam takers was 66.67% while the national passing rate was 67.44%. The following year, in the September 2022 board examinations, STI WNU got a 25% overall passing rate; while the national passing rate was 63.08% During the board examinations held in April 2023, STI WNU got a 100% passing rate for new exam takers while the national passing rate was 42.21%.

In the May 2022 Civil Engineering Board Examinations, the national passing rate was 42.35% and STI WNU's passing rate was 14.29%. For the board examinations conducted in October 2022, the University got a 66.6% for new takers while the national passing rate was 51.25%. In the latest board examination held in April 2023, STI WNU got a 17.65% passing rate for new takers while the national passing rate was 34.76%.

In the Electrical Engineering Board Examinations conducted in September 2021, the national passing rate was 64.40% while STI WNU's overall passing rate was 66.67%. In April 2022, the national passing rate was 54.41% and STI WNU's exam takers passing rate was 27.27. Recently, in April 2023, STI WNU got a 29.17% passing rate.

For the Mechanical Engineering Board Examinations conducted in February 2022, the national passing rate was 56.11% and the passing rate of the new takers of STI WNU was 66.67%. For the August 2022 board examinations, STI WNU got a 60% passing rate for new takers while the national passing rate was 54.15%.

Criminology Board Examinations

With the outset of the COVID-19 pandemic in 2020, Criminology Board Examinations had not been conducted until June 2022 where STI WNU's new exam takers got a passing rate of 36.36% against the national passing rate of 30.39%. In April 2023, STI WNU had a 66.67% passing rate for new takers while the national passing rate was 62.07%. making the University as the Top Performing School of Criminology in Negros Occidental Province and in Region 6.

iACADEMY

Kim Nicole Del Rosario, a second year Animation student, placed second for her digital design entry in CM Lux Japan's online competition on July 8, 2020. Her design was inspired by a bouquet of flowers.

The thesis film of fourth-year Animation graduating students Ed John Dela Cruz, Reia Simpas, and Naomi Dimaculangan entitled "Avarus" was chosen as a finalist by CCP's Gawad Alternatibo in August 2020. The thesis film follows the story of a rich, middle-aged man who takes a mysterious pocket watch from a strange, hunched beggar. He is then haunted by events of misfortune until he eventually stumbles upon a store that gives one whatever the heart desires.

Industry partner Knowledge Channel, through its Knowledge Channel Volunteer and Internship Program (KCVIP), recognized through the KCVIP Virtual Graduation 2020 noteworthy interns namely Francis Miguel Garcia as Outstanding Intern for IT, Lorenzo Martin Benedicto as Outstanding Intern for Game Development, Fidel Aziz Drake Fernandez with Best in Motion Graphics Award, Thaddeus Ted Artificio with Special Citation for Motion Graphics Award and Jarrod Patrick Pena with Most Transformative Intern.

In August 2020, Animation students Ed John Dela Cruz, Naomi Dimaculangan, and Reia Simpas made it as finalists in the CCP Gawad Alternatibo. The Gawad CCP Para sa Alternatibong Pelikula at Video, Gawad Alternatibo for short, is the longest-running independent film competition of its kind in Asia. The main competition has four major categories – Animation, Experimental, Documentary, and Short Feature.

Also in August 2020, BS Business Administration students Geoffrey Tan, Julianne Febiar, Ryan Badrek, Matthew San Jose, and Software Engineering Paul Magbojos were Top 12 in the national level of the Alibaba GET Global Challenge. Their entry was a digital platform that makes buying and selling fresh foods easier and more accessible to consumers, reduces overcrowding in groceries and markets, and makes buying fresh foods more convenient while providing growth opportunities for entrepreneurs, farmers, home growers and delivery drivers.

In September 2020, iACADEMY released its first edition of the GROUND GLASS FILM FESTIVAL which celebrated the creativity of iACADEMY students who, during the first months of the pandemic, were able to muster the energy and focus to create amazing short films. Juried by internationally-awarded filmmakers Raymond Red, Sari Dalena, and John Torres, BS Animation student Danica Sy took home the grand prize for her 2-minute animated short film entitled *Pagkain*. Ms. Sy's *Pagkain* also won her the Honorable Mention in the 2020 Peace Motion Graphics Competition by the Sunhak Peace Prize Foundation in South Korea awarded in January 2021.

In October 2020, Fashion Design student Carlie Lajara was Metro Magazine's Style Me Now winner. Metro Style is a multi-platform lifestyle media outfit in the Philippines.

In November 2020, Ruka Azuma and his film "Blue Room Feelings" won the Independent Achievement Award during the 10th International Film Festival Manhattan NYC. Also in the same month, Rex Joshua America, a 1st year iACADEMY Multimedia student got his photo artwork featured in Vogue Italia, the Italian edition of the Vogue Magazine.

In December 2020, BS Business Administration students Nicolas Villapando and Kurt Boquiren emerged Top 3 at the ATIFTAP Marketing Competition 14th Global Business Conference III Digital on the RISE: Marketing and Beyond Marketing Case Competition. Top 1 team came from Northwestern University and Top 2 were from Ateneo de Manila University.

In May 2021, Ysha Cenzon published through Penlab a comic about a dispirited teenage boy who helped a family of ghosts move on to the afterlife with a birthday celebration entitled "My Dear Ghost Family."

Third-year BS Animation students Nicole Anna Argañosa, Elisha Gabrielle R. Briones, and Mesfin Bram Diosina were first runner-up in the EU Whiz, a partnership between the Philippines and the European Union in June 2021. The group bested 149 entries nationwide.

Also in June 2021, Senior High School students Neo Roizz Hombrebueno, Eliana Nicole Carlos, and Seth Joaquim Astorga bagged the 1st Runner-up in the The Next Bright Idea Digital Design Competition. The Next Bright Idea is Enderun Colleges' business and design pitch competition for young aspiring entrepreneurs and creative thinkers. It aims to generate breakthrough business ideas and design solutions.

Also in June 2021, 3rd year Multimedia student Chris Sante came up with an 80's inspired mix featured by a multivitamin brand in its social media account.

In July 2021, experimental short film "Let Our Response Be" by Multimedia Arts and Design student Ruka Azuma was listed as a finalist in the Gawad CCP Para Sa Alternatibong Pelikula at Video.

In August 2021, iACADEMY students Irma De Jesus and Hannah Felix represented iACADEMY as one of the eight delegates from the Philippines at the Asia Student Leadership Conference 2021 hosted by Smile Asia Organization in Singapore.

In November 2021, BS Marketing Management students Geoffrey Allen T. Tan, Kurt Symoun E. Boquiren, Nina Jean S. Comanda, Jullian Denise H. Febrar, Nicolas Gabriel C. Villapando, and Sean Ethan Sebastian D.G. Valdez landed 2nd place in the competition for the Best Marketing Students of the Year having presented comprehensive and well-thought case studies on marketing during the Agora Marketing Competition - Brilliance Still Shines at the 41st AGORA Youth Awards.

In November 2021, Sofia Santillan, one of the students of DRIVE under the Software Development strand, competed in the ASEAN-Australia Strategic Youth Leadership as a young leader to collaborate and develop new ideas that promote equitable economic growth through education.

In December 2021, Grade 12 Software Development student Danielle B. Meer, was ranked 1st in Stack League Philippines, the largest online programming competition in the Philippines.

In February 2022, the film by iACADEMY graduates Max Lubansky and Adelaide Go "Until I Forget" was shortlisted as part of the official selection at Cinema Rehiyon '14, the flagship project of the National Committee on Cinema, National Commission for Culture and the Arts.

In March 2022, Jethro Ian Lacson, an iACADEMY alumnus under the Multimedia Arts program was listed as one of the 25 most promising individuals in the local art scene under the Arts and Design category in Preview PH's Creative 25 list.

Also in March 2022, BS Animation and Vision Creative Unit member Jeriah Emel Capil's "Bahala na si Darna" belonged to the 20 shortlisted projects from more than 200 entries in the Sine Kabataan 5 Short Film Lab and Festival.

On April 26, 2022, SHS Software Development student Arla Jan Patrick Sagun bagged the gold award in the Hongkong International Computing Olympiad (HKICO) Heat Round 2022 - Philippines.

In May 2022, Lance Ocampo (BS Information Technology with Specialization in Web Development) was selected as part of the Philippine National Football Team (Azkals) to represent the Philippines in the Southeast Asian Games (SEA Games).

Also in May 2022, Software Engineering students from the School of Computing were recognized by local newspapers and news TV programs DZRMM (ABS-CBN), State of the Nation (GMA), and GMA Regional TV for their low-cost multifunctional waste pickup drone that impressed technology experts.

Pioneering members of Vision Creative Unit Alma Ramos, Faith Ann Moreno, and Zoe Samantha Panganiban headlined the news in May 2022 as the only students from Asia and the Philippines to qualify as finalists in the Negative Space Comic Book Writing Competition along with top design schools like SCAD and Northern Michigan University, USA.

iACADEMY's Office of Research and Development spearheaded the launch of the annual iSEARCH, an avenue for iACADEMY's students to share their research outputs with the community on May 18, 2022. With the theme "Paving the Pathways to Sustainability, Innovation, and Excellence" the event aimed for the current students taking their research writing courses to be inspired and gain new insights in refining or completing their research papers. Among the student research presentations are:

- Allain Vincent Gaspar, Christian Gaspar, Jean Michel Gomez, and Mel Ivan Magsino for Reducing Plastic Wastes and CO2 by balancing the pH levels in the Ocean using OCDRON
- Dino Paulo Gomez, Owen Clamor, John Leonard Rada, and Francis Parreñas for Specialized TRacker for Pets (STRAP)
- Miguel Andrei Arosa, Kenneth Ian Endaya, Luis Gagelonia, Juwan Melad, Matthew Aaron Ramizo, and Sean Paolo Ramos for Vicious Mockery: A Typing Game
- Ruka Azuma, and Melissa Perez for Gising Sining: How Fascism, Foolishness, and Foresight of Leadership Affect the Filipino Political Art Landscape
- Christopher Sante, Christopher and Ian Tristan Valerio for kALAMIDAD: An Interactive Survival Manual About Disaster Risk Preparedness and Awareness for Filipino Children to Increase their Adaptive Capacity Towards Natural Hazards
- Joshua Mari Cueto, Sophia Jean Durias, and Mackie Soneja for The Negative Effects of the Lack of Sexual Education Towards Gay Filipino Youth and their Vulnerability to Abuse on Social Media
- Brian Jucaban and Cheska Romero for Kaya: A Teletherapy Transition Kit Addressing the Challenges of Teletherapy for Primary Caregivers of Children Receiving Occupational and/or Speech Therapy
- Eliza Geraldine Ogami, Alyssa Erika Pioquinto, Angelica Perez, Izaak Macaisa, Patricia Arganoza, Juren Ursal, and Sean Valdez for The Effects of GCash as a Mobile Wallet on Consumer Behavior Amidst the COVID-19 Pandemic in NCR Plus Bubble
- Timothy Dy for Coping Strategies and Well-being of iACADEMY College Students amidst the COVID-19 Pandemic
- Fiona Gutierrez for Resilience As A Protective Factory in Caring for Victims of Covid-19

In June 2022, FSi Student Org (Filmmakers Society of iACADEMY) representatives Brijette Ann San Jose, Ernesto De Guzman, and Steffi Andre Allen's entry "Malamig Ang Apoy" was chosen as finalist for the recently concluded #riseASEAN short video contest on countering the infodemic.

In July 2022, a film by animation students Danica Sy and Andrea Castillo's titled "Bahay Bound" was named finalist for the MBC Short Film Festival under the animation category.

Also in July 2022, Senior High School student under the Software Development Track Arla Jan Patrick Ragun emerged as one of the Top 20 finalists at the International Python Coding School Challenge 2022 hosted by Raffles University in India.

Senior High School (SHS), student Arla Jan Patrick Ragun participated in the August 2022 Hong Kong International Computational Olympiad and finished in the Senior Secondary Group. He also bagged a full scholarship from the Duke University, a top-ranking school in the United States for Computer Science in May 2023. Ragun will be pursuing a major in Computer Science with a focus on Artificial Intelligence and Machine Learning.

Arla Jan Patrick Ragun (SD) and Earon Joshua Duque (RB) represented iACADEMY and the Philippines in an international Python coding competition (Hong Kong International Computational Olympiad) in August 2022.

A student short film, "Ilusyunada", by Andre Punzalan has made it to the official selection at the Student World Impact Film Festival 2022 (SWIFF). SWIFF has been a catalyst in empowering more than 3,000 storytellers from marginalized communities in 120 countries in September 2022.

Works of iACADEMY SHS, College and Alumni Game Changers amazed many at the Manila International Fashion Week x Farah Models Camp Manila Struttin' Denim at The Cover at Okada Manila in October 2022.

The design proposal of work apparel using Philippine Tropical Fabrics of Danielle Anne Javier, a third-year Fashion Design and Technology, was developed by Philippine Textile Research Institute (PTRI) and exhibited at the Philippine Textile Congress 2022 alongside other fashion and textile schools in the Philippines in November 2022.

Several Fashion Design and Technology students and alumni were also featured in various publications in 2022. Emanuel Riñoza collaborated with content creator Sef Loseo on a reworked vintage fabric resulting in a romantic splash of colors styled with silver platforms and a beret featured in Nylon Manila. Eugene Malabad, another iACADEMY student designer was also featured in CNN Philippines featuring his works on PH x Maarte Fair showcased at the Manila Peninsula Hotel last August 2022. Inquirer also featured actress singer Maris Racal who wore the creation of Ish Barrozo for Halloween 2022. Barrozo's creation was a stunning "nuno sa punso," a dwarf-like nature spirit in Philippine mythology. In December 2022, Ish Barrozo's work was once again featured in Nylon Manila as worn by Miel Pangilinan.

An alumna from SODA, Ciara Baello was named Campaign Southeast Asia's Young Achiever of the Year, announced at the Ritz Carlton of Singapore in December 2022. Ms. Baello ranked 24th in Campaign Brief Asia's list of the Philippines' Hottest Creatives of 2021.

Fashion Design and Technology student Andrei Plaus has bagged the 2nd Prize for Storytelling Category at the 2nd SEAMEO Youth Action Contest on VUCA World. His entry entitled "THE DESK a stop motion animation about the VUCA World" bested other Southeast Asian student entries in December 2022.

"Dreams (A Working Title)," an animated short film by second-year animation student Danna De Ocampo, earned recognition as an official entry at the 17th Spring Film Festival. Held in January 2023 at the Shangri-la Plaza, the Spring Film Festival is among the most celebrated Chinese-Filipino festivals.

Animation alumnus Joshua Villena launched his first art exhibition in New York City in February 2023. Villena's collection titled "Apollo Street" incorporates fashion, NFTs, and digital media. Villena adds this to his belt of numerous wins in national art competitions in the Philippines, United States, and around Europe. His work has been featured in New York, Canada, and Paris, among others.

Jolo Arante and Christopher Sante, both iACADEMY Alumni from the Multimedia Arts and Design program, were featured in Graphika Manila 2023 in February 2023. Now in its 18th year, Graphika Manila, regarded as Asia's most influential multimedia design conference, is a two-day creative conference. Jolo Arante has recently made headlines when his collaboration with BIC Lighters Philippines was launched, featuring collector's edition lighters of his design.

Christopher Sante, along with his thesis mate, Ian Valerio, has recently participated as guest speakers in KABALAKA. KABALAKA is an Ilonggo term which stands for KAhublagan sa Barangay para sa LApnagon nga KAhandaan, or Movement for Community-Based Disaster Preparedness, and is being used by the local government of Iloilo City to teach communities about climate change, disasters, and hazards in the community in February 2023.

In the field of pop music, Multimedia Arts and Design student Vinci Malizon in February 2023 has made it as one of the top winners of reality show Dream Maker, the Search for the Next Global Pop Group. The show features a pool of talented young males called "Dream Chasers" who undergo rigorous talent training to find the 7 standouts who will become the next generation's Male Global Pop group. The program also marks ABS-CBN's partnership with Korean entertainment companies, MLD Entertainment and KAMP Korea.

iACADEMY became a partner school with the ASEAN Organization and SAP in the enablement session for the ASEAN Data Science Explorers 2023 on February 28, 2023. With this, students and employees, namely Yetvoie Hanz Christian Fabellon, Kyle Fabila, Jedd Alean Fernando, Gabrielson Urich Lupac, Felise Jann Sanchez, Bennett Tanyag, and Jay R San Pedro, were certified as facilitators of the enablement session.

In the realm of sports, Lenard Rigel Lancero II, an alumnus of BS Business Administration in Marketing Management from batch 2017, attained a significant feat. He secured a place in the national ice hockey team of the Philippines, which competed and emerged victorious against the dominant host country in the 2023

International Ice Hockey Federation Ice Hockey World Championship Division 4 held in Mongolia last March 2023. This remarkable achievement propelled the Philippines from Division 4 to Division 3, marking a noteworthy milestone for Philippine ice hockey.

During the School of Business and Liberal Arts Research Colloquium on March 9, 2023, the following students presented their studies:

- Anton Miguel Perez, Hans Furgen Go, Mary Andrea Dayao, Ma. Carmela Erica Bugarin, and Carlos Jacob De Guzman for Taga-Bayad-Utang: A Phenomenological Study, Its Roles, and Implications;
- Jesse Con Reillo for Effects of Valorant on the Sleep Quality and Aggression Levels of Young Adults;
- Patricia Erica Arganoza, Izaak Mikel Macaisa, Angelica Perez, Juren Duran Ursal, and Sean Ethan Sebastian Valdez for The Effectiveness of Using Meme Marketing on Generation Z in the Philippines;
- Frenz Yu for On Being Hard Stuck: The experiences and coping of skill-based matchmaking gamers;
- Ma. Dominique Magnaye for Self-efficacy: Stories of Women in the IT Industry; and
- Aldreen Flores for a phenomenological study on first-person shooter gamers and their experiences on toxic disinhibition.

From the School of Design and Arts, talented animation student Danica Sy continues to shine with her remarkable achievements. In July 2022, her collaboration with fellow Game Changer Andrea Castillo resulted in the film "Bahay Bound" receiving acclaim at the MBC Short Film Festival. Additionally, Sy received the Special Jury Prize at the Ground Glass Festival 2022 for her film "Wishes." Notably, "Wishes" was a finalist in Animation Council of the Philippines' Anikompetisyon, screened in multiple cities, including Manila, Davao, Iloilo, and Negros, and featured at the annual Baguio City's Montañosa Film Festival from March to April 2023. Furthermore, her extraordinary talent earned her a place in the prestigious CCP Gawad Alternatibo under the Animation category. In the past, she also received the Directors' Guild of the Philippines, Inc. (DGPI) Filmmaker award for her captivating use of Animation in "Wishes."

Also featured in March to April 2023 Baguio City's Montañosa Film Festival is Animation Alumna Alissa Sherburne's animated short film entitled "Bloom".

iACADEMY became a partner school of the University of the Philippines Statistical Society during the LIMITLESS 2023: National Youth Summit on Statistics on May 27, 2023. Yetvoie Hanz Christian Fabellon, Kyle Fabila, Jedd Alean Fernando, Gabrielson Urich Lupac, Felise Jann Sanchez, and Jay R San Pedro joined as participants during the said event.

From the School of Computing, Robin James "Chasm" Javate, a student pursuing BS Entertainment and Multimedia Computing with a specialization in Game Development, achieved an exceptional feat. He secured the 1st Place in the AcadArena Top Teamfight Tactics Player in May 2023.

SHS Dance Troupe CTRL also participated in Dance Surge 6: Inter-high school Dance Choreography Competition in June 2023.

COMPILE, one of iACADEMY's college student organizations from the School of Computing, showcased the students' talents as exhibitors at the ConQuest Festival in June 2023. It highlighted an impressive array of computer games, each developed by iACADEMY students.

Graduation Special Merit Awards

This Outstanding Leadership Award is granted by iACADEMY in recognition of the leadership skills and committed service shown by the graduating student.

- Denijah Rhys Santiago (AB in Multimedia Arts and Design), Carl Anthony Sia (BSBA major in Marketing Management), Alexandra Gozum (BSBA major in Marketing Management) and Jeian Louell Nueva (BSCS with specialization in Software Engineering) received this award on June 29, 2019.

- Princess Althoma D. Brima (BSBA Marketing Management) received the award during the 15th Commencement Exercises held virtually on September 26, 2020.

- John Berlin P. Almanon (Bachelor of Science in Game Development with specialization in Game Programming and Design) received this award on August 14, 2021.

- Annika Joy (Nick Alexander) Aurellano (HUMSS) received this award on June 6, 2022.

- John Lorenz C. Arante (AB in Multimedia Arts and Design) and Ruka D. Azuma (AB in Multimedia Arts and Design) and Eugene D. Malabad (AB in Fashion Design and Technology) received this award on August 13, 2022.

- Arla Jan Patrick Ragun (Grade 12 Software Development) and Ma. Jan Rainne Cabarrubias (Grade 12 Animation) were given the Excellence in Leadership Award for their exemplary performance in leading game changers, even outside the school, during the 6th SHS Graduation Ceremonies on June 16, 2023.

The Outstanding Internship Award is given to a student who has successfully completed his/her internship and is deemed outstanding in his/her overall job performance and character.

- On September 28, 2020, at the iACADEMY 15th Commencement Exercises, Veronica Cinco (BS Game Development), Adam Roosevelt Parico (BS Game Development), Christian Kyle Montoya (BSCS with specialization in Software Engineering), Maxine Antonette Vargas (BSBA Marketing and Advertising), Kiara Rose Marcelo (BSCS with specialization in Software Engineering), Marc Elisha Louis Deligero (BSIT with specialization in Web Development), and Tyler Malik Pinchart (BS Game Development), received this award.

- During the 16th Commencement Exercises on August 14, 2021, Nicole Kaye Rodriguez Bilon (BSCS with specialization in Software Engineering), Roxanne Bernadette Morillo Yabyabin (BSBA major in Marketing Management), Levan Carlo Palencia Delfin (BSBA major in Financial Management), and Max Damien Lubansky (BS in Animation) received this award.

- On August 13, 2022, during the 17th Commencement Exercises, Francis Geoffrey R. Parreñas (BSCS Software Engineering), Camille Nicole E. Pascua (BSCS Software Engineering), Krista Leigh S. Rodrigo (AB Multimedia Arts and Design), Christopher D.J. Sante (AB Multimedia Arts and Design), Alissa A. Sherburne (BS Animation), Mark Paolo M. Tormon (BSCS Software Engineering), and Mary Nicole T. Yabut (BSIT Web Development) received this award.

The Innovation for Service Award is granted by iACADEMY SHS in recognition of the students' abilities to seek and effect beneficial change for the school and the community through game-changing contributions such as innovative ideas and projects.

The following Software Development students were given this award on June 6, 2022 for their Project titled *iRESPOND:*

- Roger Canayon, Jr.
- Andrea Eliza Dulin
- Kean Angelo Denota

- Dana Louise Guillarte
- Jorge Clarence Jarme
- Juan Miguel Paulino
- Heart Shiana Ursua

Grade 12 Software Development students Jude Joseph Garcia Jr., John Mark Garcia, Gabriel Sarabosing, and Nash Herby Jucal SD12A were awarded the Innovation for Service Award for their contribution in developing a web application named FLOODLERT, a disaster awareness application, during the 6th SHS Graduation Ceremonies on June 16, 2023.

The Research Award is granted by iACADEMY SHS in recognition of the excellent contribution of the students' researches to the school and the community.

During the SHS Graduation Ceremonies on June 10, 2022 the following Multimedia Arts students were given this award for their research "*Super Strength has no Gender: A Study on the Portrayal of Gender in Mars Ravelo's Comic Book Characters."*

- Princess Angeline Dela Cruz
- Julia Isobel Encarnacion
- Marinelle Fernandez
- Neo Roiz Hombrebueno
- Faith Clarence Mamoso

Seven outstanding students from Grade 12 Graphic Illustration were awarded Recognition for Research during the SHS Graduation Ceremony on June 16, 2023. The research entitled: Constructive and Destructive Peer Criticism and Feedback: The Impacts on Beginner and Intermediate Artists was chosen by the panel and deliberation committee to be the most relevant and outstanding among the researches defended by the batch. Here are the names of the proponents:

1. Marianne Faith Amaro
2. Aurea Layne Antonio
3. Isaiah Austria
4. Mario Oliver Bate
5. Alexa Lising (GI12A)
6. Rigel Sam Lumampao
7. Charlize Luspo

Board Examinations

iACADEMY's dominance in producing thriving real estate graduates was evident in an impressive 93.75% passing rate in the Real Estate Appraiser Licensure Examination held on September 7, 2022, with Dexter Ungay Go securing the 10th place.

In the April 2023 Real Estate Brokers Licensure Examination, iACADEMY alumni Clark Dustin Yueng secured the third spot with an impressive score of 85.75%, and Queenzi Mae Comiso landed fifth place with a score of 85%. This achievement elevates the school to one of the highest-performing institutions in real estate licensure examination with the remarkable first-timers passing rate of 66.67% and a 100% passing rate for repeaters.

Faculty Development and Certification

STI ESG

STI ESG provides its faculty members with development programs designed as a system of services, opportunities, and projects that assist them in acquiring competencies necessary to perform their respective functions effectively.

The Courseware-based training (CBT) programs are held during semester and summer breaks for all faculty members from wholly-owned and franchised schools that aim to improve the teaching methodologies and content knowledge for specific courses. Courses offered for training vary from year-to-year depending on the results of the needs analyses of the faculty members of the whole STI ESG network.

Faculty Training

SY 2020-2021 witnessed the disruption caused by the global COVID-19 health crisis to the education sector in which STI ESG recognized the need to transform the traditional in-classroom learning delivery to alternative modes leveraging on online learning platforms, tools, and technologies. Hence, the Group kicked off the school year with the Tech to Teach Faculty Training that was participated by 178 select faculty members. The training was designed to orient the faculty members on how they can fully utilize the STI eLMS and video conferencing tools of MS Teams in delivering their online classes.

Meanwhile, in partnership with Huawei, select STI faculty members from the IT and Engineering programs were given the opportunity to undergo free training and examination for various Huawei Certified ICT Associate (HCIA) Training and Certifications. The training and examination sessions were held online via Zoom and facilitated by trainers from Huawei ICT Academy. Fourteen faculty members passed the certification exams and became HCIA-certified faculty members.

During the same school year, the Group integrated SAP Business One Cloud System in the curriculum of BS Information Technology, BS Accountancy, BS Management Accounting, BS Accounting Information System, and BS Business Administration. In January 2021, the Business Management and IT faculty members attended an orientation about the system to equip them with the necessary knowledge and skills to teach SAP to their students. The training was conducted through MS Teams and facilitated by trainers from the FastTrack IT Academy. A total of 92 faculty members joined the training.

Faculty members assigned to teach the Travel Writing and Photography course under the BS Tourism Management program attended training focusing on building competencies in travel writing, travel photography, and travel blogging. The training, held on January 27-29 and February 3-5, 2021, was attended by 46 faculty members.

In SY 2021-2022, select STI faculty members from the IT and Engineering programs underwent free training and examination for various HCIA certifications. The program was held in partnership with Huawei, a leading global provider of ICT infrastructure and smart devices. The Huawei ICT Academy was conducted online via Zoom on September 5, October 2, 9, 16, and 23, 2021, and was facilitated by the trainers from Huawei.

The SAP training was likewise continued from the previous school year in which 64 faculty members from the IT, Accounting, and Business Administration programs, who were handling SAP-related courses, joined the online training from January 31 to February 5, 2022 and February 7 to 11, 2022. The training was held due to the ongoing integration of SAP in the Group's IT, Accounting, and Business courses.

Meanwhile, 56 faculty members who are teaching the Applied Business Tools and Technologies in Tourism course completed the Amadeus Basic Reservation Course held on August 18, 19, 23, 24, 26, and 27, 2021. The training was conducted in line with the integration of the Amadeus Basic Reservation software with the aforementioned course.

Gatessoft also staged a training for the Group's faculty members who are teaching Applied Business Tools and Technologies in Hospitality and Advanced Office Productivity Tools in Hospitality after the Gatessoft point-of-sale and PMS software was integrated in the said courses. 58 faculty members joined the online training on August 2-6, 9-13, and 19-20, 2021.

The Group also provided training for the guidance personnel and homeroom or classroom advisers who play key roles in giving psychosocial support to the students. Partnered with Empath, a social enterprise that provides mental healthcare and psychoeducation services, 83 academic personnel attended the training held online on April 20, 22, 27, and 29, 2022.

SY 2022-2023 started with the Ready-to-Teach program, a biannual faculty orientation aimed to prepare the senior high school and tertiary faculty members on the new courseware materials, the Outcome-based Education (OBE) principles, and the digital tools to help facilitate the classroom lectures. The sessions for the first term were held on August 24, 2022 for SHS faculty members and on August 31, 2022 for the tertiary faculty members. Meanwhile, for the 2nd term, the training sessions were conducted on February 8-9, 2023.

Faculty members teaching Bachelor of Multimedia Arts students also underwent a series of online trainings on August 22-23 and August 25-26, 2022. The Group conducted a graphic design lecture using Figma and FigJam, graphic design software, to enhance the in-classroom learning engagement activities. Andrea Idioma from the Film Development Council of the Philippines likewise discussed industry-relevant digital sound production concepts and techniques.

Held also in August 2022, 49 Hospitality Management faculty members from different STI campuses participated in the eZee Absolute Property Management System (PMS) and eZee Optimus Point-of-Sale (POS) system training and certification that was facilitated by Netsynch Computer Solutions, sole authorized regional partner of travel technology company eZee Technosys. The five-day training aimed to equip the faculty members with knowledge and hands-on experience in navigating tourism and hospitality information systems.

Academic Head Training

The institution likewise provides training to its Academic Heads. In SY 2019-2020, their training focused on evidence-based problem-solving and decision-making for academic operations. The three-day training was attended by 71 Academic Heads from STI campuses nationwide.

In SY 2020-2021, the Academic Heads attended the ONE STI Academic Heads Training. The training aimed to equip the Academic Heads with the mindset and technical skills necessary for an academic manager in an online learning environment. The participants were tasked to plan and implement their local faculty development programs. The training was conducted on August 18-20 and 25, 2020, and participated by 60 Academic Heads.

Meanwhile, for SY 2021-2022, the Academic Heads headed into a journey of introspection, reflection, discovery, and action towards a high-performing and positive academic culture that supports student learning, development, and success. Attended by 61 Academic Heads across the network, the training was conducted online via MS Teams on August 31, September 2, and September 3, 2021. Afterwards, follow-through sessions were held throughout the school year to continually monitor and assist the Academic Heads in the implementation of their academic improvement plans.

Academic Heads went through a three-day training on October 12-14, 2022 that is designed to further strengthen their knowledge in quality assurance and performance management so that they can take on a larger role in academic quality management. The sixty-one (61) Academic Heads were oriented on: (1) how to interpret and apply quality concepts, principles, and requirements to the academic operations; (2) doing a baseline assessment of their academic quality assessment system using CHED's Institutional

Sustainability Assessment (ISA) tool; and (3) create and execute a quality improvement plans for identified academic processes.

Faculty Certification

STI ESG administers a Faculty Competency Certification program (FCC), which evaluates a faculty member's knowledge of a particular course. FCC ascertains if the faculty member has the minimum level of competence needed to teach the course. Certification requirements include passing a comprehensive certification exam for each course and garnering above-average faculty evaluation ratings from superiors, peers, and students. Accordingly, the faculty member will be issued certificates after passing the certification exams per course.

In SY 2020-2021, 2,857 faculty members were certified and 9,098 certificates were released. For SY 2021-2022, 3,382 FCCs were granted and 9,310 certificates were released. Meanwhile, SY 2022-2023 registered 3,896 certified faculty members and released 11,637 certificates.

Graduate Studies Assistance Program

STI ESG also offers Graduate Studies Assistance Program to part-time full-load faculty members taking up Master in Information Technology. This assistance program features a socialized tuition scheme based on the enrollee's capacity to pay where the faculty member pays only a portion of the tuition and other school fees for every semester. In SY 2019-2020, 12 faculty members enrolled in the program wherein 11 of them completed the program in SY 2021-2022.

STI WNU

Dr. Renith S. Guanzon, of the College of Liberal Arts and Sciences, attended webinar entitled "Mathematics for Human Flourishing: a UP GE Conversation with Dr. Francis Su" hosted by the University of the Philippines Los Baños on May 4, 2021. She also attended webinar entitled "Science Scholar Volunteerism: The New Normal in Response Citizenry" sponsored by the DOST-SEI Patriot Scholars under Capacity Building Program in Science and Mathematica Education on July 17, 2020.

Dr. Dioscoro Maranon, member of the Faculty of the College of Engineering was invited as Speaker during 50th Anniversary and General Assembly of the Philippine Society of Mechanical Engineers on December 19, 2020, Topic: Design of HVAC (Heating, Ventilation and Air Conditioning) in Molecular Laboratory.

Dr. Maria Teresa Asistido attended a webinar entitled "How Do We Get Published" on October 15, 2021. This was organized by the TESOL Academy in collaboration with Academics Education International Journal (AEIJ) and Association of Language Teachers in Southeast Asia (ALTSA). On January 21, 2022, Dr. Assistido also participated in the 2nd PH-US University Partnerships Networking Event held via Zoom Platform. Dr. Asistido is an active member of the Asian Qualitative Research Association under the Adventist International Institute of Advance Studies in Silang, Cavite.

Dr. Lilybeth Eslabon, participated in the Annual Educators' Congress (AECON) 2022 with the theme "Keeping it Real" held on January 27-28, 2022. The congress was organized by the Resource for Educators and Academic Professionals. Dr. Eslabon also received a recognition of being a regular member of the Asian Society of Teachers for Research from August 16, 2022 to August 16, 2023. Dr. Eslabon also completed the 120-hour TESOL Certification Course conducted in May 2022.

On March 26, 2022, Dr. Christine P. Julom and Dr. Mercia Ann M. Apostol, members of the Faculty of College of Education Arts and Sciences (CEAS), participated in the Webinar for Teachers and Educators with the theme "Enhancing Students' Engagement in Distance Learning Classes using Interactive Technological and Pedagogical Tools."

Ms Jonalyn Suarnaba and Ms. Liza Joy Barican participated on the National Criminology Conference at Midas Hotel, Pasay City last April 30, 2022. Ms. Jonalyn Suarnaba also attended the 3rd Integrated National Convention of Criminology Educators and Professionals held on July 21-23, 2022 at the Convention Hall, Marican Garden Hotel, Zamboanga City. Ms. Liza Joy Barican became a member of the Philippine Council of Criminology Deans and Faculty Members, Inc. on July 23, 2022.

On June 2, 2022 Mr. Reymark D. Barbas of the College of Hospitality and Tourism Management, participated in the conduct of the CHED-funded research project "Investigating Adult Education in Higher Education Institutions in the Philippines" held in Bacolod City.

Ms. Shena Mae Melgar participated in the 2nd DOST-SEI Project Star International Conference with the theme, "Innovations, Challenges, and Transformations in STEM Education: Moving Forward in a Post-Pandemic World" held on November 16-18, 2021. She also attended the S.H.A.P.E UP! Thursday: Shape on a Healthy, Active, Positive, and Energetic Life during Uncertain Times Session 19, held on September 9, 2021 at the Learning Resource Center, at the University of the Philippines-Los Baños in Laguna.

On August 24, 2022, Anthony Pineda participated in the webinar "Rehiyonal sa Simposyum-Online sa Tertulyang Pangwika '22". He likewise joined in the Pambansang Palihan-Online sa Tertulyang Pangwika on August 31, 2022.

Ms. Cherry Praico, became a member of the GEO-Global Educators Professional Enhancement International Inc. on August 31, 2022.

Dr. Orvilla Balangue and Dr. Mae Lodana became members of the Philippine Society of Information Technology Educators Foundation Inc., for the Academic year 2022-2023.

Student Development

STI ESG

STI ESG believes that learning should not be confined within the four corners of the classroom. To ensure that its graduates are equipped with a well-rounded education that will help them reach their highest potential, STI ESG encourages students to explore, enjoy, and learn through a wide array of academic, co-curricular, and extra-curricular activities.

For SY 2019-2020, all sports competitions which had been set for March 2020 were cancelled because of the implementation of the enhanced community quarantine in key areas in the country in response to the COVID- 19 pandemic.

The government restrictions continued in SY 2020-2021 and SY 2021-2022 as on-campus activities with large gatherings remain strictly prohibited. Student-related activities were then implemented online, mostly on social media platforms.

iLearn and Share

STI ESG's iLearn and Share (iLS) is an exhibition of performance tasks in which senior high school students are assessed based on their products and/or performance. The performance tasks are proof of how well they understood and learned the task. Students can then apply their learnings to real-life situations.

In SY 2020-2021 and SY 2021-2022, STI ESG conducted the first virtual nationwide SHS Expo. Instead of a big culminating event like in previous years, students submitted short videos of their projects through the eLMS. Graduating senior high students from various tracks and specializations developed and showcased over a thousand projects.

The SHS Expo was once again conducted as an in-campus activity in SY 2022-2023. Open to the local community and industry practitioners, SHS students set up booths to demonstrate their final projects. Some of the notable projects are from STI College Carmona and STI College Calamba. A group of students from STI College Carmona presented a voice recognition and control device that allows users to operate in-door lighting and fixtures. Meanwhile, STI College Calamba students were recognized by the Department of Tourism for creating a technology that functions similar to Google Maps but gives additional information on local tourist attractions.

College Fair and Symposium

In SY 2021-2022, the College Fair and Symposium was launched and conducted virtually from January 10 to 22, 2022. The event, consisting of two parts — the virtual exhibit and the virtual symposium, served as a suitable platform for the graduating tertiary students from different disciplines to showcase and demonstrate their projects and research outputs. For SY 2022-2023, the College Fair and Symposium was conducted as an in-campus activity where students from different programs showcased their projects and research outputs to their mentors, esteemed faculty members, fellow students, and guests from various industry sectors and companies.

Career Planning Program

The Career Planning Program (CPP) is a six-stage program comprised of activities intended to help senior high school students explore and evaluate various career options. Through the CPP, students are carefully guided in making well-informed educational and career decisions. For SY 2020-2021 and SY 2021-2022, all activities including the one-on-one career planning consultation were conducted online via MS Teams. The CPP resumed in SY 2022-2023 where 9,497 senior high students have undertaken the program.

Campus Helpdesk Guidance Service

Accessible via the Campus Helpdesk site, the guidance service was created to provide a standardized avenue for students to schedule an appointment with their school's guidance personnel. Launched during SY 2022-2023, 890 campus helpdesk tickets were created from 28 schools further highlighting the importance of providing the students today with sufficient professional assistance to help them cope with overwhelming situations.

Talent Search

One of the much-awaited student competitions that marked its return during SY 2022-2023 is the Talent Search that aims to uncover the innate talent of STIers nationwide — from singers and musicians to dancers and up-and-coming models. All STI campuses nationwide send a total of over 100 contestants to compete in nine regional sites before advancing to the National Finals in events like the STI Singing Idol competition, Battle of the Bands, Hataw Sayaw Dance competition, and the search for Mr. and Ms. STI. The talent search has likewise been shown live on the STI Official Facebook Fan Page since 2016-2017. This school year, the national level was held simultaneously at the Aliw Theater and Star City in Pasay City on January 13, 2023 with 117 students competing for the national championship titles.

Tagisan ng Talino (TNT)

The TNT is an annual academic competition that tests the competencies of students on impromptu speech, essay writing, mobile app development, cooking, cake and table design, flairtending, tour guiding, and general knowledge. Over the years, specific competitions comprising the TNT have been enhanced to ensure that the competitions' objectives are met. In SY 2022-2023, TNT resumed with 5,621 students participating in nine competitions.

Tagisan ng Sining (TNS)

The TNS is an annual competition that aims to challenge the students' artistry, creativity, and originality in the field of photography and music video making. TNS returned in SY 2022-2023 with 1,190 students who eagerly joined the national competition.

STI WNU

In fulfillment of the vision and mission of STI WNU, the Students Development Office (SDO), which is under the Office of Student Affairs and Services (OSAS), provides and implements a comprehensive student development program with oversight on all issues and resources related to student life. Its component areas are designed and devoted to serve all students ensuring that it provides a wholesome atmosphere for learning and dwelling that is conducive to the attainment of the academic goals of the students. The following are the component areas of student development: (1) Student Government, (2) Student Organizations, (3) Student Paper and Publication, (4) Student Yearbook, and (5) Campus Ministry.

The SDO ensures and promotes the basic well-being of the students, designs all programs and activities for the enhancement of leadership and commitment to social responsibility, and delivers the essential student services for the achievement of a holistic personality.

Co-curricular and extra-curricular virtual activities of the students continued despite the absence of face-to-face classes during the pandemic. Student Government, Student Councils, Student Publications, and other student services and programs continued to be active through various social media platforms, including the school's official online student portal, the Office 365. Consisting mostly on webinars, virtual meetings and discussions, and other creative means of student engagements and exchange, student development and welfare was never hampered. The STI WNU Fan page on Facebook as well as the official STI WNU Website is alive and well, full of student updates, news, information, and activities.

Kasadyahan Season

This is a major extra-curricular activity of STI WNU which starts on October 1, the anniversary of STI Holdings' acquisition of the University, and ends on February 14 during the Foundation Day of the University. *Kasadyahan* is from the root word *sadya* meaning jolly, reflecting the merry-making or fun-filled competitions of colored kingdoms from the seven colleges of the University. The competitions range from sports, the performing arts, and the academics.

Virtual Kasadyahan

With the impositions of community quarantine brought about by COVID-19, STI WNU launched the Virtual Kasadyahan where all activities were conducted online. Virtual Kasadyahan started on December 4, 2020 up to the present. It has been participated by the different teams together with Team Captains of Orange Erudites, Yellow Tycoons, Pink Vikings, Green Titans, Purple Wizards, Blue Guardians and Red Sentinels. It was a successful event composed of virtual competitions. In February, 2022, the *Virtual Kasadyahan Season 8* was held with the same teams (colors). However, this time, it was organized by academic level namely, the College, Senior High School, Junior High School, Elementary, and the Faculty and Staff. The virtual competitions included Vocal Solo and Duet, Lip Sync, Pop Dance and Tiktok, Poster and Slogan Contest, Mobile Legends, Electronic Chess, Electronic Snake and Ladders, Essay, News Casting, Character Interpretation, and Quiz Bowl.

Christmas Parade of Lights

The Advent Season in STI WNU is marked with one of the most-awaited events in the City of Bacolod, the hour-long Christmas Parade of Lights. This event is initiated by the Physical Education Department where the PE students create beautiful lighted Christmas lanterns for the parade around the city. The creativity of students shown in the lanterns being showcased during the parade along the city's major streets and the spectacular firework display that follows are STI WNU's way of saying "Merry Christmas!" to the "City of Smiles".

U-Nite

The Center for the Performing Arts and Culture (CPAC) of STI WNU is the repository of the University's talents in singing, dancing and playing of musical instruments. Under its umbrella are the following: Glee Club, The Kaanyag Pilipinas Dance Company (a folk dance troupe), The Rondalla Ensemble, The Marching Band, the Pop Band and the Drum Beaters. During the celebration of the University's Foundation Week, a concert-dinner entitled "U-Nite" is presented to the Wesnecan community featuring all the performers from the CPAC.

Student Organizations Week

This weeklong activity, held every September, is spearheaded by the Supreme Student Government, a student body composed of elected officers from the various colleges, in cooperation with the Council of Student Organizations (CSO), an alliance of all accredited student organizations. The participating organizations, classified according to their advocacies – religion, regional ethnicity, civic involvement, service, sports, culture and arts – display "specialty" products in assigned booths located all over the student activity area. To spice up the event various activities such as music competitions, laro ng lahi (games), concerts and fellowships are held.

iACADEMY

Student Activities and Leadership

The Office of Student Affairs and Services (OSAS) of iACADEMY spearheads programs that support the school's aim to maximize the full potential of the students through activities that promote holistic growth, development, and enhancement of students' overall learning experience. The department initiates institutional events ranging from leadership seminars to game changing projects that uphold the learning outcomes that iACADEMY advocates.

One of the strategies that OSAS undertakes is engaging students in curricular and extracurricular activities. With this, iACADEMY provides opportunities for students to form or be part of school-recognized student organizations that develop their creative and leadership skills, as well as their social, cultural, physical, and recreational growth. To date, there are 25 iACADEMY Student Organizations which include the following:

College Student Organizations:

- COMPILE – is dedicated to the promotion of Software Engineering and development of future engineers.
- PIKZEL – represents the student body's graphic design community and promotes students' interest, talents and skills in graphic design - be they traditional or digital.
- PRIMA (College Chapter) - aims to uphold, enhance, and expand the learning of students particularly in the field of fashion design that will help them become pioneers in the industry.
- Octave (College Chapter) - recognizes individuals with talents in music. It aims to enhance the musical, recreational, social and cultural environment of iACADEMY.
- OPTICS - involves the lens and the camera as a medium of forming an art.
- Rhythm – is dedicated to the preservation, study, teaching, and enjoyment of Western and Filipino traditional and historical dance.

- Filmmakers Society of iACADEMY (FSi) - aims to stimulate students' interest in short film making and to utilize their interest in promotion of values and morals.

- INSIGHT - provides a platform for students not only to raise awareness about Psychology in the Philippines but also their own advocacies towards mental health awareness, suicide prevention and community development through activities and seminars.

- The Moonlight Tavern - aims to bring communities of people who share an interest in tabletop games and involve their own ideas to make their own games fun and interesting as people and as well as creators.

- Momentum - Momentum is an organization for students who have the passion for animation production. They believe that individuals can learn and hone their creative potential in writing, illustrating and designing.

- Elix- is the official esports organization of iACADEMY that promotes resilience, camaraderie and collaboration.

- iACMEDIA - is an audio and production org that specializes in music production, hosting and video creation.

- Wonder- iACADEMY's business org aims to mold its members to be prepared in the field of marketing, sales and other business-related skills.

- Central Student Organization (CSO) - is the sole, unified, autonomous and democratic representative body of the college students of iACADEMY. The prime duty of the CSO is to protect and defend the students' rights as embodied in the Magna Carta of students and to organize relevant student development activities.

Senior High School Student Organizations:

- Interactive Media and Gaming Guild (IMGG) – is an organization that strives to promote the potential of students to excel not only in playing, but also in developing and creating games.

- iACADEMY Junior Software Developers (iJSD) – is an organization of Software Development students who want to promote Software Development through fun and engaging activities.

- Vektor – is dedicated to the practice and promotion of graphic design and illustration.

- Sining na Naglilikha ng Buhay (SinLikHay) – is an organization that aims to develop traditional and digital animation.

- PRIMA (SHS Chapter) - aims to uphold, enhance, and expand the learning of students particularly in the field of fashion design that will help them become pioneers in the industry.

- Octave (SHS Chapter) - recognizes individuals with talents in music. It aims to enhance the musical, recreational, social and cultural environment of iACADEMY.

- Young Filmmakers Society of iACADEMY (YFS) - aims to stimulate students' interest in short film making and to utilize their interest in promotion of values and morals.

- CTRL Dance Troupe - takes pride in providing a nurturing atmosphere to enable students to reach their fullest potential and build their self-esteem while experiencing the true joy of dance.

- SiLAKBO – is the official humanitarian and community development organization of iACADEMY Senior Highschool department.

- Basic Integrated Theater Arts Guild of iACADEMY (BITAG of iACT) – is the Official Senior High School Theatre Arts Organization of iACADEMY aims to work with individuals who are passionate in the field of theatre. Aside from this, BiTAG aims to produce guild productions, events performances, and conduct workshops.

- Anime Habu – is an organization for students interested in the diverse art form of Anime. The organization is a community that helps each member grow and at the same time enjoy and appreciate Anime.

- Velocity - aims to exemplify the rate of change towards our destination of environmental sustainability and protection.

- The Spines – is the organization that consists of students who are passionate about sharing their love and interest in literature.

- Student Council (SC) - is the sole, unified, autonomous and democratic representative body of the Senior High School students of iACADEMY. The prime duty of the SC is to protect and defend the students' rights as embodied in the Magna Carta of students and to organize relevant student development activities.

iLEAD: iACADEMY Leadership Empowerment and Development Team Building

iLEAD is an exclusive student leadership formation program tailored to develop the Central Student Organization (CSO), and officers of student organizations. This program aims to foster a culture of student engagement and volunteerism, encouraging active participation in school initiatives and programs. It equips student leaders with practical conflict resolution techniques such as team building, discussions and strategic planning. Through this program, student leaders become advocates of iACADEMY's Core Values, promoting unity, camaraderie, and a sense of competitiveness while representing their respective organizations and the school.

Org Execom General Assembly and Student Leadership Seminar

The Org Execom General Assembly and Student Leadership Seminar is an exciting and informative event organized by iACADEMY's Student Org Execomm. The primary objective of this event was to provide orientation and essential information to incoming officers about student activities, conduct, and policies within the institution.

Through this interactive and engaging activity, the org officers had the opportunity to get acquainted with each other and build strong connections with their fellow student leaders. Creating a sense of camaraderie and unity among the student leadership is a crucial aspect of the event, fostering an environment of collaboration and teamwork among various student organizations.

Additionally, the highlight of the event was an inclusion of a guest speaker, someone experienced and knowledgeable in the field of student leadership and servant leadership. The guest speaker shared valuable insights, experiences, and best practices related to effective leadership, emphasizing the principles of servant leadership.

This event stands as a testament to iACADEMY's commitment to nurturing competent and compassionate student leaders. By providing a platform for orientation and networking, the Org Execom General Assembly and Student Leadership Seminar seeks to empower students to lead with excellence, fostering a culture of mutual support and growth within the iACADEMY community.

Career Readiness Programs

Some of the programs that the External Linkages and Partnerships Department (ELPD) leads are the Career Readiness Programs for Immersion and Internship. This is being conducted for grade twelve (12) students and incoming interns.

Various Career Readiness Seminars are conducted to tackle topics such as preparing your application, mock interviews or portfolio review, among others. The seminars culminate in a Career Fair where students get the opportunity to practice what they learned and network with iACADEMY's industry partners.

Those who are already enrolled in the Internship Course have the chance to discuss progress and challenges at work as well as process the learning experiences that they have in their host companies through a monthly session with the Internship Coordinator.

Post-Graduation Report

STI ESG

The STI Alumni Relations, Placement, and Linkages (STI APL) department, through the respective STI School's Alumni and Placement Office, surveys the graduates to track employment rate. Based on most recent reports, around 71% of the surveyed graduates are employed within six months after they graduated.

Interactive Career Assistance and Recruitment System (I-CARES)

As part of the job placement assistance of STI, the STI APL institutionalizes partnerships locally and internationally to help increase the employability of graduates through the Interactive Career Assistance and Recruitment System.

The I-CARES is an exclusive job search system for STI graduates that facilitates the easy dissemination of information by STI's partners for their placement opportunities and provision of candidates (STI graduates) to fill in job openings. Partners of STI ESG for the job placement of STI graduates may post their job openings and request lists of graduates through www.i-cares.com or the I-CARES at no cost. There are close to 500 partner companies that are using I-CARES. For SY 2020-2021, the recruitment season, which usually occurs from February to May, was affected with the implementation of the community quarantine and led to a decline in the number of job postings. With the economy slowly opening up in 2022, 163 partner companies were registered utilizing the I-CARES website with unique job postings.

On-the-ground, the Group usually conducts school activities such as job fairs for recruitment purposes and provides employment preparation seminars to graduating STI ESG students. For SY 2020-2021, however, on-the-ground activities were postponed in consideration of the nationwide restrictions on mass gatherings and implementation of community quarantine measures in response to the COVID-19 pandemic.

STI APL launched instead the STI Virtual Career Fair 2021 on January 29 and February 10, 2021 with Accenture and on February 11, 2021 with Teleperformance. This is an industry-academe collaboration to assist graduating students and alumni to be informed of the new recruitment practice amid the ongoing pandemic and also link them to job opportunities. With speakers from Accenture and Teleperformance, the career fair was both a webinar and virtual recruitment that was held exclusively for STI. Almost 500 graduating students and alumni nationwide attended the virtual career fair.

In the following year, SY 2021-2022, STI APL successfully conducted six virtual career fairs: Harnessing the Power of Opportunities for Holistic Growth/Data Analytics with Accenture on May 12, 2022; IT Management Trainee Program Qualifying Test with Metrobank on May 25, 2022; Serverless Framework and Agile Methodology with Digiteer on June 3, 2022; Developing Communication Skills with VXI on June 9, 2022; Anatomy of a Digital Talent: Upskilling with UBP Xcellerator with Unionbank on June 15, 2022;

and Advice on Tech Tracks and Creating a Tech CV that Stands Out/Recruitday on Metaverse with Recruitday on June 23, 2022. These virtual career fairs were held exclusively for STI students and also served as an online recruitment activity that were attended by almost 2,000 students across the STI network.

STI APL also held the National Job Placement Month (NJPM) 2.0, a redesigned placement program that consists of online employment preparation seminar and virtual recruitment activities through the eLMS, from April to June 2021. The program aims to prepare the graduating students on how the "new normal" has changed the employment landscape and, at the same time, provide tips on entrepreneurship opportunities. Around 2,068 graduating students joined the seminar and 294 employers participated in the virtual recruitment. For SY 2021-2022, there were 7,385 graduating students who joined the online seminars and 400 employers who participated in the virtual recruitment.

For SY 2022-2023, the NJPM 2.0 was relaunched as the National Career Fest. STI schools nationwide conducted the program as an onsite career fair from April to June. Meanwhile, STI APL hosted eight virtual career fairs with 2,763 student participants from different programs nationwide.

STI Distinguished Alumni Awards

STI ESG launched the STI Distinguished Alumni Awards (STIDAA) in 2014. STIDAA honors, awards, and recognizes alumni of STI campuses who have received distinctions and achievements in their chosen fields. Since its inception in 2014, 85 alumni have been awarded and recognized for their outstanding accomplishments.

In 2023, STIDAA recognized and honored 23 notable alumni in a gala event held at The Forums, Solaire Resort in Paranaque City on May 5, 2023. The 2023 STIDAA National Awardees were Allaine Geraldine Francisco, Prince Jefrey Hernandez, Yancy Kaibigan, Suharto Esmael, Yusop Dimaporo, Divine Tingzon, Edmar Andes, Jaztine Marie Alfafara, Eliseo Dela Cruz, Cariza Milam Llena, Patrick James Caidic, Joan Estabillo, Joel Mangaba, Christian Delgado, Christian Lozano, Jayson Silverio, Merely Fukuta, Angelica Ibanez, Marian Quitola, Hans Reginald Alejandro, Pampilo Catapang, Jr., Wilbert Gunao, and Michael Philip Favila.

STI WNU

The STI WNU Alumni & Placement Office (STI WNU APO) establishes and implements placement and program services that empower the alumni of the University. It records and documents alumni tracers and directory in order to provide necessary information and services. It also conducts surveys to track the employment rate of the students six months after their graduation.

For SY 2020-2021, the overall percentage of employed graduates across all programs was notably high at approximately 90.91%. These results reflect the institution's successful efforts in preparing and supporting graduates for their career transitions. However, it's worth noting that some programs such as Tourism Management and Hospitality Management reported lower employment rates suggesting potential areas for improvement in helping graduates secure employment in these fields.

For SY 2021-2022, several programs such as Civil Engineering, Electrical Engineering, and Computer Science stood out with impressively high employment rates exceeding 90%. On the other hand, programs such as Criminology and Psychology report lower employment percentages suggesting potential areas for improving graduates' job prospects in these fields. Despite some variations, the overall percentage of employed graduates across all programs stands at approximately 79.12% reflecting a strong overall employment success rate. This data highlights the institution's commitment to equipping graduates with the skills and opportunities required for successful careers while emphasizing the importance of ongoing efforts to enhance employment outcomes in all programs.

Job Fairs and Employment Preparation Seminars

STI WNU APO assists the Guidance Services Office in the placement of graduating students by providing them access to employment opportunities through job fairs and seminars in preparation for employment.

In SY 2020-2021, The National Job Placement Month provided students the opportunity to gain skills specific to their subject or industry of choice as well as the employability skills required for real-life work. It also increases their knowledge of an industry or sector, allowing them to make better informed decisions about future career choices. This is STI's commitment to its students in line with STI's Enrollment to Employment System. The NJPM activities for STI WNU kicked-off with a series of webinars entitled: Psychological Readiness at Work; Building Your Self Confidence for a Successful Job Presentation; Career Coaching; and Video Enhancement: A Virtual Interview Presentation. A total of 118 senior graduating students attended the activity. As a final output, they submitted a Video and Textual Resume to their preferred company for a virtual job application.

In SY 2021-2022, STI WNU joined STI ESG in the celebration of the National Job Placement Month (virtual mode). There were 529 graduating students out of 582 who participated in the online activity, which includes a career module for Job Hunting 101, Video Interview, Extreme Make-Over: Hire Me!, Creating a Winning Resume, Financial Goals, and Video Resume.

In SY 2022 -2023, a series of seminars were initiated to equip participants with the latest insights and industry trends. On May 3, 2023, STI West Negros University's Executive Vice President, Dr. Ryan Mark S. Molina delivered a thought-provoking and inspiring talk entitled "I TALKED TO ME (Reflection, Preparation, Action)" at Teodoro Hall to provide invaluable guidance and motivation to the graduating students of STIWNU as they prepare on their career journeys.

On May 8, 2023, two seminars were initiated - Firstly, "Exploring Career Paths: Finding your Passion and Purpose" by Mr. Christian Dasig aimed to inspire students to embark on a journey of self-discovery, helping them identify their true passions and purposes in their chosen career paths. Secondly, "Unlocking Your Potential: Strategies for Building a Growth Mindset and Overcoming Insecurity" by Miss Therese Pellejo, RPsy aimed to equip students with the necessary tools to cultivate a growth mindset and overcome insecurities, fostering resilience and confidence in their professional pursuits.

The students from the College of Criminal Justice Education had the highest attendance rate at 85.19% or 69 students, closely followed by the College of Information and Communications Technology at 84.62% or 77 students, College of Hospitality and Tourism Management at 47.03% or 95 students. Overall, the combined attendance rate for all departments was 68.42% or 494 students, providing an overview of the event's success in engaging students from diverse academic backgrounds. These figures reflect differences in student interest and engagement in the seminar topics across the college departments.

On May 19, 2023. Mock Job Interviews were conducted at Teodoro Hall to build students' confidence and hone interview skills that are crucial for success in the job market. Students from the College of Information and Communications Technology (CICT), College of Criminal Justice Education (CCJE), College of Education (COED), and College of Engineering (COE), College of Business and Management Accountancy (CBMA), College of Hospitality and Tourism Management (CHTM), and College of Liberal Arts and Sciences (CLAS) participated in the mock job interviews. Students from the COED achieved an impressive 81.6% attendance rate or 71 students indicating strong engagement in the activity followed by the CICT and the CCJE which had noteworthy attendance rates of 69.2% or 63 students and 71.6% or 58 students, respectively.

On May 31, 2023, the Senior Job Fair which was held at the university gym. This provided a genuine employment application experience, offering seniors or graduating college students a chance to secure immediate job offers. The event garnered participation from 19 different companies while 22.16% or 160 students of the expected attendees joined.

Grand Alumni Homecoming

In commemoration of the Founding Anniversary of the University, STI WNU APO facilitates the grand alumni class reunion every second week of February.

Due to the COVID-19 pandemic, the 73rd Grand Alumni Homecoming was virtually held on February 13, 2021. It was participated by Alumni Officers, Alumni Awardees and Host Batch 1971 Golden and Batch 1996 Silver. 200 alumni attended the event.

Hosted by alumni batch 1972 and batch 1997, the 74th Grand Alumni Homecoming was held on February 12, 2022. The activities included a motorcade, recognition of outstanding alumni, and a fellowship lunch. More than a hundred alumni attended.

On February 10-11, 2023, the 75th Founding Anniversary and General Alumni Homecoming was held at the University Gymnasium where over a thousand attended including the members of the University Management Committee, Deans, Principals, Alumni Officers, Alumni Awardees, and the host batches 1973 and1998. The activities included a sunrise service, motorcade, attendee recognition, and recognition of distinguished alumni.

Distinguished STI WNU Alumni

The University identifies alumni who excel in their respective fields. Sixty-one (61%) percent of these successful alumni are principals and CHED or DepEd supervisors. Thirty-one percent (31%) are heads and directors in government agencies.

Showbiz personalities are also identified among successful alumni: Allan Quilantang, TV host/comedian/actor; Richard Somis, Film Director; Jose Sixto (Dingdong) Dantes, Actor; and Mirtha Mae Chavez, Singer/Entertainer.

Successful PBA players include Yves Dignadice, Severino Baclao, and Mike Mustre. International dance athlete, Ashley Nichole Luna continues her career as an international coach and judge.

During the 73rd Grand Alumni Homecoming in February 13, 2021, Most Outstanding Alumni Awardees were recognized. Most Outstanding Alumni Awardees SY 2020-2021 were given to Dr. Defensor F. Baldomero, Jr. from the field of Education, Engr. Ronel R. Uy for Engineering, Rev. Abner Q. Bais and Juliet M. Regollo for Public Service, Marivic B. Gallimore for Banking and Finance, Vida C. Hayes for Business, and Miguel S. Pillora, Jr. and Edcer C. Penetrante for Arts, Culture and Sports.

The following year, the Virtual Grand Alumni Homecoming was held on February 12, 2022. Outstanding Alumni Awards were given to Dr. Luz Ann Carillo-Espejo from the field of Medicine; Engr. Achilles Barbosa Roa Jr., Engr. Christian Taguwalo Arriola, and Engr. Ronnie Diaz Maligmat for Engineering; Mr. Jonny Pacete Pido for Maritime Service; Mr. Genesis Libo-on Benas, Ms. Melanie Sayo-Gonzales, Ms. Narissa Jamelo-Araneta for Public Service; Mr. Dwight Tayapad Soncio, Mr. Edwin Bolina Celoso for Banking and Finance; Ms. Myrna Joy Caro-Malagon for Business Entrepreneurship; and Mr. Roberto Gregore Berondo for Arts, Culture and Sports.

During the 75th Founding Anniversary and General Alumni Homecoming which was held on February 10-11, 2023 at the University Gymnasium, Outstanding Alumni Awards were given to May P. Bautista, PhD, DPA, and Josette C. Enofre, MBA, MEM, from the field of Education; Engr. Melchor R. Agujo, MBA, Engr. Camille A. Kwan, Engr. Sheila L. Medel, MCM, and Engr. Jurry A. Nabaja, MPA for Engineering; Joshua S. Fegidero, and Reynaldo D. Dofitas for Culture, Arts, & Sports; Hon. Jon N. Aying, PMA, MNSA, DPA, Rosemarie S. Blight, Dir. Marlo S. Guanzon, Ph.D, Rosalyn H. Lo, MAEd, Pmsg Oscar V. Magno, Jr., and PIO Igino B. Sedonio, RN for Public Service; Jeza Joy P. Esmalla, CPA, MBA, Ph.D, Fe T. Gutierrez, CIS, and Irene P. Mamon, CPA, MBA for Banking and Finance; and Rodchar C. Abecino, Ma.Theresa L. Arevalo, Butch T. Bermudez, John Paul B. De La Cruz, Dorotheo B. Duhilag, Jr., Joyce G. Simkins, and Cecilia G. Toga for Business Entrepreneurship.

iACADEMY

The Alumni Relations unit of iACADEMY's Office of Student Affairs and Services serves as the liaison between iACADEMY and its alumni. It aims to provide alumni with opportunities and programs to become game changers in their respective fields, and be able to share their experience and knowledge with the school. It provides assistance to organized alumni in their various activities. It also encourages participation of alumni in various activities of the school, promotes a sense of pride among all graduates, and provides opportunities for further professional development of the alumni.

Job Opportunities and Career Advancement

The Alumni Relations unit coordinates with the Internships and Placement unit, Guidance unit, and Academics department of iACADEMY in order to endorse recent alumni graduates for employment opportunities with Industry Partners. Job openings coming in from other iACADEMY units are also disseminated to alumni through various Alumni Relations' communication channels.

The Alumni Relations unit also leads knowledge sharing and networking events that provide iACADEMY alumni with opportunities to learn about the latest innovations and best practices in their respective fields from industry experts, fellow alumni, and professors.

Career and Life Guidance

The Alumni Relations unit offers services with career guidance and life mentoring with the help of the Internships and Guidance units. iACADEMY goes the extra mile to extend services beyond graduation such as counseling and coaching in relation to the alum's life and career.

iACADEMY Alumni Online Network

The iACADEMY Alumni Online Network aims to strengthen the connection among alumni of the school. This network is being developed to serve as a portal for alumni to update their information and provide possible partnerships and mentoring opportunities.

Outstanding Alumni

- JR Parelejo – Winner, 2004 International Marketing Competition – Feathers to Fish
- Krista Lozada – First in Asia to perfect an international certification exam for IBM's Websphere Software, 2007
- Jeanne Harn – Ms. Philippines – Earth 2007
- Isamu Shinozaki – Microsoft MVP (Most Valuable Professional), 2010
- Aisaku Yokugawa – 2012 Philippine Ambassador for Operation Smile International/ International Jazz Singer
- Vinzel C. Frago – Awardee (Full Scholarship), Master of Science in Technopreneurship and Innovation, Nanyang Technological University, Singapore, 2013
- Nielson Henri Riddle – Outstanding Alumni Awardee 2014
- Jennelyn Castillejo and Krizia Villanueva – Creators of the Short Film Thesis "Yolanda" which won the Best Student Film Award at the International Film Festival Manhattan held on October 22, 2015
- Joshua Villena - Exhibited his works at various international venues, including "Influencers - Between Germany and Manila" (2019), "Manila Flame" (2019, "Art in Community Identity" (2019), "Figurative in the Context of Philippine Art" (2019), "SouthArts Festival" (2019), "Affordable Art Fair" (2019), "iMAGINEnation" (2019), "Premio Combat Prize, Italy" (2020), and "Apollo Street" (2022)
- Karen Cate Arabit - Currently serving as the Chief Technical Officer, Ayahtek Corp.
- John Christian Roma - Qualified for two (2) competitions at CCP Gawad Alternatibo, including the Experimental Category with his work "Circle of Life" and the Documentary Category with his work "IBAYO"

- Dexter Go - Secured a place in the Top 10 at the Real Estate Appraisers Licensure Examination (2022)
- Clark Yeung - Ranked 3rd in the Real Estate Brokers Licensure Examination (2023)
- Queenzi Comiso - Ranked 5th in the Real Estate Brokers Licensure Examination (2023)

Institutional Linkages

STI ESG

STI ESG continues to identify and explore institutional linkages, memberships, and cooperation agreements to engage in more meaningful academic collaborations to develop the students and increase the graduates' employability. These linkages may cover areas such as on-the-job training (OJT), employment opportunities, courseware enhancements, faculty development, employment preparation seminars, job fairs, and scholarship grants, among others.

Department of Education (DepEd)

STI ESG partnered with DepEd to strengthen the latter's Basic Education Learning Continuity Plan (BE-LCP), a package of academic interventions that will respond to the difficulties brought about by COVID-19. Under the partnership, STI ESG will provide DepEd various forms of support for free including rendition of technical assistance in the digitization or conversion of learning contents into digital format, transportation services, and use of STI facilities nationwide to name a few.

Huawei

STI ESH and Huawei brought their partnership into play after the turnover of the Huawei Smart Classroom, a digital innovation aiming to transform educational models to new heights. During the turnover event, Huawei introduced the IdeaHub board, an interactive whiteboard created to revolutionize both online and face-to-face education. The board offers a wide array of technological advancements that make life easy for both students and teachers. In addition, Huawei technologies have been integrated into the courses of Network Technology 1, Network Technology 2, and seminars. Select students are likewise given free Huawei certification exam vouchers. For SY 2022-2023, 221 students from various STI campuses nationwide pass the exam and have been certified.

Carnival Cruise Line

STI ESG signed a partnership with international cruise company Carnival Cruise Line (Carnival) on September 30, 2022 at the Manila Marriott Hotel in Pasay City. The agreement allows Carnival to operate a portion of STI College Pasay-EDSA campus as their recruitment center in cooperation with the former's recruitment agency United Philippine Lines. The 610-square-meter recruitment center included a mezzanine and other amenities like the crew welfare and manning office, and pre-departure orientation seminar rooms. STI ESG will also provide facilities oriented to Carnival's standard such as kitchens and state-of-the-art lobby and lounge areas.

Fasttrack Solutions, Inc.

STI ESG signed a Memorandum of Agreement with Fasttrack Solutions, Inc. on November 15, 2022. The partnership allows STI ESG to integrate SAP Business One on Cloud on the following programs: BS Accountancy, BS Management Accounting, BS Accounting Information System, BS Information Technology, BS Business Administration, and BS Retail Technology and Consumer Science. In addition, SAP Business One on Cloud can be accessed by both students and teachers on varied devices such as desktop computers, laptops, tablets, or mobile phones within the specified laboratory schedules.

Amadeus Marketing Philippines, Inc.

STI ESG renewed its partnership with Amadeus, a provider of Global Distribution System (GDS) training and certification, on September 8, 2022. The Amadeus Reservation Essentials training is integrated in the Applied Business Tools and Technologies in Tourism courses. A GDS is used in booking travel-related products or services such as flights, accommodations, and car rentals. Hence, a GDS certification will give the STI students with a better standing when looking for jobs in the tourism industry such as travel agencies and airline companies.

Accenture

STI ESG inked a three-year partnership with Accenture in a virtual signing event. The partnership covers the internship program, career development programs, and curriculum integration. During SY 2022-2023, 68 students from STI Colleges Global City, Ortigas-Cainta, and Caloocan developed various IT applications for the company as part of their IT practicum. Students who will be able to complete their projects will be candidates for Software Engineer Associates in Accenture and will be exempted from the technical exam.

Manila Marriott Hotel and Sheraton Manila Hotel

Eleven top-performing BS Hospitality Management students were selected to be part of the first-ever Marriotternship program, a three-month internship conducted by Manila Marriott Hotel and Sheraton Manila Hotel. From March 15 to June 14, 2022, selected students from STI Colleges Caloocan, Global City, Las Piňas, Novaliches, Baguio, Sta. Maria, Ortigas-Cainta, Tanauan, Cagayan de Oro, and Cotabato were immersed in the hospitality management industry's best practices within both hotels, providing an experiential journey and maximizing the students' learning potential.

Development Academy of the Philippines (DAP)

STI ESG and DAP inked a Memorandum of Understanding during a ceremonial virtual signing on May 12, 2021. The partnership aspires to implement the Smarter Philippines through Data Analytics, Research and Development, Training and Adoption (SPARTA) within the STI network. SPARTA is a program that aims to put in place the necessary online education as well as research and development mechanism and infrastructure. As part of the collaboration, DAP prepares to implement various activities such as town hall meetings, online roadshows, and hackathons to strengthen STI's Bachelor of Science in Retail Technology and Consumer Science (BSRTCS) program. For the online training component of SPARTA, there are 1,500 allotted slots for STI scholars.

STI WNU

Galuh University, Indonesia

On November 18, 2019, Galuh University (GU) in West Java, Indonesia partnered with STI WNU for joint activities on various programs. International Online Credit Transfer (ICT), where nine (9) BSED English participated, and five (5) Galuh University students in the College of Criminal Justice (CCJE) and College of Business Administration and Accountancy (CBMA). Dr. Maria Teresa Asistido, Director of External Affairs and Linkages was invited as resource speaker, along with other professors from Malaysia, Thailand and the U.S. Another faculty from the CCJE was also invited as a Keynote Speaker to Graduate Students of GU. Moreover, STI WNU Graduate School Students and College of Education students joined the Short Course Program of GU.

Today English LTD Partnership (TELP) & Local Teacher Trainings

STI WNU College of Education, Arts and Sciences had gone international by sending students to Sakahorn Pattana School and Watpiyawattanaram School in Thailand for trainings. The University also collaborates with Today English Language School based in Bangkok, Thailand for the internship program of Education and AB English students.

Asian University Digital Resource Network & German Development Cooperation

STI West Negros University has international linkages for research purposes. STI WNU has two international linkages, namely: Asian University Digital Resource Network (AUDRN) and German Development Cooperation (GIZ). For this purpose, both organizations provide financial support while STI WNU provides logistics and human resources. As for national linkages, Miriam College, DepEd Kabankalan and Partnership for Clean Indoor Air (PCIA) help provide human resources and logistics in conducting researches.

International TESOL Educational Consultancy Corporation (ITECC)

On April 12, 2022, International TESOL Educational Consultancy Corporation (ITECC), conducted a run of 120-Hour TESOL Certification Course students and professionals to provide teachers with lectures, discussions, and workshops on language teaching principles, theories, and strategies.

GEO-Global Educators Professional Enhancement International Organization

On August 27, 2022, School Year 2022-2023, STIWNU partnered with GEO-Global Educators Professional Enhancement International Organization, a Manila-based company, in providing a 120-Hour TESOL Certification Course to students and professionals who wanted to enhance their skills in teaching English to both young and adult learners.

Daegu Health College

In February 2018, Daegu Health College, a partner school in Korea, chose STI WNU to implement its K-Food Online where STI WNU students may enroll, for free, in the online classes about preparation of popular Korean dishes.

Keimyung College and Keimyung University

In May 2017, Keimyung College in Korea accepted a faculty member of the University to the Faculty Exchange Program. She stayed in the said university as a foreign language teacher until February 2019.

Both Keimyung College and Keimyung University had been sending students to STI WNU since 2015 for a month-long program in English proficiency.

Association of Administrators in Haspitality, Hotel and Restaurant Management Educational Institution (AAHHRMAI); Council of Hotel and Restaurant Educators of the Philippines (COHREP); Tourism Educators and Movers Philippines (TEAM PHILS WV); Hotel and Restaurant Association of Negros Occidental (HRANO); Bacolod City Tourism Office and Department of Tourism Region VI

STI WNU is an active member of the AAHHRMEI, COHREP, TEAM PHILS WV, HRANO, and the Bacolod City Tourism Office and Department of Tourism Region VI.

Corazon Locsin Montelibano Regional Hospital & Philippine Mental Health Office

The Psychology students undergo actual industry training at Corazon Locsin Montelibano Regional Hospital and Philippine Mental Health Office, Negros Occidental Chapter.

Huachiew Chalermprakiet University

In March 2018, STI WNU forged a five-year partnership with Huachiew Chalermprakiet University in Samutprakan, Bangkok, Thailand for the cultural and language exchange-students program.

Philippine Society of IT Educators (PSITE) and Bacolod-Negros Occidental Federation of ICT (BNeFIT)

The College of Information and Communications Technology continues to be an active member of PSITE and BNeFIT. STI WNU students acquire their real-life trainings in the IT departments of the Bureau of Internal Revenue, Bacolod City Library and Department of Agrarian Reform.

Junior Philippine Institute of Chemical Engineers (JPICE); Philippine Institute of Civil Engineers (PICE); Institute of Integrated Electrical Engineers of the Philippines (IIEEP); Institute of Electronics Engineers of the Philippines (IEEP) and Philippine Society of Mechanical Engineers (PSME)

The students of the College of Engineering remain as active members JPICE, PICE, IIEEP, IEEP and PSME.

Globe Telecom

In collaboration with Globe Telecom, STI WNU has provided Wi-Fi services within the campus. This helps the students with their research studies and access to the eLMS.

BCPO, BFP, BJMP, NBI for BS Criminology

STI WNU collaborates with other organizations for students' training. These include John B. Lacson Colleges Foundation Training Center for Maritime students; Bacolod City Police Office (BCPO), Bureau of Fire Protection (BFP), Parole and Probation Office of Bacolod City, Philippine National Police RTS-6, Carmela Valley Subdivision and Bureau of Jail Management and Penology (BJMP) and National Bureau of Investigation (NBI) for Criminology students.

PNB, DBP, Yusay Credit & Lending Corp.

STI WNU has tied up with several banks and lending company for the OJT of Business students: Philippine National Bank (PNB), Development Bank of the Philippines (DBP) and Yusay Credit and Lending Corporation.

OK English Academy (OKEA)

Since 2003, STI WNU has been working with OKEA in bringing students from Korea and Japan to enroll in the short-term English Proficiency Program of STI West Negros University – Institute of Languages. In SY 2019-2020 enrollees in the program 214. However, because of the COVID-19 Pandemic, there were no enrollees in SY 2020-2021 and SY 2021-2022. In SY2022-2023, 145 students enrolled in the program.

Jobs Café: A Work for the Future Program

Amidst the global pandemic and its impact to the economy and education, the University, through its External Affairs and Job Placement Office, had found opportunity to support the continuing education of students through partnership with BPO and fast-food companies that could provide employment to qualified students. Currently, two BPOs partnered with STI WNU.

iACADEMY

7th Media Digital Studios

7th Media Digital Studios is a premier full-service digital development and production company in the Philippines for web design, web development, mobile applications, web apps, facebook apps, graphic design, corporate branding, explainer videos, e-learning, digital marketing or offshore staff outsourcing.

Accenture Inc.

Accenture is a corporation engaged in the business of providing management consulting, business strategies development, and selling and/or licensing of software.

Ace Saatchi & Saatchi

Saatchi & Saatchi has grown from a start-up advertising agency in London in 1970 to a global creative communications company headquartered in New York with 114 offices in 67 countries and over 6,000 employees. Saatchi & Saatchi is part of the Publicis Groupe, the world's third largest communications group.

Adarna House, Inc.

Adarna House, Inc. is a Philippine company engaged in the publication of local literature for children of all ages. To further preserve Philippine art and culture, iACADEMY teamed up with the country's leading publishing house for children's books and worked on metabolizing Rizal's famous works.

ADP Philippines, Inc.

Automatic Data Processing, Inc., commonly known as ADP, is an American provider of human resources management software and services. Designing better ways to work through cutting-edge products, premium services and exceptional experiences that enable people to reach their full potential. HR, Talent, Benefits, Payroll and Compliance informed by data and designed for people.

AF Fashion, Inc.

Advocate Fashion is a sales and manufacturing company for wedding, entourage and made-to-order gowns as well as suits, barongs and company uniforms designed by the creative director / CEO, Mr. Francis Libiran.

AF Digital

AFDigital is a Salesforce Gold Consulting Partner that specialises in Customer Experience and Digital Marketing. They help build smarter customer journeys through agile transformation, technology implementation and marketing operations.

Aratum

A software company headquartered in Hong Kong that provides Asia's premier enterprise resource software vendor. They empower modern businesses across the globe with an integrated suite of software solutions that connect all parts of a business, enabling companies to effectively evaluate, predict, and respond to market movements with agility and efficiency.

Artsmith Creative House

Arstsmith Creative House is a multimedia studio that specializes in creative design solutions where unique visualizations and bold aesthetic approaches are employed in order to make each project relevant, bespoke, and a force above the rest.

BeautyMnl (Taste Central Curators Inc.)

BeautyMnl was born out of a desire to create a space that empowers every Filipina to discover, explore, and nurture her unique beauty inside and out.

Beppo

Beppo is a B2B mobile app used for recording transactions or automated bookkeeping using AI and machine learning. It provides e-invoicing capabilities with a recurring invoice management feature and enabled e-collection and payment options. It is mainly targeted toward self-employed individuals and freelancers.

BizKit Technologies Inc.

BizKit Technologies Inc. is an IT services and solutions company, specializing in ERP, RPA, web applications and consulting. We enable our clients to navigate through their digital transformation and transform their businesses for tomorrow.

BrandSpeakAsia, Inc.

Founded in 2006, BrandSpeakAsia started as a Public Relations firm specializing in Event Management, Media Relations, Design and Marketing Campaign Development for top corporations and prestigious associations.

Campaigntrack, Inc.

From early beginnings as a real estate design studio, Campaigntrack quickly recognised the need for an efficient, user-friendly solution that would streamline marketing for the real estate industry. Since then, they've grown to become Australasia's largest full-service marketing platform provider, bringing the entire property marketing process together in one place.

Canva Philippines

Canva Manila started back in 2014 and has grown to have over 200+ FTEs across customer service, design, growth, content, and operations specialties. One of the biggest specialties in Manila is the Design specialty. True to its mission and philosophies, Canva aims to partner with the academe through strategic partnerships and empower the younger generation to provide opportunities and key learnings that lead to global impact, champion empowering people through design, and grow the future of designing.

CBN Asia

A multi-faceted non-profit committed to uplifting and transforming lives in the Philippines, Asia, and the world through media (The 700 Club Asia, Superbook, Oyayi, Tanikala), prayer counseling (CBN Asia Prayer Center), humanitarian aid (Operation Blessing Philippines), and cross-cultural missions (Asian Center for Missions). From its humble beginnings in Manila in 1994, CBN Asia has expanded with cutting edge programs, projects, and services that touch hearts, cultures, and nations with love and compassion.

Chimes Consulting

Chimes Consulting prides itself in its expertise in both Marketing and Information Technology.

CloudWalk Digital, Inc.

CLOUDWALK DIGITAL INC. was founded by President, Ms. Michelle Buan- Quintana and Mr. Marc Gil Medina in the year 2012. The company's nature of work is website development but later on engage from website to mobile application.

Cornerstone Entertainment, Inc.

A full-service creative agency that creates boundless opportunities and develops sustainable careers for all their artists across television, film, music, events and digital media.

Coursebank.ph

Coursebank.ph is a platform for innovative learning management system with cutting edge authoring capabilities, intelligence tools and multi-payment options.

Definite Studios

Definite Studios is a 2D art, animation, and game development studio providing premium quality art and game services to developers and publishers.

Deloitte

Deloitte is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, risk and financial advisory, risk management, tax, and related services to select clients.

Deltek Systems (Philippines) Ltd.

The leading global provider of enterprise software and information solutions for government contractors, professional services firms and other project-based businesses.

Dentsu Jayme Syfu

A merger of the Jayme Syfu group and Dentsu Philippines, Dentsu Jayme Syfu aims to fuse creativity and innovation across all channels.

Designblue Manila

Originating from Seoul, Korea and now here in Manila, their creative and marketing expertise has been proven to help many companies successfully launch, sustain, and strengthen their brand that has set them apart in this ever growing, crowded market. They mix art and science to turn fresh ideas and strategic planning into unique and distinguished creative works.

Dice 205

A technology company who helps their enterprise clients quickly digitize and innovate their customer's experience through their expertise in Mobile and Web App Dev, UI/UX and project management capabilities.

Digital Dreams Inc.

Digital Dreams Inc. is a creative company that works on Film Production, Studio and Equipment Rental, and TV and Online Content.

Digitank Studios

A video production company based in Manila. They produce high quality content with compelling stories and powerful visuals.

eCloudValley

eCloudvalley is the AWS Premier Consulting Partner in APAC with a mission to accelerate customers' success by leveraging Digital Transformation with Cloud. Services include cloud migration, cloud training, data solutions, SAP migration, database freedom, next-gen MSP, and automated cloud management platform.

EVENTSCAPE

Eventscape Manila has been at the forefront of event management in the Philippines since 1996. It now takes dynamic campaigns and market-driven events to the regional space with Eventscape Asia Singapore. With its first expansion out of the country, Echochannels Singapore aims to share its expertise in digital marketing, entertainment, events production, and creative consultancy. A strong network of sister companies including Echochannels PH and World Wide Womb Inc., a diverse and specialized workforce, entertainment partners and professional teams, make it the preferred partner for all multi-channel and integrated marketing platform needs.

Exist Software Labs

Exist Software Labs is a global technology innovator providing enterprise solutions through consulting and innovative products and services. It is one of the early adopters of Java Open Source Software, which has become the core technology when building scalable, robust and highly customizable software applications.

Federal Land

Federal Land is a member of GT Capital Holdings and a proud partner of the Metrobank Group. It began in Manila as Federal Homes, Inc. in 1972 but has since grown into Federal Land, Inc., a prime real estate developer in the Philippines.

Feemo Global Solutions Philippines Inc.

FGSP is a design studio made in Tokyo, Japan, now based in Manila, Philippines, with offices in Tokyo and Pattaya.

Filinvest Land, Inc.

Filinvest Land is a trusted real estate developer for 62 years, building more than 2,500 hectares of land consisting of residential and commercial properties.

Finance Education Center (FEdCenter)

The Finance Education Center (FEdCenter) is a social enterprise supporting its Financial Literacy Partners (FLP) consortium, other finance organizations, and corporate supporters by providing administration, logistics, events, and testing/training/tutorial services. It is currently the only Accredited Training Provider (ATP) of the CISI for practitioners in the Philippines.

First Datacorp

First Datacorp has been an information technology service and solution provider in business since 1985. It aspires to be a leading IT organization engaged in the fields of business solutions and consulting, system integration, infrastructure and service management.

First Metro Securities Brokerage

First Metro Securities Brokerage is a stock brokerage house licensed to trade in the Philippine Stock Exchange. Established in 1994, it is a trusted provider of equity brokering services and solutions to individuals, public and private corporations and other financial institutions for over 20 years.

Frost Design Group

Frost Design is a Manila-based design group focused on creating handcrafted websites. Having 20 years of collective experiences in the industry, it has built the confidence and rapport to deliver the most demanding projects and still maintain a level of quality in every step of the way.

Fun Guy Studio Philippines, Inc.

FunGuy Studio is the premier game development and design outsourcing studio in the Philippines, having over eleven years of experience in producing top quality entertainment and enterprise technology for companies across the world. iACADEMY interns mostly work on game concepts and game documents, adding features in an actual game, and testing actual games.

Gatesoft Corp.

Gatesoft is a Philippine-based Canadian-American software firm that provides solutions for niche business functions such as Hotel Management Software (Genesis), Point of Sales (POS), Human Resource (HR), Payroll, Accounting and Inventory Management.

GHL Systems Philippines, Inc.

GHL Systems Phils., Inc. is Asia-Pacific region's leading end-to-end payment services enabler that deploys world-class payment infrastructure, services and technology. Its portfolio of payment solutions includes transaction routers and concentrators, terminal-like encryption technologies, loyalty and online payment solutions, smartcard technologies, enterprise applications and secure EDC networks and terminals and consulting services.

Golden Pencil Manila

Golden Pencil Manila is a service provider and a partner that specializes in event management for corporate clients, associations and other organizations - from conceptualization to execution.

Golden Sheep Creative Design and Marketing, Inc.
Golden Sheep Creative Design is the brainchild of three experienced artists who specialize in different fields in advertising. Their unorthodox style in advertising, marketing, and conceptualization sets this design lab apart from the rest.

HDI Resource, Inc.

Established in 2009, HDI Resource is a spin-off subsidiary of the HDI Family of Companies, a highly diversified multinational company. It provides human resource shared services – hiring and selection, employee relations, learning and development and compensation and benefits functions - to all subsidiaries of HDI.

Home Credit Philippines

Home Credit Philippines is part of Home Credit Group, a global consumer finance expert, with a leading presence across 11 countries in Central and Eastern Europe, Asia and North America.

Hubvantage Services Inc. (formerly Playpark, Inc.)

Formerly known as Playweb Games, Inc. PlayPark, Inc. is the publisher and operator of Level Up! (www.levelupgames.ph) and PlayPark (www.playpark.com) in the Philippines. The leading game publisher in the online gaming industry in the country today.

i4 Asia, Inc.

i4 Asia has its roots in technical support and web development. The company was founded in 2003 and had been steadily growing each year. i4 Asia's clients are primarily based in the Philippines but some others are based in international markets like the United States, London, and Hong Kong.

IBM

In 2010, iACADEMY was appointed by IBM as its first IBM Center of Excellence in the ASEAN region.

As an IBM CoE, iACADEMY will serve as a venue to expose existing and prospective IBM clients to current state-of-the-art technology solutions. Furthermore, iACADEMY aims to be the source of technical skills and talent to feed the IBM Ecosystem, which is composed of IBM, IBM Business Partners, and IBM Clients.

iManila

iManila is one of the pioneers and leading internet service providers in the Philippines. Its services include Web Development, Applications Development (Web Systems and Mobile Apps), Digital Marketing, Domain Registration and Hosting.

Indra Philippines

Indra in the Philippines is one of the leading IT services providers in the Philippines and in Southeast Asia. Indra has been operating in the Philippines since 1995, providing a wide range of services across highly dynamic markets such as Energy and Industry, Telecommunications, Financial Services, and Public Administration.

Infor

Infor is a multi-national enterprise software company, headquartered in New York City, United States. It is the largest privately held technology provider in the world.

Interpacific Data Management Systems, Inc.

Interpacific Data Management Systems, Inc. is a software development company and consultancy specializing in Computer Telephony Integration applications. Headquartered in Hong Kong and with a development and global support center in the Philippines, Interpac distributes and supports its products both directly and through an established network of Interpac Trained and Authorized Distributors across Asia Pacific and globally. They have been an industry leader with over 30 years' experience in Billing and Network Management Systems.

Jagged Perspective Creative Studios

Jagged Perspective Creative Studios is a design agency focused on crafting new ideas and developing them into highly expressive visual concepts.

Johnson Berkshire Solutions Inc.

With its strength as an IT company, Johnson Berkshire Solutions develops technology for FinTech and BPO companies to provide and develop systems that meet societal needs. It aims to make a change, create greater things, and build a better life experience.

Keywords Studios

The Keywords Player Support office in the Philippines. It is a global service provider to the video games industry. Established in 2016, it provides Customer Service, Quality Assurance, Social Media and Community Management to a blue chip client base which includes 22 of the top 25 game companies by revenue.

Kittelson & Carpo Consulting, Inc. (K&C)

K&C provides assistance to companies setting up and doing business in the Philippines. Established in 2007, K&C has a proven track record of facilitating the company incorporation and business registration of more than 1,000 local and foreign companies with active operations in the Philippines. It is the subsidiary company in the Philippines of In.Corp, the leading corporate solutions provider in Southeast Asia with a strong regional presence in seven Southeast Asian countries, including China and India. InCorp combines some of the most established and reliable consulting firms in Asia to provide cross-border professional services and help companies successfully expand their operations in the Asia-Pacific region.

Knowledge Channel

The Knowledge Channel is a non-stock, non-profit organization that works for the cause of poverty alleviation through education.

KOOAPPS Philippines Corporation

KOOAPPS is a mobile gaming company with millions of downloads. Founded in 2008, Kooapps has released more than 30 games with several top selling titles.

KUMU

is a Filipino video sharing and e-commerce social networking service owned and developed by Kumumedia Technologies, Inc. The social media platform is used to livestream curated programs created by app users and partner brands and as an e-commerce platform for app users and partner brands who want to sell their merchandise online.

Lazada Philippines

The Philippines' leading one-stop shopping and selling destination.

Leo Burnett Manila

Leo Burnett Manila is part of Publicis Groupe, the world's third largest communications holding company. Leo Burnett Manila leverages in best-in-class resources and expertise across several disciplines – Brand Consultancy, Advertising, Digital Marketing, CRM/Database Marketing, Retail/Shopper Marketing, Public Relations and Activations.

Macquarie

Macquarie is a global financial services group operating in 34 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advisory, capital raising and principal investment.

Magnus Eventus

Magnus Eventus Inc. is a business venture started by professional individuals who have pooled their resources and their expertise to create an entity that aims to help provide employment opportunities to jobseekers and organizing memorable events and providing companies with their marketing and branding needs & strategizing various activities.

MarketJS

MarketJS builds cross-platform (HTML5) games for enterprise and consumer markets. It also builds custom games for clients. Brands it has worked on include FIFA, Coca-Cola, Tic Tac, Hilton Hotels, Citibank and Acura.

Mayad Creatives, Inc.

Mayad Company ventured into the wedding industry 12 years ago. Over the years, its primary aim remains the same – to deliver timeless and elegant wedding photos and films that become constant reminders of the bonds of true love and lasting commitment.

Megamorphosis, Inc.

Megamorphosis is a complete marketing solution agency committed to delivering stellar event productions and 360-degree marketing with optimum market reach.

Metropolitan Manila Development Authority (MMDA)

The MMDA is an agency of the Republic of the Philippines created to regulate and supervise authority over the delivery of metro-wide services within Metro Manila. It embraces the cities of Manila, Quezon City, Caloocan, Pasay, Mandaluyong, Makati, Pasig, Marikina, Muntinlupa, Las Piñas, Parañaque, Valenzuela, Malabon, Taguig, Navotas and San Juan and the municipality of Pateros. iACADEMY's partnership with the MMDA involves the creation of non-commercial outputs by iACADEMY to promote the advocacies of MMDA, such as safe driving practices and positive commuter behavior.

Microsoft

As the world's leading software provider, Microsoft strives to produce innovative products that meet the customers' evolving needs. For the past few years, iACADEMY has been sending student interns for training at the Microsoft offices in the Philippines. iACADEMY signed an agreement with Microsoft, allowing its School of Computing to be an official Microsoft Training Center.

Movent, Inc. (GroupM)

Movent, Inc. is a digital marketing agency offering media production and creative services. The company was formerly known as NetBooster Asia until the majority stake was acquired by GroupM, WPP's global media investment management arm in November 2012.

Museo ng Kaalamáng Katutubò (MusKKat)

MusKKat or the Museo ng Kaalamáng Katutubò is a museum-development foundation under Unilab that is dedicated to discovering, explaining, safeguarding, celebrating and manifesting Philippine indigenous knowledge. It seeks to change beliefs and develop awareness and understanding towards ancestral Katutubo to bring us closer to understanding the Philippines as a unified nation. In October 2019, iACADEMY formed a partnership with Museo ng Kaalamáng Katutubò (MusKKat). College students have the chance to contribute to the development of MusKKat's marketing plans, promotional and computing materials to be able to raise awareness for notable Philippine indigenous artifacts. Past programs include development of Market Research and pitching of students to the MusKKat team, and the creation of short stories anchored on katutubong kaalaman.

Neun Farben Corporation

Neun Farben is an international computer animation studio that aims to create high-end computer graphics and visual effects for films, commercials, promotional videos, games, and web sites.

NGT Global, Inc.

NGT Global was established in 2012 with its core business including Security, Web Application, Cloud Services, Technical Education, and Financial Services. It aims to provide highly efficient IT infrastructure and services to government and educational institutions, SMEs and large Corporations in the Philippines.

Norde International Distributors

The company was established in 2005 and has become the leading distributor of digital graphic solutions in the country.

Novare Technologies

Novare Technologies provides outsourcing services including personnel and services augmentation with particular expertise in telecommunications and information technology. Through its "Think, Build, Run" methodology, Novare offers its clients a comprehensive and focused approach to strategy development, solutions development, and managed services specifically in the area of Customer Lifecycle Management (CLM).

NTT Data Phils.

Headquartered in Plano, Texas, NTT Data Phils. is a division of NTT DATA Corporation, a top 10 global business and IT services provider with more than 100,000 professionals in more than 50 countries, and NTT Group, a partner to 85 percent of the Fortune 100. They deliver tangible business results by combining deep industry expertise with applied innovations in digital, cloud and automation across a comprehensive portfolio of consulting, applications, infrastructure and business process services.

Ollopa Corporation

Ollopa Corporation is locally registered since 2017 and it has two lines of business – eGetinnz (www.eGetinnz.com) and Frontier Semi Conductor Company.

One MEGA Group, Inc.

One MEGA Group (formerly Mega Publishing Group) is the country's pioneer publishing company of glossy magazines. It remains at the forefront of the industry as the company continues to push the boundaries of print and beyond. Exploring endless possibilities, delivering the best of local and international design and lifestyle trends to a discerning market, its potent mixture of innovation and excellence has resulted in entertaining and socially responsible homegrown titles that positively influence the lifestyle of Filipino society.

Optima Digital

Optima Digital is a leading post-production/digital services house based in the Philippines and is recognized across the SEA region for delivering world-class visual effects work at high-speed timetables.

Orange & Bronze Software Labs, Inc.

A rapidly-growing Philippine-based software development company, Orange & Bronze Software Labs is primarily involved in offshore consulting and outsourcing for US and European clients. It is also involved in software and product development. It provides premium software development services to software companies in the US and Europe.

Ortigas & Company

Ortigas & Company is one of the pioneers in the Philippine real estate landscape.

OSI Digital (OSI)

Headquartered in Woodland Hills, CA, OSI provides technology strategy, business solution and process optimization, and application development expertise to help its customers realize their business objectives. It specializes in Oracle Applications, Business Analytics, Systems Integration, eCommerce and Managed Services.

Pageone Media

Pageone Media is a social news and lifestyle magazine that brings local and international news, fresh features and compelling topics to Filipinos.

PCI Innovations Tech Center, Inc.

PCI Innovations Tech Center, Inc. started its journey back in 2018. A member of Game Developers Association of the Philippine (GDAP). It is an education technology (EdTech) company that aims to bring excellent, interactive, and immersive learning to every corner of the country with new and engaging technology. They provide an innovative solution that will help bridge education gaps and promote education 4.0.

Penbrothers

The Penbrothers International, Inc. is a co-working space in the heart of Makati City in Manila, Philippines which offers a conducive work environment for local and foreign startups and SMEs.

Philippine Mental Health Association, Inc. (PMHA)

Established in 1950, the PMHAI is a private, non-stock, non-profit organization dedicated to the promotion of mental health and prevention of mental disorders. The objective of the partnership is to increase awareness of the iACADEMY community on mental health, by creating innovative outputs on the subject.

PODCASTNETWORK.PH

Founded in August 2019, PNA supports the local podcast industry by providing access to production support and monetization opportunities for creators and hosts. Podcast Network Asia is the biggest podcast network in Southeast Asia with over 400+ podcasts on the platform. It is a media and tech platform that offers on-demand audio content (e.g., podcasts, audiobooks, radio dramas, etc.). They also offer rental of studio room with equipment and editing subscription service for podcasters.

Point Blank Studio Productions Inc.

Point Blank is a one-stop shop for creative collaboration that covers its clients' imaging needs from photography to post-production.

PRAXXYS Solutions Inc.

PRAXXYS Solutions specializes in constructing web applications and computer programs that are customized according to the client's specification.

PricewaterhouseCoopers Philippines (PwC)

PwC is a global network of firms delivering world-class assurance, tax, and consulting services for your business.

Primer Resources Corp.

A Philippine company engaged in the retail sale and distribution of consumer brands and products, Primer Resources carries international brands, mostly lifestyle products. The Primer Group also operates its own lifestyle boutique which includes Res/Toe/Run, The Travel Club, Ladybag, Flight001, Bratpack, GRND, General and R.O.X.

Purplebug, Inc.

Purplebug is a marketing and digital company that is a preferred partner of the Philippine Trade Training Center (PTTC), the training arm of the Department of Trade and Industry (DTI) in delivering business and digital marketing training nationwide.

QBE Insurance (QBE)

QBE is one of the world's top 20 general insurance and reinsurance companies, with operations in all the key insurance markets. QBE is listed on the Australian Securities Exchange and is headquartered in Sydney.

Quipper

Quipper is an education technology company that provides e-Learning, coaching, tutoring, and assessment services for K-12 in Japan, Indonesia, the Philippines, and Mexico. The company's primary service is an online learning management system, which is used in different ways in each country where it operates.

Ranida Games

Ranida Games is an indie game development studio based in San Pedro, Laguna, Philippines. Composed of industry experts who have been developing high quality games for the local & global market across mobile, web, PC, and even console platforms.

RepublicAsia

Republic Asia provides Filipino Youth a platform to speak, to be heard, and be counted. They empower the Filipino people, especially the Millennials and Gen Z. They tell their story, and they let them tell their story. Their site is a celebration of the young generation's future country's leaders, movers and shakers.

Rezonate

A global motion design production company based in New York City & Manila, Rezonate specializes in visualizing compelling stories through a collaborative design process realized in film, video, and animation.

Robert Bosch Philippines

The company was founded by Robert Bosch in Stuttgart in 1886. It is the world's largest supplier of automotive components.

Rocketsheep Post Production, Inc.

Rocketsheep is a group of highly talented and multi-awarded artists who specialize in illustration, 2D animation and friendsheep.

ROHM LSI Design Philippines, Inc.

One of four ROHM subsidiaries operating in the Philippines, ROHM LSI Design provides integrated circuit design and design support services to ROHM Co., Ltd and its subsidiaries. It participates in the design of state-of-the-art integrated circuits for consumer electronic and industrial products.

SDev Technologies

SDev Tech is a provider of IT solutions and services in the Philippines. Founded in 2019, the company has quickly grown to become a trusted partner for a wide range of businesses. SDev Tech offers a comprehensive array of IT services, including web and mobile app development, bespoke system development, website design and development, website hosting, SEO services, social media management, VAPT, managed application services, managed network services, technology consulting, and IT staff augmentation.

Secret 6

Secret 6 was founded in 2005, providing art outsourcing services to video game developers and TV production companies worldwide.

SERVO IT Solutions

Founded in the year 2000 at Angeles City, Pampanga. Specializes in Software development in hospitality management nationwide for 15+ years. Offices in Makati, Angeles City, and Cebu. They have a track record of providing high-quality products/services to clients. Partnered also with Enderun Hotels as their software provider.

Sevenworks, Inc.

Sevenworks was established in 2006 as a Web Technology Company. Within a short span of time, it has already aided hundreds of business partners to expand their market. Since then, it has evolved to Digital Marketing and software development, aiming to provide more ways to secure business growth and to make businesses accessible to a broader market.

Snipple Animation Studios, Inc.

Snipple's goal was not only to produce and deliver quality Animation for Digital Media, Television, Features, Gaming and Commercials but also to create an environment that would nurture creativity and encourage excellence in all areas of production. iACADEMY interns are trained in 2D and 3D animation and are part of actual project production.

Shopee Philippines

Shopee is a Singaporean e-commerce platform headquartered under the Sea Group, which was founded in 2009 by Forrest Li. It first launched in Singapore in 2015, and has since expanded its reach to Malaysia, Thailand, Taiwan, Indonesia, Vietnam, the Philippines, and Brazil.

SYNERGY88 DIGITAL

Synergy88 Digital is a full-service Game Development Studio with top line expertise in Triple A Art Services and is the first Microsoft Certified Vendor for Game Art in the Philippines. The Studio is based in the Philippines and is part of the Synergy Group of Companies, all dedicated to Digital Entertainment and Media Creation. The companies have representative offices and partners in the US (Las Vegas, San Francisco), UK and Singapore.

SYKES Asia

SYKES Asia is a global business process outsourcing (BPO) leader in providing comprehensive inbound customer engagement services to Global 2000 companies, primarily in the communications, financial services, healthcare, technology, transportation and retail industries. Headquartered in Tampa, Florida, with customer contact engagement centers throughout the world, SYKES provides its services through multiple communication channels encompassing phone, e-mail, web, chat, social media and digital self-service.

Skoop

Skoop clothing brand designs trendy retail streetwear.

Skyrocket Training Services

SkyRocket offers a full range of courses on creating digital video and post-production. It provides manufacturer-authorized training for all skill levels.

Software Group Philippines

Software Group is a privately owned specialized IT company focused on end-to-end solutions for the financial sector. It provides solutions to a range of players in the financial sector but focuses particularly on working with microfinance institutions (MFIs), savings cooperatives, credit unions, small and medium sized banks, supermarket chains and investment / donor organizations.

Stratworks Inc.

Stratworks is a full-service marketing communications agency that provides communications services such as public relations, events planning and management, graphic design, promotions planning and implementation. It was awarded Agency of the Year in the Anvil Awards in 2015 as well as the Agency of the Year in the Quill Awards in 2014.

Summit Media

Summit Media is the leading magazine publisher in the Philippines with more than 20 titles under its umbrella. Aside from magazines, the company is also engaged in digital media, outside-of-home media, and consumer events.

Sunnies Studio

Founded in 2013, Sunnies Studio is a company that sells sunglasses and prescription eyeglasses online and through over 40 stores in the Philippines.

Sunlife

Sun Life Philippines, one of the top life insurance companies that offers financial planning, investment options, insurance, retirement savings & other products.

Studio Nonego

Studio Nonego is a Philippine-based, one stop animation studio focused in producing world class original content for Filipinos and the global audience alike.

Stylist In A Pocket (SIP)

SIP is a team of personal stylists who enjoy helping people and companies find their best individual style for free. It is the first-of-its-kind and is at the forefront of rising Fashion Technology in Asia. SIP aims to uplift the quality of lives of Filipinos by helping them present themselves better for work and their community while saving them time and money.

Taktyl Studios

Taktyl Studios is a technology company dedicated to developing products that showcase Intellectual Property (IP) in various forms of media, creating awesome experiences for users around the world. It provides services for app, web and game development, art and animation, augmented reality, tabletop and card games. It also develops its own IPs.

Teach Peace Build Peace Movement, Inc.

Teach Peace Build Peace Movement, Inc. is an independent, non-partisan and non-profit organization that aims to make every Filipino child and youth a peace builder.

Thirty Six-O Media

Thirty Six-O Media is a compact team of driven and passionate innovators. It provides a wide array of services, from content development, video and photography coverage, state-of-the-art editing, sound engineering, and digital marketing.

TBWA\Santiago Mangada Puno

TBWA is The Disruption® Company: the cultural engine for 21st-century business. Named one of the World's Most Innovative Companies by Fast Company for the third consecutive year (2021,2020,2019). They create disruptive ideas that locate and involve brands in culture, giving them a larger share of the future.

Toast & Brew Studios

Toast & Brew Studios is a multi-platform storytelling studio, specializing in film-quality 3D animation and game development. With its concept, game, and asset development credentials, it possesses a strong pre-production and R&D set-up supported by an in-house render farm.

Toon City

Toon City, an animation studio located in Manila, Philippines, was founded in 1993 by Colin Baker. Its primary contractors are The Walt Disney Company and its DisneyToon Studios division, which produces animated TV series and direct-to-video films. They have also done a few commercials and several direct-to-video works for Nickelodeon, Universal, Warner Bros. and Cinegroupe.

Tres Puntos Studios

An emerging postproduction company propelled towards crafting the country's most compelling works of art in the world of Media & Advertising.

True Digital Group (TDG)

True Digital Group (TDG) is the digital arm of True Corporation, the leading telecommunications company in Thailand. TDG's mission is to enable digital transformation in Southeast Asia. TDG Philippines recently launched https://trueid.ph/, one of TDG's digital products.

Ubisoft Philippines

Ubisoft is a leading creator, publisher and distributor of interactive entertainment and services, with a rich portfolio of world-renowned brands. The teams throughout Ubisoft's worldwide network of studios and business offices are committed to delivering original and memorable gaming experiences across all popular platforms. In 2016, Ubisoft Philippines opened as the first and only AAA game development studio in the country.

Unilab, Inc.

Unilab, Inc. or the United Laboratories, Inc., established in 1945, is the leading pharmaceutical company in the Philippines. Its portfolio includes some of the biggest prescription and over-the-counter brands in the country. It also leads a Social Partnerships arm that offers community-based programs and initiatives. iACADEMY formed a partnership with Unilab in October 2019. College students are given the chance to develop game changing student outputs aligned with improving the lives of Unilab's community partners as well as supporting Unilab's business objectives. Ongoing programs include the development of a Branding and Marketing Plan for one of Unilab's subsidiaries.

VITAMIN B, Inc.

Vitamin B is a strategic design consultancy specializing in brand strategy, corporate identity, packaging, environmental graphic design and brand driven communications. Some of the brands they have created include the Mind Museum, Alveo Land, Cupcakes by Sonja and Isang Litrong Liwanag.

Wacom

iACADEMY is the first academic institute identified as a Wacom Authorized Training Partner in the Philippines. iACADEMY equips students with state-of-the-art facilities and technology through its partnership with Wacom.

Willis Towers Watson

Willis Towers Watson is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth.

World Youth Alliance (WYA)

WYA began in 1999 when 21-year-old Anna Halpine stood up for human dignity during a conference at the United Nations. Since then, WYA has grown to include tens of thousands of members around the world with six regional offices, all dedicated to the defense of the dignity of the person through education, culture, and advocacy.

WYD Productions

WYD Productions is a Manila-based creative video production outfit where passion, creativity, energy and freshness come together to form ideas and create entertainment with the power to transform. WYD Productions has worked with different clients and advertising agencies, from start-ups to established companies, providing pre-production to post-production services, from concept development to final video output.

Xentrix Toons, Inc.

A fast-growing multinational 2D animation studio with clients like Disney, Lego, Boulder Media, Bardel Entertainment, and more. Offers 3D animation to clients through their parent company Xentrix Studios.

Yeaps Corp.

Yeaps Corp., founded in 2002, is an integrated marketing agency comprised of experienced professionals in different areas of marketing.

Zalora Philippines

Asia's leading online fashion destination.

Scholarships

STI ESG

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

Gift of Knowledge

To provide educational opportunities to deserving individuals who have no means of pursuing post-secondary education, STI ESG, through the STI Foundation for Leadership in Information Technology and Education, Inc. (STI Foundation), strengthens its partnership with various TV programs from different TV networks. No scholars were registered in SY 2020-2021 and SY 2021-2022 since the TV networks also experienced the disruption caused by the global pandemic and various TV shows went off-air. For SY 2022-2023, three new scholars were registered through the partner TV programs.

Sponsored Scholarship Programs

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

The STI Foundation and its partners were able to support 980 scholars in SY 2020-2021, 1,087 scholars in SY 2021-2022, and 654 scholars in SY 2022-2023.

STI WNU

The following grantors sponsor scholarship programs through the University:

- AFPEBSO-Presidential Decree No. 577 Scholarship Program
- Alfredo G. Marañon, Jr. Scholarship Program (AGMSP)
- Bacolod Patenkinder Youth Development Foundation, Inc. (BACPAT)
- Central Azucarera de La Carlota, Inc. (CAC)
- CHED Student Financial Assistance Programs (StuFAPs)
- Congressional Tulong Dunong Grant (TD Grant)
- Department of Labor and Employment Special Program for Employment of Students (DOLE-SPES)
- Elmer Sy Marketing (ES MKTG)
- First Farmers Holding Co. Incorporated (FFHCI)
- Government Assistance to Students and Teachers in Private Education (GASTPE; also called FAPE or Fund Assistance to Private Education)
- Hawaiian Philippine Company (HPCO)
- Kabankalan City

- MALIPAI Foundation
- Municipality of La Castellana
- Municipality of Isabela
- Negros Women for Tomorrow Foundation Incorporated (NWTFI)
- Public Employment Services Office (PESO) City of Bacolod
- Sagay Central
- STI Foundation Scholarships
- Province of Negros Occidental – ICT Scholarship
- Transcom (Earn while you Learn Program)
- Panasiatic Solution
- Silay City Scholars

In addition, deserving students are given academic, athletic and cultural scholarships based on set criteria and coverage.

Community Extension and Outreach Programs

STI ESG

Capitalizing on STI ESG's national reach, STI Foundation and STI campuses across the country spearheaded and/or collaborated with other groups to conduct several community involvement programs that intensified the spirit of camaraderie among employees and the desire to give back to the communities while developing an environment that will be beneficial to all stakeholders.

The STI Foundation

The STI Foundation aims to contribute to the improvement of the country's educational system through programs and projects that promote excellence in education.

Alternative Learning System (ALS)

STI Foundation responded to the call of DepEd for the private sector's participation and support in its ALS program, a non-formal education to help learners who wish to complete their basic education. The ALS program also aims to address the growing number of students who drop out of school every year.

STI ESG reached out to out-of-school youth aged 15 and above who still have not finished their secondary education and cannot afford to go through formal schooling. ALS employs collaborative modes of instruction (face-to-face instructions), e-learning materials (e-Skwela), and performance-based assessment. ALS aims to prepare and equip the learners with the knowledge required to pass the Accreditation and Equivalency (A&E) Test given by DepEd. There are five STI campuses offering ALS—STI Colleges Ortigas-Cainta, Batangas, Lipa, Muñoz-EDSA, and Rosario. Since SY 2020-2021 until the present, ALS classes were suspended in the aforementioned campuses due to the restrictions of conducting face-to-face classes and consequently the ongoing realignment of ALS modules.

The STI Mobile School

The STI Mobile School is a fleet of tourist-sized buses converted into roving computer laboratories. Each bus is equipped with a state-of-the-art computer laboratory with internet access, multimedia computers, LCD monitors, sound system, and other top-of-the-line computer equipment.

Since its inception in 2011 until the end of SY 2022-2023, the STI Mobile School has travelled over a thousand sites and trained around 175,000 participants nationwide. From the six STI mobile school buses, one STI mobile school was donated to the 6th Infantry (Kampulan) Division of the Philippine Army during SY 2022-2023.

Adopt-a-School Program

STI ESG received a Certificate of Appreciation from DepEd for being one of its active partners in implementing the Adopt-a-School program. The STI Mobile School provides alternative learning facilities to DepEd's high schools in far-flung communities. The Adopt-a-School program aims to teach students computer concepts, GNU Image Manipulation Program (GIMP), multimedia animation, audio editing, and movie presentation through ICT-enhanced training sessions, among others. STI Foundation's strong support to DepEd's various programs were further recognized as it received a Plaque of Appreciation during the Education Partners Appreciation Program on December 13, 2022.

STI Foundation likewise extended assistance to various special community development projects, outreach programs, and humanitarian services to help tackle the needs of the disadvantaged sectors and other organizations.

In support of DepEd's Brigada Eskwela program, STI College Balagtas joined in the Brigada Eskwela program of the Secondary DepEd schools in Balagtas, Bulacan in SY 2021-2022. The STI campus distributed health and sanitation products to the following schools: Guiguinto National Vocational High School, Taliptip National High School, Batia High School, Gat. Francisco Balagtas National High School, Iluminada Roxas National High School, Bunsuran National High School, Balagtas National Agricultural High School Annex, and Felizardo C. Lipana National High School. Meanwhile, in SY 2022-2023, various STI campuses joined the program: STI College Alabang COVID-19 prevention supplies and cleaning materials to Muntinlupa Business High School Sucat, Pedro E. Diaz High School, Cupang Senior High School, Poblacion National High School, Pamantasan ng Lungsod ng Muntinlupa; STI College San Jose donated electric fans to Dig-Dig National High School; and STI College Vigan provided face masks and gallons of ethyl alcohol and liquid handsoap to Magsingal National High School.

Community and Civic Engagements

Through STI ESG's partnership with the National Grid Corporation of the Philippines (NGCP), a privately-owned corporation in charge of operating, maintaining, and developing the country's state-owned power grid, STI Foundation facilitated the installation and regular maintenance of computer units donated by NGCP to 34 public elementary and high schools nationwide. Regular maintenance of the computer units for these public schools continued up to SY 2019-2020. During the same school year, five more computer laboratories were installed in five public schools. Meanwhile, in SY 2022-2023, STI Foundation sponsored the electricity and computer laboratory maintenance of eight public schools.

In SY 2020-2021, the STI ESG community likewise demonstrated its Bayanihan spirit as the students, faculty members, and school personnel all worked together to extend a helping hand to their respective communities during this time of a global pandemic. Activities such as face mask donations to local government units, feeding programs for frontliners, food pack donations, and setting up of community pantries, among others were organized by various STI campuses nationwide.

STI College Cotabato, meanwhile, partnered with the City of Cotabato and City Health Office for the mobile vaccination program called "Mobile Bakuna Bus." Using the STI Mobile School, the bus reached out to individuals with no access to vaccination hubs in the region. During the pilot run, the "Mobile Bakuna Bus" visited the city's old market where the citizens, mostly vendors who cannot leave their stores, received their first dose of vaccines. Since then, the bus has reached four areas within the city and more than 800 of its citizens have been vaccinated. The Mobile Bakuna Bus targets to reach strategic areas such as public markets, groceries, supermarkets, malls, schools, and barangay halls in Cotabato City.

On the other hand, STI Alaminos organized a tree planting activity at Adopt-a-Mountain Site in Barangay San Vicente, Alaminos City, Pangasinan. In partnership with the City Agriculture Office, around 107 STI students and six school personnel joined the community extension activity in support to the city government's sustainable environmental program.

For SY 2022-2023, STI Alaminos organized a mangrove planting activity at Bued Mangrove Park in Alaminos City, Pangasinan. STI students, faculty members, and other school personnel joined together and planted 100 mangrove propagules. The activity aimed to raise awareness of the importance of mangroves in protecting their coastal community and reducing the effects of climate change. STI College Dumaguete students, faculty members, and school personnel also joined the Philippine Air Force in a coastal clean-up in Cangmating Beach, Sibulan in relation with the Philippine Environment Month 2022 with the theme, "Aksyon pare sa Natatanging Mundo."

STI WNU

Community Extension and Outreach Programs

The intervention focused on education program especially for the pre-school children and Alternative Learning System classes for the Out of School Youth. STI WNU facilitated the construction of the one-storey building for the Pre-school classes in VAGRES. The building was the result of an innovation project of the College of Engineering known as the Ecoblocks, wherein empty polyethylene therephtalate bottles were used as major materials in the said construction project.

Since 2016, the University's Community Extension Office has been active in various projects that made an impact on the neighboring communities. These included collaboration with LGUs and private companies for the International Earth Day Celebration, International Coastal Clean Up Drive; and Tree Growing Projects.

The University has likewise been involved in the implementation of the Alternative Learning System (ALS) for several barangays within Bacolod City. This project, a collaboration with the Department of Education and Verlanie Foundation.

Likewise, KAWSA, an organization of student volunteers, was created in 2016. Since then, the organization has been active in environmental campaigns even the COVID- 19 pandemic.

In 2018, the Twelve Teachers Thousand Lives project was launched in partnership with the Municipality of La Castellana. In line with the purpose of producing more educators, deserving students are given scholarships to pursue a Bachelor of Science in Education degree. All scholars enjoy free tuition courtesy of the institution while other fees are subsidized by the partner LGUs. The scholars, for their part, actively and excellently exhibit unique. They engage in activities that address issues concerning the environment, arts and culture, leadership and children in conflict with the law. In SY 2021-2022, the University had five (5) scholars. Three (3) from the Municipality of La Castellana and two (2) from the City of Kabankalan. Of these scholars, three graduated in the same year. In SY 2022-20223, the University had five (4) scholars. Three (3) were from the Municipality of La Castellana and one (1) from the City of Kabankalan. Of these scholars, one (1) graduated in the same year.

In February 2018, STI WNU through the College of Business Management and Accountancy (CBMA) entered into a Memorandum of Agreement with Barangay Vista Alegre represented by the its Punong Barangay in the implementation of CBMA's sustainable livelihood development program for Purok Arao, Barangay Vista Alegre, Bacolod City. During the COVID-19 pandemic, the University, in partnership with Junior Chamber International (JCI), has distributed food packs to one hundred fifty (150) families in Purok Arao, in Barangay Vista Alegre. In SY 2022-2022, CBMA conducted a seminar on Food Processing.

In September 2018, with the participation of different barangays in Bacolod City and the Agriculture Training Institute (ATI), the Urban Gardening Project was implemented. Participating residents and students took online courses. More than two hundred graduated from the Basic Urban Gardening Course. STI WNU likewise assisted Barangay 38, Bacolod City in its aim to have an Information System to enable easy access to data about its services. Barangay 38 is also one of the benefactors of the University's Urban Gardening Project. The urban gardening project continues despite the COVID-19 pandemic. At present, three (3) communities benefit from fresh produce resulting from the project.

In SY 2018-2019, the University established partnership with the Philippine Biodiversity Conservation Foundation, Inc. (PhilBio) and Barangay 38, Bacolod City. The University provided manpower and expertise while PhilBio provided information on environment-related issues and concerns particularly on the status of wildlife in our country. In SY 2022-2023, the College of Information and Communication Technology of STI WNU developed a bird counting mobile application for the use of PhilBio.

The University spearheaded initiatives on emergency response and food security since the start of the COVID-19 pandemic. Food packs were distributed to certain communities around the City of Bacolod during lockdown. Relief goods were also donated to victims calamities, such as fires and typhoons, in nearby towns and cities in the province of Negros Occidental, as well as in some areas in Luzon.

In May 2021, community pantries were also organized in five (5) barangays in Bacolod City. Furthermore, "Thank You" cards were also given to Bacolod City government officials, frontliners, and health workers in appreciation of their efforts in responding to the challenges of the pandemic.

Celebrating DAP: A Pathway to BPO for Differently Abled Persons was launched in June 2021. This is a collaborative program among BPO, LGU and STI WNU that promotes the interest of DAPs particularly on their employment in the BPO Industry.

In October 2021, STI WNU conducted a "Tree-Growing" project in Barangay Vista Allegre, Bacolod City. This endeavor aims to ensure that all trees planted under the initiative of the university in previous years continually grow and thrive.

In year 2022, the school through its various colleges establish partnership among the deprive communities due to different circumstances such as Barangay Tomongtong, EB Magalona by the College of Hospitality and Tourism Management (CHTM), providing them trainings on Tour Guiding, Cookery and other related concerns for the enhancement capability of women, vendors and people in the community as help in their source of livelihood. In the City of Sipalay, the University responded the critical needs of the place due to typhoon Odette. It started with relief operations by distributing food supplies, clothes, water supplies, medicines and housing materials. This September, the sustainable livelihood program for communities will be started to be sponsored by the School of Graduate Studies in collaboration with the CHTM.

The Community and Extension Office has also facilitated the donations of around 1,500 monobloc plastic chairs to Partner Communities and LGUs, public schools and Day Care Centers since May 2022 up to the present.

Various departments of the University have actively participated in community projects, continuing the implementation of the program for SY 2022-2023. The College of Criminal Justice Education (CCJE) organized multiple trainings for Barangay Tanods in several barangays of Bacolod City. These trainings covered a range of topics, including Disarming Techniques, Disaster Preparedness, Incident Report Writing, and the Conduct of Road Checkpoints. The department has also conducted seminars on Drug Awareness and Resistance Education (DARE) and Street Children Protection Education Program, which concluded with a gift-giving program for Out of School Youth and street children. The College of Information and Communication Technology (CICT) collaborated with CCJE for the development of an online application called Bacolod Crime Mapping System. The application was then turned over to Barangay Handumanan and Barangay 38. CICT likewise developed a website for Barangay Tomongtong Magrove Ecotrail in E.B. Magalona.

Business of Issuer

STI Holdings, being a holding company, derives its revenues from dividends declared by its subsidiaries namely, STI ESG, STI WNU, iACADEMY and AHC. It also derives income from business advisory services it provides to the subsidiaries. In the fiscal years ending March 31, 2014 and 2013, it earned interest from funds received from the follow-on offering, while these funds were not yet deployed to its subsidiaries in accordance with the follow-on offering work program.

STI ESG is the largest subsidiary of STI Holdings. It is engaged in establishing, maintaining, and operating educational institutions. It derives its main revenues from tuition and other school fees of its own schools, and from the royalties and other fees for various educational services provided to its franchised schools.

STI ESG offers secondary (junior high school and senior high school) and tertiary (college and TESDA) programs, as well as post- graduate and associate programs. The colleges of STI ESG offer associate/baccalaureate degrees and technical-vocational programs in the fields of ICT, Business and Management, Hospitality Management, Tourism Management, Arts and Sciences, Engineering, and Education. These programs are accredited by CHED and/or TESDA, as may be applicable. The education centers of STI ESG offer technical-vocational courses for information technology, multimedia arts, hospitality and restaurant services, culinary, and tourism and events management, among others. The programs in the education centers are accredited by TESDA.

STI WNU, for its part, offers baccalaureate degree programs in education, engineering, criminology, IT, arts and sciences, business and management and hospitality and tourism management. These programs are authorized by CHED. The University also offers programs for graduate studies in the fields of business, education, and healthcare. In addition, it offers basic education from nursery to senior high school with tracks in academic, tech-voc, sports and art and design. These programs are authorized by DepEd.

iACADEMY operates as a high-end school and likewise derives revenues from tuition and other school fees. Its campuses are along Yakal St. in Makati City and in Cebu I.T. Park, Lahug, Cebu City.

AHC is a 100% owned subsidiary of STI Holdings. The parent company subscribed to 40% of its shares in November 2014 and eventually bought the balance of 60% of its outstanding capital stock in February 2015. At the time of purchase, it had receivables from Unlad which it eventually assigned to STI Holdings on March 1, 2016. It is not operating as of March 31, 2017.

STI ESG School Programs

Tertiary Programs

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

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

Senior High School Programs
Academic Track
- Accountancy, Business and Management
- Humanities and Social Sciences
- Science, Technology, Engineering, and Mathematics
- General Academic Strand

Technical-Vocational-Livelihood Track
- ICT Strand with specializations in:
  - Computer Programming
  - Animation
  - Illustration
  - Computer Systems Servicing
- Home Economics Strand with specializations in:
  - Commercial Cooking
  - Cookery
  - Bartending
  - Food and Beverage Services
  - Bread and Pastry Production
  - Local Guiding Services
  - Travel Services
  - Tourism Promotions Services
  - Front Office Services
- Industrial Arts Strand with specialization in:
  - Electronic Products Assembly and Servicing

Junior High School
Grades 7 to 10

STI WNU School Programs

Tertiary
BS in Hospitality Management
BS in Tourism Management
BS in Criminology
BS in Information Technology
BS in Computer Science
BS in Accountancy
BS in Business Administration major in Marketing Management
BS in Business Administration major in Financial Management
BS in Management Accounting
BS in Retail Technology and Consumer Science
Bachelor of Early Childhood Education
Bachelor of Physical Education
Bachelor of Secondary Education major in English and Filipino
Bachelor of Elementary Education
Teacher Certificate Program
BS in Psychology

BS in Mathematics
BA in Communication
BA in English Language
BS in Electrical Engineering
BS in Civil Engineering
BS in Mechanical Engineering

School of Graduate Studies (SGS)
Doctor of Philosophy in Educational Management
Doctor in Public Administration
Master of Arts in Education
Master in Business Administration
Master in Public Administration

Basic Education
Pre-Elementary (Nursery, Kinder 1 and Kinder 2)
Elementary (Grades 1 to 6)
Junior High School (Grades 7 to 10)

Senior High School
Academic Track
- Accountancy, Business and Management
- Science, Technology, Engineering and Mathematics
- Humanities and Social Sciences

Technical-Vocational-Livelihood Track
- Maritime Specialization Strand
- ICT Strand with specializations in:
  - Computer Programming
  - Computer Hardware Servicing
  - Broadband Installation
  - Contact Center Services
- Home Economics Strand with specializations in:
  - Bread and Pastry Production
  - Cookery
  - Food and Beverage Services
  - Front Office Services
  - Housekeeping
  - Local Guiding Services
  - Tourism Promotion Services
  - Travel Services

iACADEMY Makati School Programs

College
School of Computing
BS in Computer Science (Software Engineering)
BS in Computer Science (Cloud Computing)
BS in Computer Science (Data Science)
BS in Entertainment and Multimedia Computing (Game Development)
BS in Information Technology (Web Development)

School of Business and Liberal Arts
- BS in Business Administration major in Marketing Management
- BS in Business Administration major in Financial Management
- BS in Real Estate Management
- BA in Psychology
- BS in Accountancy

School of Design
- BS in Animation
- BA in Multimedia Arts and Design
- BA in Fashion Design and Technology
- BA in Film and Visual Effects
- BA in Music Production and Sound Design

Senior High School

Academic Track
- Accountancy, Business and Management
- Humanities and Social Sciences
- Science, Technology Engineering and Mathematics (Robotics)

Technical-Vocational-Livelihood Track
- ICT Strand with specializations in:
  - Computer Programming (Software Development)
  - Animation
  - Mobile App Development
  - Graphic Illustration
- Home Economics Strand with specialization in:
  - Fashion Design
- Arts & Design Track
  - Media and Visual Arts (Multimedia Arts)
  - Music (Audio Production)

Senior High School (Homeschool Program)

Academic Track
- Accountancy, Business and Management

Technical-Vocational Track
- ICT Strand with specialization in:
  - Animation

Arts & Design Track
- Multimedia Arts

Professional Accreditations

STI ESG

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

On February 5, 2015, STI ESG received the official ISO 9001:2008 Certification for its Learning Delivery System. The ISO 9001:2008 certification is a milestone for the institution's thrust towards academic excellence by reaching global standards in its learning delivery system.

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

STI ESG is one of the pioneer institutions awarded with the ISO 9001:2015 Quality Management System (QMS) Certification in SY 2017-2018. This is a certification upgrade for its Learning Delivery System (LDS) with emphasis on risk-based thinking, improved applicability for services, and increased leadership requirements. The scope of the LDS was likewise extended to the senior high school level and was expanded with the inclusion of the student program development and job placement assistance.

STI ESG maintained its certification and was lauded by the ISO certifying body TÜV Rheinland Philippines, Inc. during its surveillance audit on October 28, 2022 for implementing various systems such as Campus Helpdesk, SHS Data Processing App, IT Asset Inventory System, Queuing System, Centralized Printing of Diploma and TOR system upgrade, and Talent Search system upgrade, and for the implementation of Ready-To-Teach program to standardize courseware delivery of the faculty members throughout its network of schools.

STI WNU

The various programs of the University are accredited under any of the following bodies: PACUCOA Accreditation and FAPE, while all Academic Programs including Graduate Studies and Basic Education (Pre-School, Elementary, Junior High School and Senior High School) are certified International Organization for Standardization 9001:2015 (ISO 9001:2015 - Quality Management System) and 21001:2018 (ISO 21001:2018 - Educational Organization Management System) by Det Norske Veritas Germanischer Lloyd (DNV GL).

The following table shows the accreditation status of the different programs:

PROGRAM	LEVEL	EXPIRATION
Liberal Arts	Level IV	December 2026
Business Administration	Level IV	December 2026
Bachelor of Science in Elementary Education	Level IV	December 2026
Bachelor of Science in Secondary Education	Level IV	December 2026
Master of Arts in Education	Level IV	January 2028
Master in Public Administration	Level IV	January 2028
Doctor of Philosophy in Educational Management	Level III	December 2026
Bachelor of Science in Psychology	Level II 2nd RA	December 2026
Bachelor of Science in Criminology	Level II 2nd RA	April 2028
Bachelor of Science in Information Technology	Level I	May 2025
Bachelor of Science in Hospitality Management	Level I	April 2026
High School	Re-certification FAPE	SY 2026-2027

In addition, the University has been an Education Service Contracting (ESC) participating school for FAPE from SY 2008-2009 to the present in accordance with the PEAC assessment as commissioned by DepEd. This has allowed qualified junior high school students and teachers of the University to receive annual subsidy through the GASTPE Program of DepEd.

Employees

STI ESG

STI ESG had 2,117 employees — 1,425 of whom were faculty members, 523 were non-teaching personnel, and 169 employees were from the main office as of June 30, 2023. STI ESG provides employees with development programs that assist them in effectively carrying out their jobs and prepare them for career advancement.

FUNCTION	NUMBER OF EMPLOYEES
Main Office	
Senior Management	9
Managers	52
Staff	108
Subtotal	169
STI Schools	
Teaching Personnel (wholly-owned schools)	1,425
Non-teaching Personnel (wholly-owned schools)	523
Subtotal	1,948
STI ESG GRAND TOTAL	**2,117**

STI WNU

STI WNU has employed 88 non-teaching personnel assigned to various departments and 280 full-time and part-time teaching personnel.

FUNCTION	NUMBER OF EMPLOYEES
Senior Management	7
Managers	24
Subtotal	31
Teaching Personnel	
Full time	126
Part time	154
	280
Non-teaching Personnel	88
Subtotal	368
STI WNU GRAND TOTAL	**399**

iACADEMY

iACADEMY has 395 employees, 265 of whom are full-time and part-time faculty members, and 130 non-teaching personnel, including rank-and-file to executive level employees.

FUNCTION	NUMBER OF EMPLOYEES
Senior Management	11
Managers	10
Subtotal	21
Teaching Personnel	
Full time	40
Part time	225
	265
Non-teaching Personnel	109
Subtotal	374
iACADEMY GRAND TOTAL	**395**

Item 2. PROPERTIES

STI Holdings

The Parent Company owns properties located in Quezon City and in Davao which are recognized as noncurrent asset held for sale and investment property, respectively, in the statement of financial position as at June 30, 2023. The property in Quezon City has a total land area of 15,275 sq. m. while the real estate property in Davao has an area of 40,184 sq. m.

STI ESG

STI ESG maintains a substantial portfolio of properties comprised of owned and long-term leased locations that serve as sites for school buildings and grounds. There are also properties that are held for investment. The following table sets forth information on the properties that STI ESG owns.

LOCATION	TYPE (Owned unless otherwise indicated)	USE	AREA (IN SQ.M)	
			LOT	FLOOR
Batangas	Land and building	School Campus	6,564	8,099
Cainta, Rizal	Land and building	School Campus	39,880	12,867
		Administration Building	-	5,676
Calamba	Building Land is on long-term lease	School Campus	6,237	7,453
Caloocan	Land and building	School Campus	15,495	12,745
Carmona, Cavite	Land and building	School Campus	6,582	3,917
Cubao	Land and building	School Campus	3,768	9,982
EDSA, Pasay	Land and building	School Campus	3,911	19,812
Fairview, Quezon City	Land and buildings A & B	School Campus	1,808	4,696
	Buildings C &D are on long-term lease		-	3,172
Fort Bonifacio, Global City	Building Land is on long-term lease	School Campus	2,632	10,101

LOCATION	TYPE (Owned unless otherwise indicated)	USE	AREA (IN SQ.M)	
			LOT	FLOOR
West Diversion Road, Iloilo City	Land	School Campus	2,615	-
Kalibo, Aklan	Land	School Campus	1,612	-
Kauswagan, Cagayan de Oro	Land and building	School Campus	17,563	2,704
Las Piñas	Land and building	School Campus	10,000	10,469
Legazpi	Land and building	School Campus	4,149	5,492
Lipa	Land and building	School Campus	3,222	12,093
Lucban, Baguio	Land and building	School Campus	731	1,796
Lucena	Building Land is on long-term lease	School Campus	4,347	8,056
Naga	Land and building	School Campus	5,170	4,506
Novaliches	Land and building	School Campus	4,983	8,362
San Jose del Monte City, Bulacan	Land and building	School Campus	4,178	11,637
Sta. Mesa	Building Land is on long-term lease	School Campus	3,691	16,379
Tanay, Rizal	Land and building	School Campus	5,502	2,825
Valencia, Bukidnon	Land and building	School Campus	300	1,137
Ternate, Cavite	Townhouse	Training Center	-	107
Almanza, Las Piñas	3 Condominium Units (37.2sqm/unit) and Parking	Investment Property	-	153
Ayala Avenue, Makati City	Condominium Units (4th, 5th & 6th floors of STI Holdings Center)	Investment Property	-	3,096
BF Homes, Las Piñas	Land and building	Investment Property	4,094	2,865
BF Homes, Las Piñas	Land and building	Investment Property	3,091	2,003
Caliraya Springs, Cavinti Laguna	Land	Investment Property	948	-
Cebu City	Land	Investment Property	1,100	-
Gil J. Puyat Avenue Makati City	Condominium Units (10th, 11th, 12th, and Upper Penthouse of TechZone Building)	Investment Property	-	7,928
Meycauayan City, Bulacan	Land	Investment Property	2,459	-
Sto. Tomas, Baguio	Land	Investment Property	512	-

Listed in the table below is the campus ownership of franchised schools as of SY 2022-2023.

Owned by the School		Owned by STI Franchisee		Leased from other parties			
1	Balagtas	9	Balayan	14	Alaminos	22	Rosario
2	Dasmariñas	10	Baliuag	15	Angeles	23	San Fernando
3	General Santos	11	Cotabato	16	Bacoor	24	San Jose
4	Koronadal	12	Surigao	17	Cauayan	25	Tagaytay
5	Malolos	13	Vigan	18	Maasin	26	Tarlac
6	Santa Rosa			19	Marikina		
7	Tacurong			20	Muñoz-EDSA		
8	Tagum			21	Ormoc		

Campus Expansion Projects

STI ESG's strategy for business growth is focused on organic expansion and capital improvement projects promoting transition from rented space into stand-alone campuses. This strategic direction is part of STI ESG's commitment to continuously and consistently enhance the educational experience of its students by ensuring that its schools house state-of-the-art facilities with spacious classrooms, top-of- the-line computer laboratories, and recreational facilities.

To date, STI ESG has 22 wholly-owned campuses with newly constructed or renovated buildings while 9 of the franchised schools constructed/renovated their own buildings and upgraded their facilities. STI ESG has a total capacity that can accommodate up to approximately 147,212 students as at June 30, 2023, with almost 72% of the capacity pertaining to wholly-owned schools.

STI ESG acquired two parcels of land in Meycauayan City, Bulacan, together with all the improvements thereon, with a total area of 2,459 square meters on October 1, 2022. This property is intended to be the future site of STI Academic Center Meycauayan.

Occupying 4,149 square meters along the bustling street of Rizal, Cabagñan East, in the city of Legazpi, STI Academic Center Legazpi had its groundbreaking ceremony on April 26, 2018 and was inaugurated on June 24, 2022. The new STI Academic Center Legazpi, which was designed to accommodate up to 2,500 senior high school and college students, is equipped with state-of-the-art facilities and simulation laboratories for hands-on learning such as a commercial kitchen, a mock hotel suite, travel and tours front desk, bar and dining hall, computer laboratories, air-conditioned classrooms with flat-screen TVs, a basketball court, and student activity areas, among others.

STI ESG acquired the properties located in Tanay, Rizal by way of extrajudicial foreclosure. The said Tanay properties were sold at a public auction, and STI ESG was declared as the highest bidder on March 15, 2022, as evidenced by a Certificate of Sale issued on April 11, 2022. Further, on August 1, 2022, a Deed of Dacion En Pago was executed to transfer, convey and assign the properties located in Tanay, Rizal to STI ESG, free from all liens, encumbrances, claims, and occupants. The Tanay properties consist of a 5,502 square-meter parcel of land and a building, which has a total floor area of 2,825 square-meters, situated thereon. These properties are now being used by STI QA as its school building and grounds.

The expansion of these campuses is part of STI's commitment to continuously improve the delivery of education to its students and, at the same time, increase the total capacity of STI for further expansion of its enrollment base in the years ahead. STI ESG likewise stays nimble and is always seeking for new investment opportunities and potential acquisitions.

STI WNU

STI WNU is strategically located at the center of Bacolod City. The site is in close proximity to the Provincial Capitol, the New Government Center, Corazon Locsin Montelibano Memorial Regional Hospital (CLMMRH) and a number of commercial buildings mainly owned by Chinese businessmen.

The main campus houses the five-storey Main Building, three-storey Front Building which houses the HM IT Laboratories, two-storey Engineering Building, four-storey SBE Building, and other various facilities including the Gymnasium, Football Field, and Student Activity Center.

The campus boasts of a façade that reflects the new University Signage – "STI West Negros University" – and showcases the new admission office and the refurbished Kitchen & Dining Laboratory that can be seen along Burgos Street. The Main Building and the Front Building have been renovated and the works were completed in February 2015. The construction of the Firing Range and Swimming Pool was completed in August 2018 and August 2017, respectively. These facilities are intended for use by Criminology and Maritime students, respectively.

The ground floor of the Main Building houses the office space for all staff and faculty. Various student services offices, such as the clinic, guidance services, and student records are also located here. A portion of the ground floor is dedicated to the state-of-the-art Maritime Simulator Rooms (Deck and Engine). All in all, the Main Building has 68 classrooms and laboratories that are equipped with air-conditioning and multimedia projection systems.

The Front Building houses eight computer laboratories, the re-modeled HRM Laboratories such as the Kitchen, Food & Beverage Room, Hotel Suite and Front Desk Area. The building also has a multi-purpose area and fourteen classrooms that are equipped with air-conditioning and multimedia projection systems.

The following table is a summary of the institution's properties:

LOCATION	TYPE	USE/COLLEGE	LOT AREA (IN SQ.M.)
Malaspina	Land & Building	SBE Building	1,176
Malaspina	Land & Building	University Gymnasium	814
			494
			1,512
Malaspina	Land & Building	University Gym, Canteen, Volleyball Court, Covered Court, Firing Range	5,803
Malaspina	Land & Building	GGA Building, Engineering Building	4,839
Malaspina	Land	Open Space	179
Burgos & Malaspina	Land & Building	Engineering Building	2,266
Burgos & Malaspina	Land & Building	Front Building	364
			139
Burgos & Malaspina	Land & Building	Main Building, Front Building	6,097
Burgos & Malaspina	Land & Building	Powerhouse	400
Hilado	Land & Building	Institute of Languages	1,135
Hilado	Land & Building	Swimming Pool	733
Hilado	Land	Botanical Garden	1,044
Burgos & Hilado	Land	Open Space	1,292

iACADEMY

iACADEMY Makati

On September 20, 2016, iACADEMY had its groundbreaking ceremony of its Yakal Campus, located along Yakal Street, Makati City. The 12-storey building with penthouse was launched as iACADEMY Nexus in February 2018 and is now fully operational. It houses over 100 classrooms and different laboratories such as Computer Laboratories, Fashion Studio, Green Room, Sewing Room, Light Box Room and Counseling Simulation Room. These laboratories aim to provide the students with first-hand experience of the course concept of their classes and the opportunity to explore and utilize the different software and hardware that are used in their discipline.

As part of the student services, iACADEMY also provides its students with the different facilities to support their holistic development such as Multi-faith Room, Counseling Rooms, Clinic, Dance Room, Org Room, Cafeteria with 836 seating capacity, Basketball court and running track which can be found the lower and upper penthouse, Auditorium which can seat 600 people, and library with 190 seating capacity.

In 2019, different improvements were made to enhance the student learning experience, an extension of the library at 6th floor was opened to the students, the said area can accommodate 60 people. The Nexus Gallery was also opened to showcase different exhibitions. It was also during this year that the Sound Room was set up in preparation for the AB Music Production and Sound Design program, as well as the Chemistry and Physics laboratory for the SHS STEM-Robotics program and BS Mechatronics Engineering Technology application.

During the first quarter of 2020, the SODA Center was opened to the students which serves as their physical space for ideation.

In the last quarter of the year 2021, iACADEMY started planning and conceptualizing the improvements that have to be made in preparation for the offering of the limited face-to-face classes to students. To make the building a safe space for learning and to make it compliant to CHED and DepEd requirements, a new exhaust air system was built and installed inside the classrooms to improve air quality. The phase 1 of the exhaust air system project covering the floors that were utilized for the limited face-to-face classes such as the ground floor, mezzanine, 8th floor and 10th floor was completed by May 7, 2022 in time for the opening of the limited face-to-face classes of Term 3 SY 2021-2022. A Carbon Dioxide (CO_2) monitoring device was installed as well in every classroom to monitor the CO_2 levels which should be less than 1000ppm. An Isolation Room was also constructed and was completed in May 2022. The room is dedicated to anyone in the school who will be showing COVID symptoms. This particular isolation room is located outside the building so that it will be accessible during emergency transfer. The room consists of two beds and a dedicated comfort room. To make the learning spaces meet the requirements of limited face-to-face classes, the computer laboratories were also enhanced with auxiliary devices such as webcams, wacom tablets and wacom pens. These laboratory enhancements were completed by the end of March 2022.

In SY 2022-2023, two laboratories were added for the College. The Testing and Assessment Laboratory for the Psychology students was set up on the 7th Floor and the MPSD Laboratory was set up at the 10th floor to cater to the specialized subjects of Music Production and Sound Design students.

iACADEMY Cebu

The iACADEMY Cebu Campus is situated inside the I.T. Capital of Cebu, the Cebu I.T. Park. It is specifically located at the 5th floor of Filinvest Cebu Cyberzone Tower 2 Building, Salinas Drive, Lahug, Cebu City. The campus is at 1,500 sqm and consists of lecture rooms and different laboratories such as a Cintiq Tablet-equipped Computer Laboratory, a Multimedia Arts Computer Laboratory, a Lightbox-equipped Drawing Laboratory, and a Photography Room. These laboratories have the latest appropriate equipment and software to encourage and support students' innovative ideas in their field of study.

Each lecture room and laboratory is equipped with complete audio-visual equipment to give an enhanced teaching and learning experience for both students and faculty members. The lecture rooms are divided with operable walls with acoustic insulations. The operable walls aim to promote flexible learning spaces that are of sufficient size to accommodate a range of different learning activities and can be easily configured to suit different activities.

The campus also consists of student services facilities that can serve the various needs of the students. These facilities include a spacious library with computers that can be used by the students to access iACADEMY'S vast collection of online learning resources, a health services center, academic advising and counseling rooms, a multipurpose room for co-curricular and extracurricular student activities, and a student lounge. iACADEY Cebu Campus is on a long-term lease.

Item 3. LEGAL PROCEEDINGS

a. *Agreements with PWU and Unlad.* In various dates in 2011, 2012 and 2013, the Parent Company and AHC extended loans and advances to PWU and Unlad by virtue of several agreements (collectively, "Loan Documents"), which were secured by mortgages over PWU and Unlad properties, entered into among the Parent Company, AHC, PWU and Unlad in the total principal amount of ₱513.0 million. Upon the non-adherence to the terms and conditions stated in the agreements, the Parent Company and AHC served notices of default to PWU and Unlad in December 2014, and demanded the payment of the total combined amount of approximately ₱926.0 million, inclusive of interests, penalties, fees and taxes.

   Upon failure to pay the aforesaid loan, the Parent Company and AHC enforced its rights under the aforesaid agreements and mortgages and filed several Petitions for Extra-Judicial Foreclosure of Real Estate Mortgage on (a) PWU Indiana and Taft Properties with the Office of the Clerk of Court and Ex-Officio Sheriff of the Regional Trial Court (RTC) of Manila, (b) Unlad's properties in Quezon City and (c) Davao Property with the Office of the Clerk of Court and Ex-Officio Sheriff of the RTC of Quezon City and Davao, respectively, in February 2015.

   On March 13, 2015, Dr. Helena Z. Benitez (HZB) filed a Creditor-Initiated Petition for Rehabilitation of PWU (PWU Rehabilitation Case) in RTC Manila (Rehabilitation Court). The Rehabilitation Case was dismissed by the Rehabilitation Court. The Motion for Reconsideration and responsive pleadings thereto subsequently filed by HZB and PWU were likewise denied by the Rehabilitation Court on January 21, 2016.

   Extra-judicial foreclosure sales were conducted on various dates in 2015 and 2016 for the above-mentioned properties and the Parent Company was declared as the winning bidder for all extra-judicial foreclosure sales held.

   On March 1, 2016, the Parent Company and AHC executed a Deed of Assignment wherein AHC assigned its loan to Unlad, including capitalized foreclosure expenses, amounting to ₱66.7 million for a cash consideration of ₱73.8 million. The Deed of Assignment provides that the cash consideration will be payable in cash of ₱10.0 million upon execution of the Deed of Assignment and the remaining balance of ₱63.8 million upon demand. Accordingly, AHC recognized a receivable from the Parent Company amounting to ₱63.8 million. Further, all the rights related to the receivable from Unlad have been transferred to STI Holdings.

   On March 22, 2016, the Parent Company, PWU, Unlad, and HZB entered into a MOA for the extinguishment and settlement of the outstanding obligations of PWU and Unlad to the Parent Company. The MOA includes, among others, the execution of the following on March 31, 2016:

   - Deed of Dacion en pago of Quezon City Properties and Davao Property (collectively referred to as the "Deeds") in favor of the Parent Company
   - Release and cancellation of mortgages over the Manila Properties to be executed by the Parent Company

The MOA also provided that the Parent Company would be committed to fund and advance all taxes, expenses and fees to the extent of ₱150.0 million in order to obtain the CAR and the issuance of new Transfer Certificate of Title (TCT) and Tax Declaration (TD) in favor of the Parent Company. In the event that such expenses would be less than ₱150.0 million, the excess would be given to Unlad. However, if the ₱150.0 million would be insufficient to cover the expenses, the Parent Company would provide the deficiency without any right of reimbursement from Unlad.

Consequently, the Parent Company recognized the Quezon City and Davao properties as "Investment properties", and on June 24, 2021, the Parent Company's BOD approved the sale of the Quezon City dacion properties to a potential buyer, as these properties have not been used in business since its receipt, and had the same reclassified as noncurrent asset held for sale.

Relative to the above, the following cases have been filed:

(i). *Arbitration Case and Derivative Suit filed by Mr. Conrado Benitez II*

a. Mr. Conrado L. Benitez II (the Claimant) filed on June 28, 2016 a Request for Arbitration, with the Philippine Dispute Resolution Center, Inc. (PDRCI), for and on behalf of PWU and Unlad, wherein he requested that the directors/trustees and stockholders/members of Unlad and PWU, EHT, the Parent Company, Mr. Alfredo Abelardo B. Benitez (ABB) and AHC (collectively, the "Respondents") submit the alleged dispute over the settlement of the loan obligations of PWU and Unlad as provided in the arbitration clause of the Joint Venture Agreement and Omnibus Agreement (the "Loan Documents").

   In the said Arbitration Case, the Claimant asserted that PWU and Unlad are not in default in their obligations under the Loan Documents. The obligations provided therein, specifically obtaining a tax-free ruling for Property for Share Swap Transaction from the BIR, is an impossible condition. Consequently, the foreclosures on the securities of the Loan Documents, real properties of PWU and Unlad, were null and void because (a) failure to submit the case for arbitration and (b) PWU and Unlad are not in default. Based on such circumstances, the Claimant sought, among others, the (a) renegotiation, or (b) rescission of the Loan Documents. Should the Loan Documents be rescinded, the Claimant also sought that PWU and Unlad shall be allowed twelve months to sell the Davao and Quezon City Properties to return the alleged investments made by the Parent Company, EHT, ABB and AHC. Lastly, the Claimant sought the payment of attorney's fees of not less than ₱5.0 million, ₱0.5 million of which is for expenses and reimbursement of cost of suit, expenses, and other fees.

   After receiving the Notice of Arbitration and being informed that the required fees have not been paid by the Claimant, the Parent Company, AHC, and EHT filed an Entry of Appearance with Manifestation (Manifestation). In the Manifestation, they informed the PDRCI that the Claimant should be compelled to pay said fees before the arbitration proceedings can proceed. The PDRCI issued a Notice dated August 26, 2016, which informed the parties to the instant case that the proceedings are suspended until the Claimant settles the outstanding provisional advance on cost for filing the instant case.

   The Parent Company sent a letter dated July 2, 2020 addressed to the Office of the Secretariat-General of PDRCI. In the said letter, the Parent Company informed the PDRCI about the death of the Claimant. The Parent Company also moved for the PDRCI to dismiss and/or consider the case withdrawn due to the non-payment of the provisional advance on cost for more than three (3) years.

   As at report date, the PDRCI has not issued any response to said letter.

b. After filing the Request for Arbitration, Mr. Conrado L. Benitez II (the "Petitioner") then filed on June 29, 2016 a derivative suit for himself and on behalf of Unlad and PWU against directors/trustees and stockholders/members of Unlad and PWU, EHT, the Parent Company, ABB and AHC (collectively, the "Defendants") docketed as Civil Case No. 16-136130 in the RTC of Manila (the "Derivative Suit").

In the Derivative Suit, the Petitioner primarily asserts that the Parent Company, EHT, ABB and AHC should submit themselves to the arbitration proceedings filed with the PDRCI because the Loan Documents required any alleged dispute over the same to be resolved through arbitration. Consequently, the Petitioner alleges that the foreclosure proceedings and settlement of the obligations of PWU and Unlad as evidenced by the MOA dated March 22, 2016 executed by PWU and Unlad with the Parent Company and AHC are null and void for not complying with the aforesaid arbitration clause. Likewise, the Petitioner sought the payment of attorney's fees not less than ₱1.0 million and ₱0.1 million for expenses and cost of suit.

On July 26, 2016, the Parent Company and AHC filed their Joint Answer with Compulsory Counterclaim (Joint Answer). In the Joint Answer, the Parent Company and AHC asserted that the instant case is a mere harassment and nuisance suit, and a deliberate form of forum shopping when the Petitioner filed the Arbitration Case for the same purpose. Likewise, the Petitioner cannot compel the corporations to submit themselves to arbitration because (a) the parties to the Loan Documents have already settled any disputes, and (b) the said corporations are not stockholders and members of PWU and Unlad. Lastly, the relevant laws allow the Parent Company and AHC to institute foreclosure proceedings even if there is an arbitration clause.

Simultaneously, EHT filed his Answer wherein he asserted that the Petitioner cannot compel him to submit himself to arbitration when he is not a party to the Loan Documents.

Meanwhile, the other co-defendants, namely (a) ABB, and (b) Dr. Jose Francisco and Marco Benitez, filed their respective Answer(s) to the Complaint.

After the termination of Court-Annexed Mediation and pre-trial conference, the Petitioner manifested that the Trial Court should proceed to resolve the case based on the pleadings and affidavits already filed by the parties in accordance with Interim Rules Governing Intra-Corporate Controversies.

The Trial Court issued an Order dated June 23, 2017 requiring the parties to file their respective Memoranda within twenty (20) days from receipt thereof in order for the Trial Court to proceed to render judgment, full or otherwise, based on all of the pleadings and evidence submitted by the parties in relation and pursuant to Rule 4, Section 4 of the Interim Rules of Procedure Governing Intra-Corporate Controversies under RA No. 8799 (Interim Rules). All of the parties filed their respective Memoranda on July 25, 2017.

On February 9, 2018, the Parent Company received the Decision dated January 19, 2018, which dismissed the case. In the Decision, the Trial Court deemed that Petitioner failed to establish fraud or bad faith on the part of the Defendants. Consequently, the Trial Court cannot contravene in the agreement among the Parent Company, Unlad, PWU and AHC to amicably settle the outstanding obligations of PWU and Unlad to AHC and the Parent Company.

On February 28, 2018, the Parent Company, AHC and EHT received the Plaintiffs' Petition for Review of the aforesaid Decision filed with the Court of Appeals – Manila and docketed as C.A. G.R. No. 154654.

While the said Petition for Review is pending, the Parent Company discovered that the Petitioner was able to cause the annotation of lis pendens on the titles of the three (3) Quezon City properties subject of the amicable settlement with PWU and Unlad.

Consequently, the Parent Company filed a Motion to Cancel Lis Pendens with the Court of Appeals where the case was pending. In the Motion, the Parent Company sought for the cancellation of said lis pendens due to impropriety and/or invalidity of the same.

The Court of Appeals issued a Resolution requiring all of the parties to file their respective Memoranda. On May 9, 2019, the Parent Company, AHC and EHT filed their Joint-Memorandum.

While the appeal of the Petitioner is pending, the Parent Company filed a Manifestation and Motion dated July 29, 2020. In the said Manifestation and Motion, the Parent Company informed the Court of Appeals about the death of the Petitioner on March 28, 2020. Consequently, the Parent Company moved for the resolution and dismissal of the said appeal. The Petitioner's counsel filed a Notice and Motion dated August 14, 2020, which also informed the Court of Appeals about the death of the Petitioner. Consequently, said counsel moved that the Petitioner be substituted by his wife and children.

In response thereto, the Parent Company filed its Comment/Opposition dated August 24, 2020. In the Comment/Opposition, the Parent Company argued that the Petitioner cannot be substituted because he can only be substituted by a member of PWU and stockholder of Unlad. The wife and children of the Petitioner cannot be members of PWU because membership in PWU is non-transferable.

In the Resolution dated October 28, 2021, the Court of Appeals granted the Motion for Substitution.

In the Resolution dated February 11, 2022, the Court of Appeals dismissed the Petition filed by the Plaintiffs. The Court of Appeals also granted the Motion to Cancel the Lis Pendens annotated on the Quezon City Properties.

On March 23, 2022, the Parent Company received the Motion for Reconsideration filed by the Heirs of Plaintiff Conrado Benitez II on the aforesaid Resolution dated February 11, 2022.

After the Court of Appeals required the parties to file their respective Comment to the said Motion for Reconsideration, the Parent Company filed its Comment/Opposition on May 23, 2022.

On April 11, 2023, the Court of Appeals declared that the Motion for Reconsideration filed by the Heirs of Plaintiff Benitez II is submitted for resolution.

As at report date, the Court of Appeals has not issued its decision on the said Motion for Reconsideration.

(ii) *Ejectment Case against Philippine Women's College of Davao, Inc. involving Unlad's Davao Property.*
On March 11, 2019, the Parent Company filed the Complaint for Unlawful Detainer against Philippine Women's College of Davao, Inc. (PWC-Davao), initially filed against Philippine Women's University of Davao, to recover possession of a portion of the parcel of land covered by TCT No. T-129545 registered under the name of the former situated along University Ave and Richardo, Matina, Davao City being used as a parking area (the "Subject Premises") by the latter.

The Subject Premises formed part of the 40,184 sq.m., more or less, (the "Property") parcel of land formerly registered under the name of "Unlad". After Unlad transferred ownership of the

Property to the Parent Company, the Parent Company demanded from PWC-Davao to vacate the Subject Premises.

Despite said demands, PWC-Davao refused to vacate the Subject Premises.

On May 28, 2019, the Parent Company received the Answer with Compulsory Counterclaim dated May 14, 2019

After a failed Court-Annexed Mediation, the parties continued the discussion on the possibility of an amicable settlement.

On July 1, 2022, the parties filed the Joint Motion for Approval of Compromise Agreement. Based on the Compromise Agreement, the Parent Company allowed PWC-Davao to use the Subject Premises for one (1) year or until June 29, 2023. In the event that the Parent Company needs to proceed with its plans over the Subject Premises, it will serve a written notice to vacate and/or turn-over of the Subject Premises to PWC-Davao sixty (60) calendar days before the intended day to vacate or turn-over.

On September 30, 2022, the Parent Company received the Decision dated July 4, 2022 issued by the Trial Court adopting the Compromise Agreement as the decision in this case.

With the issuance of said Decision, the case is deemed terminated.

b. *Specific Performance Case filed by the Agustin family*. The Agustin family filed a Specific Performance case against the Parent Company for the payment by the latter of the remaining balance of the purchase price for the sale of the Agustin family's shares in STI WNU.

The Agustin family alleges in their Complaint that based on the Share Purchase Agreement and Deed of Absolute Sale they executed with the Parent Company, the price of their shares in STI WNU has been pegged at ₱400.0 million. Despite these two agreements, the Parent Company refuses to pay the full purchase price for the STI WNU shares they acquired from the Agustin family.

In its Answer, the Parent Company stated that the Agustin family is not entitled to the full purchase price of their STI WNU shares because they have not complied with all the requirements for its release. In particular, the Agustin family has not been able to deliver the Commission on Higher Education permits for the operation of STI WNU's Maritime Program as provided in the MOA, and the Share Purchase Agreement. In addition, there are other trade receivables in favor of STI WNU wherein full satisfaction of the same entitles the Agustin family a portion of the balance of the purchase price.

In order to expedite the proceedings, the Agustin family were able to submit the case for summary judgment by the Trial Court. Despite the opposition thereto, the Trial Court rendered its Decision dated April 4, 2018 (the "Summary Judgment"). In the Summary Judgment, the Trial Court ordered the Parent Company to pay the Agustin family the amount of ₱50.0 million with legal interest from the filing of the case until full payment only.

On September 11, 2018, the Parent Company filed and paid the corresponding docket fees for its Notice of Appeal Ex Abudanti Ad Cautelam (Notice of Appeal) on the said Summary Judgment.

Upon motion by the Agustin family, the Trial Court granted their Motion for Execution Pending Appeal dated September 5, 2018.

While the record of the case was still with the Trial Court, the Parent Company immediately filed the Urgent Motion for Reconsideration with alternative prayer for Motion to Stay Discretionary Execution Pending Appeal dated December 14, 2018.

After due hearing by the Trial Court on the Motion(s), the Trial Court (a) denied the Urgent Motion for Reconsideration but (b) granted the Motion to Stay Discretionary Execution Pending Appeal upon posting of a supersedeas bond amounting to ₱100.0 million (the "Stay Order").

After the Agustin family filed a Motion for Reconsideration on the Stay Order, the Trial Court denied the same in its Order dated March 14, 2019.

Both parties sought their respective remedies before the Court of Appeals - Cebu to question (a) the Summary Judgment against the Parent Company (CA G.R. CV No. 07140) and (b) the Stay Order against the execution of the Summary Judgment in favor of the Agustin family (CA G.R. CV No. 12663) (collectively, the "CA Cases").

While the aforesaid CA Cases were pending, the parties decided to amicably settle and terminated said cases by executing in counterparts the Compromise Agreement dated September 6, 2021 and September 10, 2021 and filing a *Joint Motion for Judgment Based on Compromise Agreement* dated September 20, 2021. In the Compromise Agreement, the Parent Company agreed to pay the Agustin family the amount of ₱25.0 million as final and full settlement of the latter's claim against the former in the aforementioned cases.

In addition, the parties agreed to review the financial records of STI WNU to determine the status of the Agustin family guarantee on the collectability of the trade receivables, and the release, if any, of the ₱27.3 million to the Agustin family as provided in the *Share Purchase Agreement.*

Considering the aforesaid settlement and the Amended Decision, all cases and issues related thereto are deemed terminated.

c. *Labor Cases.*

1. A former employee filed a Petition with the Supreme Court after the Court of Appeals affirmed the dismissal by the National Labor Relations Commission (NLRC) of the former employee's claims of illegal dismissal against STI ESG (illegal Dismissal Case). On August 13, 2014, STI ESG received the Supreme Court's Decision dated July 9, 2014 which (a) annulled the decision of the Court of Appeals and (b) ordered that STI ESG to reinstate the former employee to her former position, and pay (i) the exact salary, benefits, privileges and emoluments which the current holder of the position was receiving, (ii) damages and (iii) backwages from the date of the former employee's dismissal until fully paid, with legal interest (the "SC Decision").

   On November 17, 2014, the Supreme Court issued a resolution which denied with finality STI ESG's Motion for Reconsideration.

   The parties participated in the pre-execution conference of the said SC Decision before a Labor Arbiter in order to determine the total monetary judgment award in favor of the former employee. Both parties agreed that the former employee should receive separation pay in lieu of reinstatement. Consequently, the former employee would receive only a monetary award arising from the SC Decision.

   Pursuant to STI ESG's computation of said award, STI ESG paid the former employee a total amount of ₱4.2 million, exclusive of withholding taxes. Based on said payment, STI ESG moved for the Labor Arbiter to issue a resolution that STI ESG has fully paid the judgment award of the former employee.

The former employee maintains that the computation of STI ESG is incorrect because the latter deemed that the former's alleged waiver of reinstatement pending appeal by STI ESG on the Illegal Dismissal Case in October 2006 interrupted the running of backwages until present day. The former employee refused to acknowledge that there was such valid waiver on reinstatement pending appeal and averred that she should receive the amount of ₱11.0 million, less payments already made by STI ESG.

On September 9, 2020, the Labor Arbiter issued the Order, wherein he affirmed that the former employee's refusal to report to work in October 2006 interrupted the running of backwages. Consequently, the former employee was entitled to receive backwages from May 2004 until October 2006. The Labor Arbiter further determined that the attorney's fees of 10.0% should be computed from the total monetary award of the former employee, including the separation pay in lieu of reinstatement.

Based on said findings, the Labor Arbiter determined that the former employee's total monetary award amounted to around ₱4.4 million. Considering the prior payments made by STI ESG to the former employee, STI ESG is ordered to pay the former employee the balance of ₱0.2 million.

The former employee sought to appeal said findings by filing a Notice of Appeal with attached Memorandum instead of a Verified Petition under Rule XII of the NLRC Rules.

After STI ESG opposed said appeal on the ground of improper remedy, the Labor Arbiter issued an Order dated November 5, 2020. In the Order, the Labor Arbiter "noted without action" said appeal considering that the same is a prohibited pleading. The Labor Arbiter further stated that no other pleading and/or motion in relation to said appeal shall be entertained by the NLRC.

The former employee filed a Petition seeking for the NLRC to consider/allow her erroneous appeal as a Petition filed under Rule XII of the NLRC Rules in resolving the correct computation on the monetary award of the former employee.

After STI ESG filed its Comment to the Petition, the NLRC denied the Petition filed by the former employee. The NLRC affirmed that the former employee failed to comply with the required mode of appeal on an order for execution issued by the Labor Arbiter.

On May 14, 2021, STI ESG received a Petition for Certiorari filed by the former employee with the Court of Appeals.

Upon order of the Court of Appeals, STI ESG filed its Comment to the Petition for Certiorari dated December 31, 2021. In the said Comment, STI ESG emphasized that the former employee not only failed to comply with the procedural rules in the NLRC but she did not also follow the rules in filing a Petition for Certiorari before the Court of Appeals.

After the Court of Appeals required the parties to file their respective Memoranda, STI ESG filed its Memorandum on August 30, 2022.

On October 14, 2022, the Court of Appeals issued the Decision. In the Decision, the Court of Appeals reversed and set aside the NLRC's denial of the former employee's Petition. The Court of Appeals applied the rule of liberality to excuse the procedural defects of the former employee's appeal on the Labor Arbiter's computation of her judgment award.

Consequently, the Court of Appeals directed the NLRC to resolve the appeal on the computation of the judgment award of the former employee.

Based on the CA Decision, STI ESG will proceed to defend the computation of the Labor Arbiter before the NLRC.

2. A former IT Instructor who eventually became the IT Program Head of STI College Cagayan de Oro, a school owned by STI ESG, filed an illegal dismissal case against STI College Cagayan de Oro on the ground that she was constructively dismissed upon returning from preventive suspension, She, allegedly, no longer had any work to go back to because the STI ESG-owned company purportedly removed her workplace from the school premises. STI ESG countered the complainant's claim that she was dismissed by presenting the complainant's one-liner resignation letter.

   The labor arbiter decided that there was neither an illegal dismissal nor resignation to speak of in this case, hence, the parties were ordered to return to status quo which meant reinstatement of complainant to her former position but without backwages, separation pay, or similar benefits. STI ESG was ordered to pay complainant the amount of ₱7.4 thousand representing her unpaid salary for the period March 10 to 30, 2014. However, the NLRC overturned the labor arbiter's decision upon a dubious motion for partial reconsideration declaring complainant to have been illegally dismissed and ordering STI ESG not only to reinstate her but also to pay her full backwages computed from the time compensation was withheld up to the date of actual reinstatement. STI ESG moved to reconsider the NLRC's decision but to no avail. STI ESG subsequently filed with the Court of Appeals a Petition for Certiorari questioning the decision of the NLRC.

   On May 12, 2017, STI ESG received a copy of a Motion for Execution with Prayer for Payment of Separation Pay in Lieu of Reinstatement (Motion for Execution) filed by Complainant-Appellant seeking the issuance of a writ of execution for the implementation of the Resolution dated June 30, 2016 issued by the Honorable Eight Division, National Labor Relations Commission, Cagayan de Oro City. On May 22, 2017, STI ESG filed its Opposition to the Motion for Execution.

   In the June 5, 2017 hearing on the motion for execution, STI ESG reiterated that it is amenable to reinstating complainant but as a Part-time Full Load faculty member. Complainant countered that she is not interested in reinstatement but would rather be paid her backwages and separation pay. STI ESG manifested that it already filed its opposition thereto and that there is still a need for the official computation of the backwages and separation pay. The complainant manifested that she will file her reply to STI ESG's opposition.

   On June 2, 2017, STI ESG received a copy of the Minute Resolution of the Court of Appeals dated January 12, 2017 dismissing its Petition for Certiorari. STI ESG filed its Motion for Reconsideration on June 21, 2017.

   Meanwhile, on July 12, 2017, STI ESG received an Order from the Office of the Labor Arbiter granting the Motion for Execution filed by Complainant. STI ESG also received on July 21, 2017 a copy of the Writ of Execution issued by Office of the Labor Arbiter directing the payment of ₱0.5 million to Complainant and her immediate reinstatement. In compliance with the Writ of Execution, Complainant was paid the amount of ₱0.5 million and was reinstated to her former position.

   On September 25, 2017, the Court of Appeals resolved to grant STI ESG's motion for reconsideration and reinstated STI ESG's petition for certiorari. The complainant was then directed to file her comment to the petition while STI ESG was directed to file its reply to Complainant's comment.

   On January 15, 2018, the Court of Appeals resolved that Complainant is deemed to have waived her filing of a comment to the petition for certiorari and directed the parties to file their respective memorandum. Consequently, with the filing of the parties' respective memorandum, the Court declared the petition submitted for decision.

   On July 11, 2018, STI ESG received a copy of the Decision of the 21st Division, Court of Appeals, CDO, setting aside the resolution of the NLRC declaring complainant to have been illegally dismissed and awarding the payment of backwages. In the same decision, the Court of Appeals dismissed the charge of illegal dismissal for lack of merit. However, STI College CDO was directed to pay complainant the sum of ₱7.4 thousand representing her unpaid salary for the period March 10 to 30, 2014.

On September 5, 2018, STI ESG received a copy of the Motion for Reconsideration filed by the complainant with the Court of Appeals. STI ESG filed its Comment to the Motion for Reconsideration filed of the complainant on November 12, 2018.

On January 24, 2019, STI ESG received a copy of the Resolution of the Court of Appeals denying the Motion for Reconsideration filed by the complainant. On April 22, 2019, STI ESG received a copy of the Entry of Judgment of the Decision dated June 29, 2018.

On July 2, 2019, STI ESG sent a demand letter to recover the amount previously awarded to the complainant.

As at report date, STI ESG is preparing the necessary motion for the recovery of the ₱0.5 million.

3. This is a case for constructive illegal dismissal filed by a former probationary faculty member of STI College Legazpi. In a decision dated July 18, 2020, the Labor Arbiter dismissed the complaint for lack of merit. However, the Labor Arbiter directed the payment of holiday pay covering complainant's period of employment, salary and other benefits covering the period of November 18, 2019 up to date of the decision as backwages during the period of preventive suspension beyond the 30-day period and 10% of the total monetary award as attorney's fees, amounting to a total of ₱0.2 million.

   STI ESG filed a partial appeal of the decision of the Labor Arbiter with the NLRC and in the Decision dated 10 March 2021, the NLRC granted the partial appeal of STI ESG and modified the Decision of the Labor Arbiter by deleting the monetary award in the total amount of ₱0.2 million. Thereafter, the complainant filed a petition for certiorari with the Court of Appeals.

   In a Resolution dated July 29, 2022 received on August 17, 2022, the Court of Appeals directed STI ESG to file its Comment to the Petition for Certiorari of the complainant within ten (10) days from notice without necessarily giving due course to the said petition.

   On August 30, 2022, STI ESG filed its Comment to the Petition for Certiorari of complainant.

   On September 23, 2022, STI ESG received a copy of a motion for extension of time to file comment on the petition for certiorari and compliance of the Public Attorney's Office, legal counsel for the complainant. However, such motion is erroneous as what is required of the complainant is the filing of a reply to STI ESG's comment to the petition for certiorari. On October 10, 2022, the complainant's legal counsel filed a manifestation (in lieu of reply) stating that the complainant do not intend to file a reply to STI ESG's comment anymore.

   On April 18, 2023, STI ESG received a copy of the Decision of the Court of Appeals dismissing the Petition for Certiorari filed by complainant for lack of evidence. On May 31, 2023, STI ESG received a copy of the motion for reconsideration filed by complainant.

   As at report date, STI ESG has yet to receive any order from the Court of Appeals directing it to file any responsive pleading to the motion for reconsideration filed by complainant.

d. *Specific Performance Case*. STI College Cebu, Inc. (STI Cebu) and STI ESG's Finance Officer were named defendants in a case filed by certain individuals for specific performance and damages. In their

Complaint, the Plaintiffs sought the execution of Deed of Absolute Sale over a parcel of land situated in Cebu City on the bases of an alleged perfected contract to sell.

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

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

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

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

Lastly, the Trial Court ordered STI ESG to return the amount of ₱0.3 million it received from the Plaintiffs as "earnest money" with interest rate of 6.0% per annum from receipt thereof on March 30, 2011 until latter's tender of the same to the Plaintiffs on July 2, 2015.

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

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

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

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

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

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

Upon order of the Court of Appeals, STI ESG filed its Opposition dated July 14, 2023.

On August 29, 2023, STI ESG received the Plaintiff's Motion for Leave to file a Reply to the Opposition.

On September 28, 2023, STI ESG, thru counsel, received the Resolution of the Court of Appeals, which submitted the Motion for Reconsideration filed by the Plaintiffs for resolution. Insofar as the Reply filed by the Plaintiffs, the same was merely noted by the Court of Appeals.

As at report date, STI ESG is awaiting the resolution from the Court of Appeals.

e. *Complaint for Damages filed by GATE (formerly STI-College Santiago, Inc.)*. Global Academy of Technology and Entrepreneurship, Inc. (GATE) filed a complaint for Damages against STI ESG for its non-renewal of the Licensing Agreement despite the former's alleged compliance with the latter's audit recommendations. On the basis of such alleged invalid non-renewal of the Licensing Agreement, GATE seeks for (a) moral damages in the amount of ₱0.5 million, (b) exemplary damages in the amount of ₱0.5 million and (c) attorney's fees in the amount of 15.0% of the amount to be awarded and 3.0 thousand per court appearance.

On June 9, 2017, STI ESG filed its Answer to the Complaint. In the Answer, STI ESG reiterated its position that GATE has no cause of action against it because its decision not to renew the Licensing Agreement is in accordance with contractual stipulations therein that its renewal is upon mutual agreement of both parties. Considering the effectivity period of the Licensing Agreement expired on March 31, 2016 without being renewed by both parties, GATE cannot claim any damages for STI ESG's lawful exercise of its rights under the Licensing Agreement.

After the parties completed the presentation of their respective evidence, STI ESG received the Decision of the Trial Court on February 4, 2020.

In the Decision dated January 16, 2020, the Trial Court dismissed the instant case because the Plaintiffs failed to establish that STI ESG acted in abuse of rights when it refused to renew the Licensing Agreement with the Plaintiffs. The Trial Court confirmed that said Agreement clearly provided that the same can only be renewed by mutual agreement of the parties.

The Trial Court also ordered the payment by the Plaintiffs of STI ESG's counterclaim in the amount of ₱0.3 million as attorney's fees plus cost of suit.

Despite filing a Motion for Reconsideration, the Trial Court affirmed its dismissal of the Plaintiff's claim and the award of the litigation cost in favor of STI ESG in an Order dated July 6, 2020.

On August 3, 2020, STI ESG received the Notice of Appeal filed by the Plaintiff.

After the parties filed their respective briefs, the Court of Appeals promulgated its Decision on July 12, 2022. In the Decision, the Court of Appeals affirmed the order of the Trial Court. The Court of Appeals affirmed its decision when it denied the Motion for Reconsideration filed by the Plaintiff.

On January 11, 2023, STI ESG, through counsel, received the Petition for Certiorari on Review (Petition) filed by the Plaintiff before the Supreme Court.

On September 14, 2023, STI ESG, through counsel, received the Resolution issued by the Supreme Court. In the Resolution, the Supreme Court denied the Petition filed by the Plaintiff.

Under the Rules of Court, the Plaintiff may file a Motion for Reconsideration. Otherwise, the dismissal of Plaintiff's claim against STI ESG and award of damages in favor of STI ESG will become final and executory.

f. *Criminal Case.* A complaint for qualified theft was filed by STI ESG against its former school accounting supervisor and acting school accountant (former supervisor/accountant). In the complaint, STI ESG alleged that said former supervisor/accountant manipulated the payroll registers of STI College Global City by including the name of a former faculty member of STI College Global City in the payroll registers and placing a corresponding salary and 13th month pay beside said faculty member's name. The salary of said former faculty member was deposited in a bank account belonging to the former supervisor/accountant. The total amount deposited to the bank account of the former supervisor/accountant through this scheme amounted to ₱0.2 million.

The complaint for qualified theft was filed with the Office of the City Prosecutor of Taguig City. Summons to the former supervisor/accountant was returned undelivered despite STI ESG providing additional addresses of the former supervisor/accountant where the summons could be served.

After the former supervisor/accountant failed to appear on two preliminary investigations, the complaint was submitted for resolution.

On September 8, 2016, STI ESG filed an Ex-Parte Motion for Early Resolution to resolve the case pointing out that more than 16 months have elapsed since the matter was submitted for resolution.

On August 4, 2022, the City Prosecutor of Taguig City issued the Resolution, which recommended the filing of Information against the former supervisor/accountant for qualified theft.

Based on the records of the case, the Information for Qualified Theft was filed before Branch 153-RTC Pasig (Taguig Hall of Justice).

While a Warrant of Arrest was issued for the case, the former Supervising Accountant has not been apprehended.

Consequently, the Court, in its Order dated October 27 2022, ordered the case to be archived without prejudice to prosecute the same as soon as the accused is apprehended.

g. *Breach of Contract.* STI ESG engaged the services of Mobeelity Innovations, Inc. (MOBEELITY) to deploy its digital classroom pilot, also known as eLMS and MOBEELITY committed to provide the necessary applications suite of the intended learning management system of STI ESG.

MOBEELITY undertook to provide STI ESG with access to the EDU 2.0 LMS (now known as NEO) and iMEET virtual classroom. MOBEELITY committed to provide STI ESG with online and on-site technical support for the implementation of the EDU 2.0 LMS and iMEET virtual classroom. Furthermore, MOBEELITY committed to provide STI ESG with all updates and modifications to EDU 2.0 LMS and iMEET virtual classroom free of charge. Out of these two platforms, STI ESG was only able to avail of and utilize the EDU 2.0 LMS under the agreement.

MOBEELITY provided STI ESG access to the EDU 2.0 LMS. EDU 2.0 LMS is a product of Cypher Learning, and MOBEELITY was an authorized reseller of this product. In accordance with the terms of the Agreement, STI ESG paid MOBEELITY the sum of ₱3.3 million as downpayment for services to be rendered by MOBEELITY for the First Semester of SY 2016-2017 or from June to November 2016.

On June 12, 2016, it came to the attention of STI ESG that Cypher Learning had terminated its relationship with MOBEELITY due to the fraudulent acts committed by MOBEELITY against Cypher Learning.

Pursuant to the arbitration clause of the Memorandum dated September 8, 2014 (Memorandum) executed by STI ESG and MOBEELITY, STI ESG initiated the instant ad hoc arbitration to settle a dispute involving the reimbursement of ₱3.3 million by MOBEELITY due to a breach of its obligations under the Memorandum.

After due proceedings, the Arbitral Tribunal issued the arbitral award dated August 9, 2018 wherein MOBEELITY is required to pay STI ESG the amount of 3.3 million and arbitration cost of ₱0.9 million.

STI ESG, through counsel, will file the appropriate petition before the Regional Trial Court of Makati City for the execution of the aforesaid arbitral award as required by law. However, STI ESG needs to identify any assets of MOBEELITY in order for the motion for execution to be effective.

The total receivables of STI ESG from MOBEELITY amounted to ₱3.7 million. An equivalent allowance for estimated credit losses has been recognized as at June 30, 2023 and 2022.

h. *Criminal Case – Syndicated Estafa*. This is a complaint filed against STIESG and its director by the president of a franchisee of STI ESG with the Provincial Prosecution Office of Rizal. In the complaint, said officer alleged that STI ESG illegally took over the operations of STI Tanay, and used the tuition fees it collected for its benefit. Based on his estimation, said alleged tuition fees was around ₱12.0 million.

On December 29, 2020, STI ESG, through its representative, filed its Counter-Affidavit and presented evidence/documents showing that STI ESG managed STI Tanay (a) when said officer initially allowed the same while there was an ongoing negotiation for the purchase of STI Tanay, and (b) the take-over provisions of the Licensing Agreement triggered by the violations committed by the franchisee on said agreement.

Moreover, STI ESG further asserted that the complaint should be dismissed because the aforesaid president failed to attach/present a written authority from STI Tanay, which allowed him to file the complaint, and represent said corporation in the proceedings.

Lastly, said president included as a respondent a director who was not involved in the operations and management of STI Tanay during the take-over of STI ESG.

On September 28, 2021, STI ESG received the Resolution dated February 4, 2021 which dismissed the complaint.

No Motion for Reconsideration was filed by the complainant.

Pursuant to the Memorandum of Agreement dated July 29, 2022 executed by the parties in a related case, this case is deemed terminated.

i. *Extra-Judicial Foreclosure.*

i. STI ESG filed two (2) Petition(s) for Extra-Judicial Foreclosure of Real Estate Mortgage under Act No. 3135, as amended (Petitions) over properties located in (a) Pasig and (b) Tanay, Rizal.

On November 4, 2019, DBP and STI ESG executed a Deed of Assignment, wherein the latter acquired all rights and obligations arising from the following:

a. Term Loan Agreement dated February 10, 2014 between DBP and STI Tanay for a loan amounting to ₱51.0 million, which is supported by four (4) Promissory Notes (Subject Loan);

b. Term Loan Agreement dated April 5, 2016 between DBP and STI Tanay for a loan amounting to ₱24.5 million, which is supported by five (5) Promissory Notes (Subject Loan);

c. Credit Line Agreement dated June 7, 2018 wherein DBP extended a credit line to STI Tanay up to a maximum amount of ₱6.0 million (Credit Line);

d. Real Estate Mortgage dated May 5, 2014 executed by STI Tanay in favor of DBP over a parcel of land and improvements with an area of 5,502 sq.m. located in Tanay, Rizal, which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage); and

e. Additional Real Estate Mortgage dated April 8, 2016 executed by STI Tanay, and Alejandro J. Bernardo married to Loretta Jabson Bernardo (Third Party Mortgagor) in favor of DBP over a parcel of land with an area of 567 sq.m. located in Pasig City (Subject Property), which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage).

Said Deed of Assignment includes other loans obtained by STI Tanay from DBP (collectively, the "Loans").

Due to STI Tanay's failure to pay the Loans, STI ESG sent a Notice of Default dated February 14, 2020 to STI Tanay and Third Party Mortgagor. In the said Notice, STI ESG declared that the loans of STI Tanay amounting to ₱80.3 million as of December 31, 2019 to be immediately due and demandable, and STI ESG demanded full payment thereof.

Due to STI Tanay's failure to pay said Loans, STI ESG filed the instant Petition to foreclose the property covered by the Mortgage for the satisfaction of the former's outstanding obligation in the subject Loan and Credit Line amounting to ₱99.0 million as of November 30, 2020.

The Extrajudicial Foreclosure Sale for the property located in Pasig City was conducted on March 16, 2021 and declared STI ESG as the winning bidder. A Certificate of Sale was annotated on the title on August 5, 2021. Within the one (1) year redemption period, Mr. Alejandro Bernardo, through counsel, manifested his intention to redeem the Pasig Property.

On November 17, 2021, STI ESG submitted the Statement of Account, which will be used to compute the redemption price for the Subject Property.

With respect to the Tanay Property, the Extrajudicial Foreclosure Sale was conducted on March 15, 2022. At the conclusion of Extrajudicial Foreclosure Sale, STI ESG was also declared as the winning bidder. STI ESG obtained the Certificate of Sale covering the Tanay Property dated April 11, 2022. STI ESG submitted the requirements for the annotation of the Certificate of Sale with the Registry of Deeds of Rizal, Morong Branch on May 5, 2022.

Pursuant to the Memorandum of Agreement dated July 29, 2022 executed by the parties in the Complaint for annulment of Extrajudicial Foreclosure Proceedings, the Tanay Property was conveyed/assigned to STI ESG while the Pasig Property was redeemed by the Plaintiffs.

ii. *Complaint for Annulment of Extrajudicial Foreclosure Proceedings.* This is a Complaint for annulment of Extrajudicial Foreclosure Proceedings with application for 72-hour and 20-day Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction (Complaint) filed by STI Tanay and Spouses Alejandro J. Bernardo and Loretta Jabson Bernardo (Mortgagors) (collectively, the "Plaintiffs") against the named Defendants.

On June 22, 2021, STI ESG received the Complaint.

Based on the Complaint, the Plaintiffs alleged that STI ESG, as the assignee of the loan of STI Tanay with DBP, foreclosed on the Mortgagors' parcel of land with an area of 567 sq.m. located in Pasig City (Subject Property).

While the Complaint did not allege any procedural and/or substantive defects in the foreclosure proceedings, the Plaintiffs attempted to use the alleged illegal take-over of the operations of STI Tanay to support the instant case.

Based on the said allegations in the Complaint, the Plaintiffs sought for the issuance of restraining orders to enjoin the registration of the Certificate of Sale and the alleged take-over of STI Tanay.

After the due proceedings on the TRO, the Trial Court denied the issuance of the TRO and/or Writ of Preliminary Injunction on July 12, 2021.

On November 12, 2021, STI ESG and a director defendant (Defendants) filed a Joint Answer Ad Cautelam. In the Joint Answer, the Defendants asserted the dismissal of the Complaint because the Plaintiffs did not raise any valid grounds to annul the foreclosure of mortgage. Moreover, the Plaintiffs have manifested their intention to redeem the subject Property, which further affirms the validity of the foreclosure proceedings.

The pre-trial conference for the case was originally scheduled on January 18, 2022. However, the same was cancelled in light of the Supreme Court's directives to physically close all courts in areas under Alert Level 3 due to the surge of COVID-19 cases. The National Capital Region (NCR) and the province of Rizal were under Alert Level 3 until January 31, 2022.

After the pre-trial conference, the case was referred to Judicial Dispute Resolution upon motion by the parties.

After several negotiations for settlement, the parties entered into a Memorandum of Agreement on July 29, 2022. Based on the Memorandum of Agreement, the parties agreed to settle all liabilities by (a) assigning and conveyance of the Tanay Property and (b) redemption of the Pasig Property by the Plaintiffs. Other commercial terms and conditions were agreed upon by the parties to terminate all pending cases and release of any other claims against each other.

Upon motion by the parties, the aforesaid Agreement was submitted for approval by the parties.

Considering the foregoing circumstances, the case is deemed terminated due to the amicable settlement by the parties.

j. *Criminal Case.* On January 30, 2020, iACADEMY filed a complaint against its former Cashier for qualified theft for the total amount of ₱1.7 million for the period of January 24, 2018 until July 2, 2019 from the cash collections of iACADEMY.

Based on the complaint, the former Cashier manipulated the Daily Cash Collection Summary Reports submitted to iACADEMY by tampering (a) deposit slips; (b) official receipts and (c) other documents and making it appear that the payments received for rental payments on the use of iACADEMY's Auditorium were from other collections of iACADEMY, which she received as its Cashier. Considering said rental payments should have been recorded as part of the collection, the cash collection from other transactions reported by the former Cashier to have been received and deposited in the bank accounts of iACADEMY, is understated. Through this scheme, the former Cashier stole the corresponding amount appearing in the said tampered documents from the cash collection, which should have been deposited in iACADEMY's bank accounts.

Despite receipt of summons, the former Cashier failed to appear at the preliminary investigation hearings.

After due proceedings, an Information for twenty-seven (27) counts of qualified theft was filed by the City Prosecutor of Makati City against the former Cashier before the Regional Trial Court of Makati City.

During arraignment on June 18, 2021, the former Cashier pleaded "not guilty" of the charges.

Before the case proceeded to trial proper, the parties have entered into an amicable settlement on, among others, the civil aspect of the case. Pursuant to the Compromise Agreement dated October 24, 2022, the former Cashier agreed to pay the civil aspect of the case and other liabilities and damages. In return, iACADEMY agreed not to actively pursue the case and allow the same to be provisionally dismissed.

The said agreement was implemented when (a) the former Cashier partially paid the outstanding obligation to iACADEMY and (b) iACADEMY did not actively participate in the prosecution of the case. Consequently, the Court caused the provisional dismissal of the case.

iACADEMY may revive the case or file a new case if the former Cashier fails to pay the balance of the said obligation as provided in the agreement. Based on the agreement, the former Cashier should fully settle her obligation within two (2) years from execution of the Compromise Agreement.

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

Except for matters taken up during the annual meeting of stockholders held on December 19, 2022, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

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

(1) Market Information

The Parent Company's common stock is traded on the PSE under the stock symbol "STI". As of the date of this Report, the Parent Company has 9,904,806,924 shares outstanding.

As of June 30, 2023, the high share price of the Parent Company was ₱0.38 and the low share price was ₱0.38. As of September 30, 2023, the high share price of the Parent Company was ₱0.41 and the low share price was ₱0.41.

The following table sets forth the Parent Company's high and low prices per share for each quarter of the past two (2) years and the first, second and third quarters of 2023:

	High	**Low**
2023		
Third Quarter	0.43	0.36
Second Quarter	0.41	0.34
First Quarter	0.39	0.33
2022		
Fourth Quarter	0.35	0.32
Third Quarter	0.36	0.32
Second Quarter	0.37	0.31
First Quarter	0.38	0.32
2021		
Fourth Quarter	0.37	0.30
Third Quarter	0.41	0.34
Second Quarter	0.37	0.31
First Quarter	0.50	0.37

The Parent Company's public float as of June 30, 2023 is 3,060,932,687 shares equivalent to 30.90% and 3,115,190,548 shares equivalent to 31.45% as of June 30, 2022 of the total issued and outstanding shares of the Parent Company.

(2) Holders

As of June 30, 2023, there were 1,264 shareholders of the Parent Company's outstanding capital stock. The Parent Company has common shares only.

The following table sets forth the top 20 shareholders of the Parent Company's common stock, the number of shares held, and the percentage of total shares outstanding held by each as of June 30, 2023.

NAME OF STOCKHOLDER	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
PCD NOMINEE CORPORATION	3,650,864,089[1]	36.8595%
PRUDENT RESOURCES, INC.	1,614,264,964	16.2978%
TANCO, EUSEBIO H.	1,253,666,793	12.6572%
BIOLIM HOLDINGS AND MANAGEMENT CORP. (FOMERLY: RESCOM DEVELOPERS, INC.)	794,343,934	8.0198%
PCD NOMINEE CORPORATION	776,264,513	7.8372%
EUJO PHILIPPINES, INC.	763,873,130	7.7121%
TANTIVY HOLDINGS INC. (FORMERLY: INSURANCE BUILDERS, INC.)	626,776,992	6.3280%
STI EDUCATION SERVICES GROUP, INC.	397,908,895	4.0173%
TANCO, ROSIE L.	13,000,000	0.1312%
VITAL VENTURES MANAGEMENT CORPORATION	2,800,000	0.0283%
DEL PRADO, EMMANUEL P.	2,000,000	0.0202%
YU, JUAN G. OR JOHN PETER C. YU	1,300,000	0.0131%
CASA CATALINA CORPORATION	1,000,000	0.0101%
EDAN CORPORATION	861,350	0.0087%
MENDOZA, ROSELLER ARTACHO	600,000	0.0061%
YU, JUAN G. OR JOHN PHILIP YU	600,000	0.0061%
CASTIGADOR, LERIO CABALLERO AND/OR VICTORINA P. CASTIGADOR	399,000	0.0040%
VALDERRAMA, LELEN ITF YASMIN AYN VALDERRAMA	300,000	0.0030%
VALDERRAMA, LELEN ITF YADIN AYN VALDERRAMA	300,000	0.0030%
VALDERRAMA, LELEN A.	300,000	0.0030%

(3) Cash Dividends

a) On December 19, 2022, cash dividends amounting to ₱0.015 per share or the aggregate amount of ₱148.6 million were declared by the Board of Directors in favor of all stockholders on record as at January 6, 2023 payable on January 31, 2023.

b) On December 3, 2021, cash dividends amounting to ₱0.01 per share or the aggregate amount of ₱99.0 million were declared by the Board of Directors in favor of all stockholders on record as at January 6, 2022 payable on January 31, 2022.

c) On November 20, 2020, cash dividends amounting to ₱0.0037 per share or the aggregate amount of ₱36.6 million were declared by the Board of Directors in favor of all stockholders on record as at December 29, 2020 payable on January 26, 2021.

In the meeting of the Board of Directors of the Parent Company held on February 15, 2018, the Board adopted a revised policy on the declaration of dividends starting with Fiscal Year 2017-2018 in order to (1) clarify the dividend declaration policy of not less than 25% of the Parent Company's core net income from the previous fiscal year; and (2) provide the definition of the core net income of the Parent Company.

[1] Eusebio H. Tanco is the beneficial owner of 395,816,651 shares. Prudent Resources, Inc. is the beneficial owner of 6,820,085 shares. Biolim Holdings and Management Corp. (Formerly: Rescom Developers, Inc.) is the beneficial owner of 18,282,861 shares. Eujo Philippines, Inc. is the beneficial owner of 42,284,000 shares. STI Education Services Group, Inc. is the beneficial owner of 102,524,000 shares. Tantivy Holdings, Inc. (Formerly: Insurance Builders, Inc.) is the beneficial owner of 3,000,000 shares.

The Board approved a dividend declaration policy of not less than 25% of the core net income of the Parent Company from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on the Parent Company by lenders or other financial institutions, and the Parent Company's investment plans and financial condition.

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

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

Dividends shall be declared and paid out of the Parent Company's unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them.

Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

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

(4) Recent Sales of Unregistered or Exempt Securities

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

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion summarizes the significant factors affecting the financial condition of STI Education Systems Holdings, Inc. ("STI Holdings" or the "Parent Company") and its subsidiaries (hereafter collectively referred to as the "Group") as at June 30, 2023 and 2022 and operating results for the years ended June 30, 2023, 2022 and 2021.

The following discussions should be read in conjunction with the attached audited consolidated financial statements of the Group as at and for the years ended June 30, 2023 and 2022, and for all the other periods presented.

Financial Condition

June 30, 2023 vs. June 30, 2022

LIQUIDITY AND CAPITAL RESOURCES

(in ₱ millions except financial ratios)	**June 30, 2023**	**June 30, 2022**	**June 2023 vs. June 2022**	
			Increase (Decrease)	
			Amount	%
Consolidated financial position				
Total assets	15,083.2	14,577.9	505.3	3.5%
Current assets	3,781.6	3,421.6	360.0	10.5%
Cash and cash equivalents	1,958.8	1,568.7	390.1	24.9%
Total liabilities	5,873.4	6,083.0	(209.6)	(3.4%)
Current liabilities	3,451.9	1,201.8	2,250.1	187.2%
Total equity	9,209.8	8,495.0	714.8	8.4%
Equity attributable to equity holders of the parent	9,127.9	8,413.6	714.3	8.5%
Financial ratios				
Debt-to-equity ratio Current ratio	0.62	0.70	(0.08)	(11.4%)
Debt service cover ratio (DSCR)*	1.10	2.85	(1.75)	(61.4%)
Asset-to-equity ratio	0.60	1.95	(1.35)	(69.2%)
	1.64	1.72	(0.08)	(4.7%)

**DSCR for bank loans purposes is measured as earnings before interest, taxes, depreciation and amortization, and nonrecurring gains/losses (EBITDA) for the last twelve months divided by total principal and interest due for the next twelve months and is pegged at 1.05:1.00. In August 2022, China Banking Corporation (China Bank) granted STI ESG's request to waive the DSCR requirement for the year ended June 30, 2023 and the period ending December 31, 2023. iACADEMY is compliant with China Bank's DSCR requirement as at June 30, 2023 and 2022.*
DSCR under STI ESG's bond trust agreement is defined as EBITDA for the last twelve months divided by total principal and interest due for the past twelve months and is pegged at 1.05:1.00. STI ESG is compliant with the DSCR requirement as at June 30, 2023 and 2022 at 2.36 and 1.70, respectively.

The Group's financial position remained strong, with cash resources generated mostly by operating activities. Financial ratios are healthy and well within bank covenants.

The Group's consolidated total assets amounted to ₱15,083.2 million as at June 30, 2023 compared to ₱14,577.9 million as at June 30, 2022. Current assets grew by ₱359.9 million, from ₱3,421.6 million to ₱3,781.5 million. The overall increase in consolidated total assets is the result of another school year of strong operations. The net increase in cash and cash equivalents amounting to ₱390.1 million was primarily contributed by cash generated from the Group's net income for the current fiscal year, which is more than double that of the previous year. The more efficient collection of receivables from students was also a key factor in the huge increase in cash balances. This is also reflected in the reduction of the receivables balance from ₱531.0 million as at June 30, 2022 to ₱470.6 million as at June 30, 2023 even with the increase in the number of students this SY 2022-2023.

Cash and cash equivalents increased by ₱390.1 million or 25% from last year's ₱1,568.7 million to ₱1,958.8 million as at June 30, 2023. The Group generated net cash from operating activities amounting to ₱1,885.3 million arising from the collection of tuition and other school fees from students and collection from the Department of Education (DepEd) for the Senior High School (SHS) vouchers and Commission on Higher Education (CHED) for Tertiary Education Subsidy (TES). These funds were partly utilized to acquire parcels of land in Meycauayan City, Bulacan and to pay the contractors and suppliers for the construction of iACADEMY's Cebu campus and STI WNU's new School of Basic Education (SBE) building, and the renovation of STI WNU's Engineering building. Net cash used in investing activities aggregated to ₱497.9 million. The Group registered ₱999.7 million net cash used in financing activities, composed substantially of the ₱459.5 million principal payments on interest-bearing loans, ₱263.7 million interest payments on the said loans and on STI ESG's bonds, and ₱143.0 million dividend payments to the stockholders of STI Holdings and STI ESG.

Total receivables amounted to ₱470.6 million as at June 30, 2023, posting a decrease of ₱60.4 million from ₱531.0 million as at June 30, 2022. The receivables balance is composed largely of amounts expected to be collected from students for tuition and other school fees, from DepEd, CHED, and Development Bank of the Philippines (DBP) for the SHS vouchers, TES and financial assistance to students, respectively. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED and DBP are expected to be collected in full within the next fiscal year.

Receivables from students pertaining to tuition and other school fees decreased by ₱17.5 million from ₱613.5 million as at June 30, 2022 to ₱596.0 million as at June 30, 2023. Outstanding receivables from DepEd for the SHS qualified vouchers, substantially pertaining to the current school year, amounted to ₱10.0 million as at June 30, 2023, compared to ₱14.6 million as at June 30, 2022. The SHS Voucher Program is a financial assistance program wherein subsidies in the form of vouchers are provided to qualified SHS students who enroll in participating institutions. A Qualified Voucher Recipient (QVR) is entitled to a subsidy ranging from ₱8,750 to ₱22,500 annually. DepEd, through the Private Education Assistance Committee, facilitates the transfer of funds to the participating schools. Accounts receivable from CHED amounted to ₱3.7 million and ₱12.9 million as at June 30, 2023 and 2022, respectively. On March 17, 2021, STI ESG executed a memorandum of agreement (MOA) with DBP to implement the DBP Resources for Inclusive and Sustainable Education Program (DBP RISE). The program grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers: (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program for SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. STI ESG and DBP executed a similar MOA in November 2021 covering the implementation of DBP RISE for SY 2021-2022. Receivables related to DBP RISE decreased from ₱2.0 million as at June 30, 2022 to ₱1.6 million as at June 30, 2023. Receivables from the franchised schools for the educational services rendered by STI ESG amounted to ₱55.5 million as at June 30, 2023, lower by ₱20.0 million from ₱75.5 million as at June 30, 2022, representing an improvement in the collection experience of the franchised schools compared to the same period last year. Receivables for educational services are recognized as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Rent receivables increased by ₱21.6 million to ₱63.3 million as at June 30, 2023 from ₱41.7 million as at June 30, 2022 as receivables from the new tenants of STI ESG and iACADEMY were recognized on June 30, 2023. STI ESG entered into a lease agreement with a third party for a segment of its STI Academic Center Pasay-EDSA property comprising a total area of 610 square meters. STI ESG funded the fit-out requirements in advance, and the third party will reimburse these costs with an additional 7.5% to cover the cost of money. The related fit-out costs aggregated to ₱41.7 million, inclusive of materials, cost of labor and overhead, and cost of money as at report date. Also, iACADEMY entered into a sublease agreement with a third party for portions of their leased building at Sen. Gil Puyat Avenue in Makati City for a period of five (5) years commencing on March 15, 2023 and ending on March 15, 2028. The rent receivables are expected to be collected within the next fiscal year.

The Group's allowance for expected credit losses (ECL) recognized in relation to the adoption of Philippine Financial Reporting Standards (PFRS) 9, *Financial Instruments*, increased from ₱312.4 million as at June 30, 2022 to ₱382.4 million as at June 30, 2023 due to the provision for ECL recognized during the year. Further, STI ESG and STI WNU implemented an interim policy on the deferral of write-off of receivables for the years ended June 30, 2023 and 2022 as approved by the respective BODs of the two companies.

Inventories decreased by 18% or ₱28.7 million from ₱158.2 million as at June 30, 2022 to ₱129.5 million as at June 30, 2023 representing substantially the sale of school uniforms, net of acquisitions, during the year ended June 30, 2023.

Prepaid expenses and other current assets increased by ₱78.6 million or 69% from ₱114.3 million as at June 30, 2022 to ₱192.9 million as at June 30, 2023, attributed primarily to advances to suppliers, increase in input VAT, increases in creditable withholding taxes/prior years' excess tax credits, and prepaid rent. Current advances to suppliers as at June 30, 2023 amounting to ₱32.6 million primarily relate to prepayments for the procurement of school uniforms in preparation for the upcoming SY 2023-2024. The increase in the Input VAT of ₱24.6 million from ₱23.0 million as at June 30, 2022 to ₱47.6 million as at June 30, 2023 arose mainly from the acquisition of two parcels of land in Meycauayan City, Bulacan from which STI ESG recognized input VAT amounting to ₱16.2 million and the payments made by STI WNU for the construction of its new SBE building and the renovation of its Engineering Building which included ₱9.8 million input VAT. This account also includes input VAT recognized on the purchase of goods and services. Prepaid taxes posted an increase of ₱20.5 million or 36% from ₱57.2 million as at June 30, 2022 to ₱77.7 million as at June 30, 2023 representing business taxes and excess prior year's credits and creditable taxes that can be applied against future tax liabilities. Business taxes paid to local governments will be recognized as expense over the respective periods covered. Prepaid rent increased to ₱6.1 million as at June 30, 2023 from ₱0.8 million as at June 30, 2022 representing advance rental payments by iACADEMY for its Cebu campus. On July 15, 2022, iACADEMY entered into a lease agreement with Filinvest Land Inc. for the 5th floor of Filinvest Cebu Cyberzone Tower Two located in Cebu City for a period of 10 years, subject to renewal upon mutual agreement.

In September 2021, STI ESG invested in quoted equity shares of RL Commercial REIT, Inc. (RCR), a real estate investment trust company listed on the Philippine Stock Exchange, amounting to ₱10.0 million for 1,550,000 shares at ₱6.45 per share. STI ESG's subscription to REIT is presented as "Equity instruments designated at fair value through profit or loss (FVPL)" in the Group's consolidated statements of financial position as at June 30, 2023 and 2022. The carrying value of the equity instruments designated at FVPL amounted to ₱5.80 and ₱6.20 per share or an aggregate value of ₱9.0 million and ₱9.6 million as at June 30, 2023 and 2022, respectively. STI ESG recognized dividend income from RCR amounting to ₱0.6 million and ₱0.4 million in 2023 and 2022, respectively.

Noncurrent asset held for sale amounting to ₱1,020.7 million as at June 30, 2023 represents the carrying value of the land, building and land improvements located in Quezon City (the "Quezon City dacion properties"), which were obtained by the Parent Company through the deeds of dacion executed in 2016. The balance of ₱1,039.7 million as at June 30, 2022 includes the Pasig property foreclosed on March 16, 2021 by STI ESG in relation to its receivables from STI College Tanay, Inc. (STI Tanay) as discussed in the succeeding paragraphs. On June 24, 2021, the Parent Company's BOD approved the sale of the Quezon City dacion properties to a potential buyer as these properties have not been used in business since its receipt. Negotiations with other interested parties are ongoing as at June 30, 2023. With the classification as noncurrent asset held for sale, the Parent Company ceased the accounting for the Quezon City dacion properties as investment properties on June 30, 2021 and carried the said properties at the lower of its carrying amount and fair value less costs to sell. In the same manner, the Pasig property, initially recognized by STI ESG as part of investment properties, was reclassified to noncurrent asset held for sale as at June 30, 2022 and carried at the lower of its carrying amount and fair value less costs to sell or ₱19.0 million, the amount offered by STI Tanay and the third-party mortgagors for the redemption of the said property. On July 29, 2022, STI ESG received the full payment of ₱19.0 million for the redemption of the Pasig City Property. Accordingly, STI ESG derecognized the noncurrent asset held for sale.

Property and equipment, net of accumulated depreciation, amounted to ₱9,684.7 million from ₱9,672.5 million as at June 30, 2023 and 2022, respectively. On August 1, 2022, STI Tanay and STI ESG executed a Deed of Dacion En Pago to transfer, convey and assign the mortgaged property located in Tanay, Rizal, free from all liens, encumbrances, claims and occupants for a Dacion Price of ₱81.2 million. STI ESG then released and discharged STI Tanay and the mortgagors of their obligations to the extent of the Dacion Price. On August 5, 2022, CHED approved the site transfer of STI Quezon Avenue, Inc. (STI Quezon Avenue) to Tanay, Rizal subject to compliance with certain requirements. STI Quezon Avenue has resumed operations on its new site in Tanay, Rizal beginning SY 2022-2023. STI ESG accordingly reclassified the take-up of its Tanay property from "Investment properties" to "Property and equipment" account in September 2022. As of the date of transfer, the Tanay property had a carrying value of ₱115.7 million, inclusive of documentary stamp and transfer taxes. As at June 30, 2023 the said property has a carrying value of ₱112.8 million. The Group acquired new computers and various school equipment and furniture during the year ended June 30, 2023, as more classes were conducted onsite. Property and equipment likewise increased as the Group recognized the right-of-use (ROU) assets on new and renewed lease agreements following PFRS 16, *Leases*. The property and equipment balance as at June 30, 2023 also includes costs related to the construction of iACADEMY's campus in Cebu amounting to ₱40.8 million which was completed in January 2023, the renovation of STI WNU's Engineering building amounting to ₱28.8 million which was completed in February 2023 and the on-going construction of STI WNU's new SBE building with costs of ₱65.3 million as of June 30, 2023. These additions to the "Property and equipment" account were partially offset by the depreciation expense recorded for the year ended June 30, 2023. Further, in 2023, STI ESG reclassified the parcels of land situated in Las Piñas City with a carrying value of ₱40.5 million as of June 30, 2023, including the fully depreciated buildings thereon, to "Investment properties." These properties, a part of which is being used as warehouse, have existing leases with varying terms expiring in 2024 up to 2026.

Investment properties increased by ₱33.3 million from ₱1,004.2 million as at June 30, 2022 to ₱1,037.5 million as at June 30, 2023. On October 1, 2022, STI ESG acquired two parcels of land, together with all the improvements thereon, with a total area of 2,459 square meters, located in Meycauayan City, Bulacan for an aggregate amount of ₱140.1 million, inclusive of taxes and transfer fees. This property is intended to be the future site of STI Academic Center Meycauayan. On the same date, Deeds of Assignment of Lease Agreements and Assumption of Rights and Obligations were executed and entered into by and among STI ESG, the seller of the aforementioned property, and the existing lessees on the purchased property agreeing that STI ESG will assume all rights and obligations under the lease contracts. The lease agreements have varying terms expiring in 2024 up to 2025. This account also includes STI ESG's parcels of land, including the improvements thereon, located in Las Piñas City. These properties, a part of which is being used as warehouse, have existing leases with varying terms expiring in 2024 up to 2026. STI ESG also recognized the cost of the renovation of its office condominium units. This project, with a total contract cost of ₱88.0 million, was undertaken to complete the office fit-out requirements for a new lease arrangement. The renovation works for the said office condominium units were completed in August 2022. These additions to "Investment properties" account were partially offset by the reclassification of the Tanay property from "Investment properties" to "Property and equipment" account since the said property is now being used by STI Quezon Avenue as its school building and grounds (as discussed in the previous paragraphs).

Investments in and advances to associates and joint venture increased by 12% or ₱2.2 million from ₱18.5 million to ₱20.7 million as at June 30, 2022 and 2023, respectively, upon recognition of the Group's equity share in net income of associates.

Deferred tax assets (DTA), net of the related deferred tax liability (DTL), increased by ₱24.7 million from ₱26.0 million to ₱50.7 million as at June 30, 2022 and 2023, respectively, representing taxes due on tuition and other school fees and monthly rentals collected in advance. Following statutory regulations, these revenues that are collected in advance are subject to income tax upon receipt. Also, the notable increase in deferred tax assets is attributed to the change in the preferential income tax rate for proprietary educational institutions. This rate reverted from 1.0% under the CREATE Law to 10.0% effective July 1, 2023. Therefore, the Group remeasured its deferred tax assets and liabilities reflecting the increased income tax rate which resulted to the increase of net DTA to ₱50.7 million as at June 30, 2023.

Goodwill, intangible and other noncurrent assets increased by ₱71.0 million from ₱364.9 million as at June 30, 2022 to ₱435.9 million as at June 30, 2023. Noncurrent advances to suppliers, which increased by ₱52.5 million from ₱19.1 million to ₱71.6 million as at June 30, 2022 and 2023, respectively, substantially pertain to the advance payment made by STI WNU in the amount of ₱53.4 million for the design and construction of a 3-storey SBE building which will house its pre-elementary, elementary, JHS and SHS students beginning SY 2023-2024. This account also includes other payments made in relation to the acquisition of capital assets and various capital expenditures for ongoing projects of the schools. These will be reclassified primarily to "Property and equipment" when the goods are received, or the services are completely rendered.

Goodwill increased by ₱23.0 million from ₱243.6 million to ₱266.6 million as at June 30, 2022 and 2023, respectively, due to the recognition of goodwill by STI ESG on its acquisition of 60% of the issued and outstanding capital stock of STI-College Alabang, Inc. (STI Alabang) from the former franchisee. STI Alabang then became a wholly-owned subsidiary of STI ESG from its purchase of the said 60% in March 2023. The identifiable assets and liabilities of STI Alabang were recognized based on the assessment of the fair values of these assets and liabilities at the time of acquisition resulting in the ₱23.0 million excess of the purchase consideration.

Accounts payable and other current liabilities increased by ₱37.1 million from ₱736.1 million to ₱773.2 million as at June 30, 2022 and 2023, respectively. Vouchers payable of iACADEMY increased by ₱11.1 million primarily for rental and utilities of its Cebu campus. Accruals for outside services and expenses related to school activities amounted to ₱105.0 million as at June 30, 2023, for an increase of ₱16.3 million from the ₱88.7 million balance as at June 30, 2022, largely representing increased expenses due to face-to-face classes and in-person commencement ceremonies.

Unearned tuition and other school fees increased by ₱24.3 million from ₱116.8 million as at June 30, 2022 to ₱141.1 million as at June 30, 2023. This account refers to advance payment of tuition and other school fees for the school year commencing after the financial reporting date and will be recognized to revenues in the related school term(s) within the next fiscal year.

Income tax payable amounted to ₱1.1 million and ₱551.5 thousand as at June 30, 2023 and 2022, respectively. The balances as at June 30, 2023 and 2022 represent the income tax obligations of STI ESG's subsidiaries and STI WNU. Income tax obligations of STI ESG, iACADEMY, and the Parent Company for the years ended June 30, 2023 and 2022 were entirely offset by their available tax credits and previous quarters' payments.

Current portion of interest-bearing loans and borrowings increased by ₱23.7 million from ₱239.1 million as at June 30, 2022 to ₱262.8 million as at June 30, 2023. The balance as at June 30, 2023 represents the current portions of the Corporate Notes and Term Loan Facility Agreements of STI ESG with China Bank amounting to ₱60.0 million and ₱120.0 million, respectively, and the Land Bank of the Philippines (Land Bank) ACcess to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Lending Program loan amounting to ₱3.0 million. It also includes iACADEMY's ₱79.8 million Term Loan balance with China Bank. The balance as at June 30, 2022 represents the current portion of the Term Loan Agreement and Corporate Notes Facility Agreement of STI ESG with China Bank amounting to ₱120.0 million and ₱30.0 million, respectively, and the portion of the loan related to the LandBank ACADEME Program amounting to ₱9.5 million, which was also due within the next twelve months. The current portion of iACADEMY's term loan balance stood at ₱79.6 million as at June 30, 2022.

The Term Loan Agreement entered into by STI ESG and China Bank on May 7, 2019 is for an aggregate amount of ₱1,200.0 million payable over a seven-year term. The agreement provides a grace period in principal repayments of two (2) years from the initial drawdown date. Principal repayments are to be made in ten (10) equal semi-annual installments beginning six (6) months from the end of the grace period or in March 2022. On September 16, 2021, China Bank approved the request of both STI ESG and iACADEMY to allow principal prepayments in the amount of ₱240.0 million and ₱120.0 million, respectively, to be applied to their existing Term Loan Facilities. Further, China Bank approved the request to reduce the prepayment penalty from 3% to 1.5% based on the amount to be prepaid for STI ESG and the waiver of the prepayment penalty for iACADEMY. On September 20, 2021, STI ESG made a prepayment aggregating to ₱243.9 million, including the 1.5% prepayment penalty and the gross receipts tax. The prepayment has been applied in the direct order of maturity, and as such, applied to amortizations due on March 19, 2022 and September 19, 2022. On September 29, 2021, iACADEMY made a prepayment of ₱120.0 million in addition to the ₱40.0 million regular amortization. The prepayment has been applied in the inverse order of maturity according to the repayment schedule. On September 29, 2022, iACADEMY paid the ₱40.0 million regular amortization. The loan balance of ₱280.0 million was repriced at an interest rate of 5.6699% per annum on

September 28, 2022. On September 23, 2022, China Bank approved STI ESG's request to allow a partial principal prepayment in the amount of ₱240.0 million to be applied to the Term Loan Facility. On the same day, STI ESG made a prepayment aggregating to ₱244.5 million, inclusive of interests, on the outstanding Term Loan Facility balance covering the period September 19 to 23, 2022 and 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on amortizations due on March 19, 2023 and September 19, 2023. On March 9, 2023, China Bank approved iACADEMY's request to partially prepay the term loan and to waive the 3% prepayment penalty. On March 29, 2023, iACADEMY made the prepayment of ₱100.0 million in addition to the regular amortization of ₱40.0 million. The prepayment was applied in the inverse order of maturity according to the repayment schedule.

On March 19, 2023, STI ESG made ₱30.0 million principal payment for its outstanding loan under its Corporate Notes Facility with China Bank. On September 19, 2023, STI ESG settled the amortization due on this Corporate Notes Facility amounting to ₱30.0 million and paid in full the remaining balance of ₱180.0 million. There was no prepayment penalty imposed since this Corporate Notes Facility is a restructured loan.

On July 22, 2020, Land Bank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its ACADEME Lending Program in favor of STI ESG to finance the "study now, pay later" program of the government for students amid the financial difficulties that families were facing due to the COVID-19 pandemic. The Land Bank ACADEME Program is a refinancing/rediscounting facility for Promissory Notes issued by the parents or benefactors of students to enable said students to enroll, continue and complete their studies. The loans covered by these promissory notes to be issued by the parents/benefactors/students are interest-free. The school can borrow up to 70% of the amount stated in the Promissory Notes issued by the parents/benefactors of the students. This loan from Land Bank is subject to 3% interest per annum. Interest and principal are payable annually in arrears. The term of the borrowing is coterminous with the maturity of the promissory notes issued by the parents/benefactors/students, but is not to exceed three (3) years. On September 16, 2020, STI ESG executed the Rediscounting Agreement with LandBank in relation to this loan arrangement. The ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by the Parent Company. STI ESG has an aggregate loan drawdown from this facility amounting to ₱22.1 million as at June 30, 2023, of which ₱19.1 million has been paid as of June 30, 2023. Of the ₱3.0 million outstanding balance, ₱2.1 million has been settled in August 2023 while the remaining ₱0.9 balance is maturing in January 2024.

The noncurrent portion of interest-bearing loans and borrowings decreased by ₱482.8 million due to the partial prepayments made by STI ESG and iACADEMY totaling ₱340.0 million as well as the reclassification of the amount of ₱223.0 million to current portion of interest-bearing loans.

STI ESG listed its ₱3.0 billion Series 7-year Bonds due 2024 and Series 10-year Bonds due 2027 (collectively, the "Bonds") with the Philippine Dealing and Exchange Corp. (PDEx) on March 23, 2017. This is the first tranche of its ₱5.0 billion fixed-rate bonds program under its 3-year shelf registration with the SEC. The 3-year shelf registration ended on March 9, 2020. The Bonds carry coupon rates of 5.8085% and 6.3756% for the 7-year and 10-year tenors, respectively. Interests are payable quarterly in arrears on June 23, September 23, December 23, and March 23 or the next business day if such dates fall on non-banking days, of each year commencing on June 23, 2017, until and including the relevant maturity dates. The Bonds Payable is carried in the books at ₱2,988.4 million and ₱2,980.5 million as at June 30, 2023 and 2022, respectively, net of deferred finance charges representing bond issue costs with carrying values of ₱11.6 million and ₱19.5 million as at June 30, 2023 and 2022, respectively. The first tranche of the bond issue with a carrying value of ₱2,175.1 million will mature in March 2024 and thus has been reclassified to current liabilities. The second tranche of the bond issue which will mature in March 2027, with a carrying value of ₱813.3 million is reported as "Bonds payable – net of current portion" under noncurrent liabilities. As at June 30, 2023, STI ESG is compliant with the covenants under the bond trust agreement, with its debt-to-equity ratio at 0.79:1.00 and DSCR at 2.36:1.00. DSCR as defined in the bond trust agreement is computed as EBITDA for the last twelve (12) months over total principal and interest due in the last 12 months. STI ESG is required to maintain a debt-to-equity ratio of not more than 1.50:1.00 and DSCR of not less than 1.05:1.00 computed based on its consolidated financial statements.

Current portion of lease liabilities decreased by ₱10.7 million from ₱109.2 million as at June 30, 2022 to ₱98.5 million as at June 30, 2023, representing payments made during the year net of reclassification of lease obligations due within the next twelve months. Noncurrent lease liabilities increased by ₱74.1 million from ₱364.1 million as at June 30, 2022 to ₱438.2 million as at June 30, 2023 due to the recognition of the Group's new and renewed lease agreements. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities are recognized in the audited consolidated financial statements of the Group following the adoption of PFRS 16, *Leases*.

Pension liabilities increased by ₱31.1 million from ₱108.7 million to ₱139.8 million as at June 30, 2022, and June 30, 2023, respectively, representing increased pension expense and changes in the market value of the investments under the pension plan assets of the Group for the year ended June 30, 2023.

Other noncurrent liabilities increased by ₱88.7 million from ₱23.4 million to ₱112.1 million as at June 30, 2022 and 2023, respectively, representing advance rent and refundable security deposits received by STI ESG and iACADEMY in relation to new lease agreements.

Cumulative actuarial gain decreased by ₱22.2 million from ₱27.7 million to ₱5.5 million as at June 30, 2022 and 2023, respectively, due to the impact of unrealized remeasurement losses for the year ended June 30, 2023 resulting from the decline in market value of the investments under the Group's pension plan assets. STI ESG also closed to "Retained earnings" the cumulative actuarial gain of schools that had ceased operations.

Unrealized fair value adjustment on equity instruments at FVOCI is up by ₱1.8 million representing fair value adjustments resulting from the increase in the market value of STI ESG's quoted equity shares, as well as the unquoted equity shares of De Los Santos Medical Center, Inc. (DLSMC).

Retained earnings increased by ₱734.6 million from ₱4,485.3 million to ₱5,219.9 million as at June 30, 2022 and 2023, respectively, substantially due to the net income attributable to equity holders of the Parent Company recognized for the year ended June 30, 2023, net of cash dividends declared by the Parent Company on December 19, 2022 amounting to ₱148.6 million.

June 30, 2022 vs. June 30, 2021

The Group's consolidated total assets amounted to ₱14,577.9 million as at June 30, 2022 compared to ₱14,761.5 million as at June 30, 2021.

Cash and cash equivalents increased by ₱98.2 million or 7% from ₱1,470.5 million to ₱1,568.7 million as at June 30, 2021 and 2022, respectively. The Group generated net cash from operating activities amounting to ₱1,129.7 million arising from the collection of tuition and other school fees from students and collection from DepEd for the SHS vouchers and CHED for Tertiary Education Subsidy. These funds were partly utilized to pay the contractors and suppliers of the construction and renovation projects of the Group, with net cash used in investing activities aggregating to ₱170.9 million. The Group registered ₱905.1 million net cash used in financing activities due to the ₱449.5 million principal payments on interest-bearing loans, ₱281.6 million interest payments on the said loans and on STI ESG's bonds, and ₱95.7 million dividend payments to the stockholders of STI Holdings and STI ESG.

Total receivables amounted to ₱531.0 million as at June 30, 2022, posting an increase of ₱44.7 million from ₱486.3 million as at June 30, 2021. The receivables balance is composed largely of amounts expected to be collected from students for tuition and other school fees, from DepEd, CHED, and DBP for the SHS vouchers, TES and financial assistance to students, respectively. Receivables from students pertaining to tuition and other school fees increased by ₱192.4 million from ₱412.7 million as at June 30, 2021 to ₱605.1 million as at June 30, 2022. Receivables from the franchised schools for the educational services rendered by STI ESG amounted to ₱75.5 million as at June 30, 2022, lower by ₱22.0 million from ₱97.5 million as at

June 30, 2021, representing an improvement in the collection experience of the franchised schools. Receivables for educational services are recognized as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED. Outstanding receivables from DepEd for the SHS qualified vouchers, substantially pertaining to SY 2021-2022, amounted to ₱14.6 million as at June 30, 2022, compared to ₱24.6 million as at June 30, 2021. Accounts receivable from CHED for TES amounted to ₱23.6 million and ₱9.4 million as at June 30, 2021 and 2022, respectively. Receivables from DBP related to DBP RISE decreased from ₱2.9 million as at June 30, 2021 to ₱2.0 million as at June 30, 2022. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED and DBP are expected to be collected in full within the next fiscal year. Rent receivables from third parties increased by ₱8.8 million to ₱31.1 million as at June 30, 2022 from ₱22.3 million as at June 30, 2021 as receivables from STI ESG's new tenant was recognized on June 30, 2022. The rent receivables are expected to be collected within the next fiscal year. The Group's allowance for expected credit losses increased from ₱209.5 million as at June 30, 2021 to ₱312.4 million as at June 30, 2022 due to the provision for ECL recognized during the year.

Inventories decreased by 12% or ₱20.6 million from ₱178.8 million as at June 30, 2021 to ₱158.2 million as at June 30, 2022, representing the sale of school uniforms and textbooks, net of acquisitions, during the year ended June 30, 2022.

Prepaid expenses and other current assets increased by ₱20.9 million or 22% from ₱93.4 million to ₱114.3 million as at June 30, 2021 and 2022, respectively, substantially due to the ₱57.2 million creditable withholding tax balance as at June 30, 2022, which increased by ₱12.9 million compared to the ₱44.3 million balance as at June 30, 2021. This creditable withholding tax will be applied to the income tax due in the following period. Current advances to suppliers increased by ₱5.5 million from ₱1.6 million to ₱7.1 million as at June 30, 2021 and 2022, respectively, representing down payments made by STI WNU relative to the renovation of its Engineering building. Prepaid insurance decreased by ₱5.1 million from ₱11.8 million as at June 30, 2021 to ₱6.7 million as at June 30, 2022 substantially due to the timing of STI ESG's payment for the health insurance coverage of its employees. Premiums for the period July 1, 2021 to June 30, 2022 were paid before June 30, 2021 while the coverage for July 1, 2022 to June 30, 2023 was settled after June 30, 2022.

The carrying value of the equity instruments designated at FVPL amounted to ₱6.20 and ₱6.45 per share or an aggregate amount of ₱9.6 million and ₱10.0 million as at June 30, 2022 and 2021 respectively. STI ESG recognized dividend income from RCR amounting to ₱0.4 million for the year ended June 30, 2022.

Noncurrent asset held for sale amounting to ₱1,039.7 million and ₱1,020.7 million as at June 30, 2022 and 2021 represents the carrying value of the Quezon City dacion properties and the Pasig property foreclosed on March 16, 2021 by STI ESG in relation to its receivables from STI Tanay as discussed in succeeding paragraphs.

Property and equipment, net of accumulated depreciation, amounted to ₱9,672.5 million from ₱10,041.3 million as at June 30, 2022 and 2021, respectively. The property and equipment balance as at June 30, 2022 includes costs related to the renovation of STI WNU's Engineering Building amounting to ₱22.2 million. This account also includes the costs incurred for the construction of an isolation room as part of iACADEMY's preparation for the implementation of its limited face-to-face classes. The project cost ₱1.0 million and was completed in the third week of May 2022. The property and equipment balance as at June 30, 2021 included costs related to the construction of STI Academic Center Legazpi (STI Legazpi), a four-storey school building with an estimated capacity of 2,500 students, built on a 4,149-square-meter property located in Cabangan East, Legazpi City. The construction works for STI Legazpi were completed in August 2021, and consequently, the related depreciation expense was recognized beginning the same month. The aforementioned additions to property and equipment were, however, substantially offset by the depreciation expense recognized during the year ended June 30, 2022.

Investment properties increased by ₱158.1 million from ₱846.1 million as at June 30, 2021 to ₱1,004.2 million as at June 30, 2022. In 2019, STI ESG and DBP executed a Deed of Assignment wherein DBP assigned, transferred, and conveyed, without recourse, all its collectibles from STI Tanay, a franchisee, to STI ESG. DBP likewise granted to STI ESG all the rights, title, and interest in and to the loan, the Promissory Notes and the underlying collaterals and security covering the loan and Promissory Notes, as well as full power and authority to demand, collect, and receive payment on the said loan and Promissory Notes. This loan of STI Tanay is secured by real estate mortgages over the following properties: 1) the land and building where STI Tanay is situated, including all improvements thereon, and registered in the name of STI Tanay, and 2) a third-party mortgage over land and building including improvements therein, located in Pasig City. STI ESG started foreclosure proceedings after several demand/collection letters were sent to STI Tanay. The extrajudicial foreclosure sale for the property located in Tanay, Rizal was conducted on March 15, 2022 by the Office of the Clerk of Court of Rizal. At the conclusion of the extrajudicial foreclosure sale, STI ESG was declared as the winning bidder for the said Tanay property. The Office of the Clerk of Court and Ex-Officio Sheriff of Morong, Rizal issued the Certificate of Sale on April 11, 2022, which certified that the real estate covered by a mortgage, where STI Tanay is situated, was sold at a public auction to STI ESG as the highest bidder on March 15, 2022. The Certificate of Sale was annotated on the title on May 5, 2022. The one (1) year redemption period commenced on the date the Certificate of Sale was annotated on the title. STI ESG recognized the said property as part of its "Investment Properties" amounting to ₱44.1 million and ₱66.9 million, equivalent to the latest appraised values of the land and building, respectively. The extrajudicial foreclosure resulted in a gain on settlement of receivable amounting to ₱26.1 million for the year ended June 30, 2022.

The extrajudicial foreclosure sale for the property located in Pasig City was conducted on March 16, 2021 by the Office of the Clerk of Court of Pasig City. At the conclusion of the extrajudicial foreclosure sale, STI ESG was declared as the winning bidder for the said Pasig City property. On July 14, 2021, the Clerk of Court and Ex-Officio Sheriff of Pasig City issued the Certificate of Sale which certified that the real estate covered by a mortgage on the property located in Pasig City was sold at a public auction on March 16, 2021 to STI ESG as the highest bidder. The Certificate of Sale was annotated on the title on August 5, 2021. The one (1) year redemption period commenced to run from the date the Certificate of Sale was annotated on the title. STI ESG recognized the said property as part of its "Investment properties" amounting to ₱44.2 million and ₱9.7 million, equivalent to the latest appraised values of the land and building, respectively. The foreclosure resulted in a gain on settlement of receivable amounting to ₱19.0 million for the year ended June 30, 2022. On June 30, 2022, STI Tanay and the third-party mortgagors sought the redemption of the mortgaged property located in Pasig City for ₱19.0 million. STI ESG executed the Certificate of Redemption which restored the mortgagors to their full ownership of the mortgaged property situated in Pasig City, including all its improvements, free and clear of the mortgage lien thereon. On the same date, STI ESG executed the release and cancellation of the third-party mortgage of the property situated in Pasig City. Pending the actual tender of the redemption price, STI ESG did not recognize the redemption and accordingly reclassified the Pasig Property from "Investment properties" to "Noncurrent asset held for sale" in view of the expected redemption upon actual receipt of the redemption price. Management likewise considered the Pasig Property to have met the criteria for financial statement presentation as noncurrent asset held for sale. Upon cessation of the recognition of the Pasig property as part of investment properties, the property was carried at the lower of its carrying amount or fair value less costs to sell. Consequently, STI ESG recognized a provision for impairment on the Pasig Property amounting to ₱34.3 million to bring the carrying value to its redemption price. The payment for the redemption price was received on July 29, 2022. The gain on settlement of receivable and provision for impairment of noncurrent asset held for sale were presented in the consolidated statement of comprehensive income as "gain on settlement of receivables, net of provision for impairment of noncurrent asset held for sale" in the amount of ₱10.8 million.

The "Investment properties" account also includes properties under construction as at June 30, 2022 pertaining to the renovation of office condominium units owned by STI ESG. The related contract costs amounted to ₱88.0 million, inclusive of mechanical and electrical set-up costs, structured cabling, plumbing, interior fit-out, and the related construction management services. This project was undertaken to complete the office fit-out requirements for a new lease arrangement. The renovation works for the said office condominium units were completed in August 2022.

Investments in and advances to associates and joint venture decreased by 52% or ₱20.2 million from ₱38.7 million to ₱18.5 million as at June 30, 2021 and 2022, respectively, upon recognition of the Group's equity share in net losses of associates.

Deferred tax assets net of the related deferred tax liability, decreased by ₱8.8 million from ₱34.8 million to ₱26.0 million as at June 30, 2021 and 2022, respectively, largely due to the application of the Net Operating Loss Carry Over (NOLCO) as at June 30, 2021 by STI ESG and iACADEMY to their taxable income for the year ended June 30, 2022.

Goodwill, intangible and other noncurrent assets decreased by ₱116.9 million from ₱481.8 million as at June 30, 2021 to ₱364.9 million as at June 30, 2022. In line with the preceding discussions, STI ESG previously reported a receivable from STI Tanay resulting from the Deed of Assignment executed by STI ESG and DBP. This assignment involved DBP transferring all of its collectibles from STI Tanay, including the associated collaterals, to STI ESG, with no recourse. Following the extrajudicial foreclosure sale for the mortgaged properties, where STI ESG emerged as the winning bidder, STI ESG derecognized the receivable from STI Tanay , recognized the real estate mortgaged situated in Tanay, Rizal as part of its "Investment properties" and took up the other mortgaged property located in Pasig City as part of its "Noncurrent asset held for sale" as at June 30, 2022. Receivable from STI Tanay, related to the loans assigned by DBP, amounted to nil and ₱75.5 million as at June 30, 2022 and June 30, 2021, respectively. Noncurrent advances to suppliers decreased by ₱17.9 million representing the amount reclassified to "Property and Equipment" as at June 30, 2022 pertinent to the cost of construction works completed as at June 30, 2022. In November 2020, STI ESG paid an aggregate amount of ₱12.0 million representing deposits for the acquisition of shares of stock in De Los Santos-STI College held by the shareholders owning 48% of the outstanding capital stock. On August 3, 2021, STI ESG paid the remaining ₱4.0 million to one of the shareholders. In the same month, the minority shareholders of De Los Santos-STI College and STI ESG entered into deeds of absolute sale wherein STI ESG purchased shares aggregating to 480,000, representing 48% of issued and outstanding capital stock of De Los Santos-STI College, for a total consideration of ₱16.0 million. STI ESG then applied its deposits as payment for the consideration relative to the acquisition of the non-controlling interest in De Los Santos-STI College.

Accounts payable and other current liabilities decreased by ₱70.9 million from ₱807.0 million to ₱736.1 million as at June 30, 2021 and 2022, respectively, substantially due to payments made by STI ESG to various contractors for obligations related to construction works as well as to suppliers of equipment and furniture for the new STI Academic Center Legazpi. Accounts payable decreased by ₱17.2 million due to payments to the contractors and suppliers of recently completed construction projects. Accrued expenses, on the other hand, increased by ₱17.0 million, largely representing expenses related to in-person commencement ceremonies for SY 2021-2022. Interest payable as at June 30, 2022 decreased by ₱6.9 million as interests accruing as at June 30, 2021 on the Group's Corporate Notes Facility and Term Loan Facility were settled as at June 30, 2022. STI Holdings' nontrade payable decreased by ₱50.0 million. Nontrade payable pertains to a contingent consideration in relation to the acquisition of STI WNU. On September 6, 2021, the Parent Company and the Agustin family, former STI WNU shareholders, reached a Compromise Agreement for the payment of ₱25.0 million as final and full settlement of the latter's claim against the former amounting to ₱50.0 million in the cases filed in various courts as stated in the Compromise Agreement. The payable to STI Diamond amounting to ₱24.1 million as at June 30, 2021, which represents STI Novaliches' obligations to the former resulting from the assignment, transfer, and conveyance of all rights, title, and interest in assets and liabilities of STI Diamond to STI Novaliches in 2016, has been settled in full as at June 30, 2022. Further, the current portion of advance rent and security deposits presented under "Accounts payable and other current liabilities" decreased by an aggregate amount of ₱9.4 million due to reclassifications made to "Other Noncurrent Liabilities" of the advance rent and security deposit related to a lease contract renewed during the fiscal year ended June 30, 2022.

Current portion of interest-bearing loans and borrowings increased by ₱30.3 million from ₱208.8 million as at June 30, 2021 to ₱239.1 million as at June 30, 2022. The balance as at June 30, 2022 represented the current portion of the Term Loan Agreement and Corporate Notes Facility Agreement of STI ESG with China Bank amounting to ₱120.0 million and ₱30.0 million, respectively, and the portion of the loan related to the LandBank ACADEME Program amounting to ₱9.5 million, all of which were due within the next twelve months from June 30, 2022. The current portion of interest-bearing loans and borrowings also included iACADEMY's ₱79.6 million Term Loan balance with China Bank as at June 30, 2022.

On September 16, 2021, China Bank approved the request of both STI ESG and iACADEMY to allow a principal prepayment in the amount of ₱240.0 million and ₱120.0 million, respectively, to be applied to their existing Term Loan Facilities. Further, China Bank approved the request to reduce the prepayment penalty from 3% to 1.5% based on the amount to be prepaid for STI ESG and the waiver of the prepayment penalty for iACADEMY. On September 20, 2021, STI ESG made a prepayment aggregating to ₱243.9 million, including the 1.5% prepayment penalty and the gross receipts tax. The prepayment has been applied in the direct order of maturity, and as such, applied to amortizations due on March 19, 2022 and September 19, 2022. On September 29, 2021, iACADEMY made a prepayment of ₱120.0 million in addition to the ₱40.0 million regular amortization. The prepayment has been applied in the inverse order of maturity according to the repayment schedule.

The noncurrent portion of interest-bearing loans and borrowings decreased by ₱480.0 million due to the prepayments made by STI ESG and iACADEMY totaling ₱360.0 million as well as the reclassification of the amount of ₱242.7 million to current portion of interest-bearing loans. STI WNU fully paid its loan under China Bank's Corporate Notes Facility in January 2021.

Unearned tuition and other school fees increased by ₱15.0 million from ₱101.8 million as at June 30, 2021 to ₱116.8 million as at June 30, 2022. This account referred to advance payment of tuition and other school fees for the school year commencing after June 30, 2022 and was recognized as tuition and other school fees within the SY 2022-2023.

Current portion of lease liabilities increased by ₱33.5 million from ₱75.7 million as at June 30, 2021 to ₱109.2 million as at June 30, 2022, represented the lease obligations which were settled during the fiscal year ended June 30, 2023. Noncurrent lease liabilities decreased by ₱45.0 million from ₱409.1 million as at June 30, 2021 to ₱364.1 million as at June 30, 2022 due to the reclassification of lease liabilities due within the next twelve months to current portion. This was partially offset by the noncurrent portion of lease liabilities related to new and renewed lease agreements and the related interests.

Income tax payable amounted to ₱551.5 thousand and ₱89.5 thousand, as at June 30, 2022 and 2021, respectively. The balance as at June 30, 2022 pertained to income tax payable of STI ESG's subsidiaries and STI WNU. STI ESG and iACADEMY applied their NOLCO from the previous fiscal year to their taxable income. Income tax due on the taxable income of the Parent Company and STI ESG were covered by creditable withholding taxes, while iACADEMY's income tax due was covered by previous quarters' payments and creditable withholding taxes.

STI ESG's outstanding bonds payable, as discussed in the preceding paragraphs, have carrying values, net of deferred finance charges, of =P2,980.5 million and =P2,973.1 million as at June 30, 2022 and June 30, 2021, respectively. The related deferred finance charges which represent bond issue costs have carrying values of =P19.5 million and =P26.9 million, as at June 30, 2022 and June 30, 2021, respectively.

Pension liabilities increased by ₱3.2 million from ₱105.4 million to ₱108.6 million as at June 30, 2021, and June 30, 2022, respectively, representing pension expense for the year 2022, net of the remeasurement gain resulting from the change in the market value of the investments under the pension plan assets of the Group, and the retirement fund contributions made during the year ended June 30, 2022.

Other noncurrent liabilities increased by ₱10.4 million from ₱13.0 million to ₱23.4 million as at June 30, 2021 and 2022, respectively, representing advance rent and security deposit received by STI ESG in relation to a new lease agreement. Also included are the advance rent and security deposit, previously classified as current liabilities, related to a lease contract which was renewed in May 2022. The lease renewal and new lease agreement entered into during the year ended June 30, 2022 cover periods beyond one year.
Cumulative actuarial gain increased by ₱8.4 million from ₱19.3 million to ₱27.7 million as at June 30, 2021 and 2022, respectively, due to the impact of unrealized remeasurement gain for the year ended June 30, 2022 resulting from the increase in market value of the investments under the Group's pension plan assets.

Unrealized fair value adjustment on equity instruments at FVOCI is up by ₱1.2 million representing fair value adjustments resulting from the increase in the market value of the unquoted equity shares of De Los Santos Medical Center, Inc. held by STI ESG.

Other equity reserve changed by ₱15.9 million from ₱1,670.5 million as at June 30, 2021 to ₱1,686.4 million as at June 30, 2022 related to STI ESG's acquisition of De Los Santos-STI College shares from minority shareholders. In August 2021, the shareholders of De Los Santos-STI College and STI ESG entered into deeds of absolute sale wherein STI ESG purchased shares aggregating to 480,000, representing 48% of the issued and outstanding capital stock of De Los Santos-STI College, for a total consideration of ₱16.0 million. The transaction resulted in the recognition of De Los Santos-STI College as a wholly owned subsidiary of STI ESG effective August 4, 2021. As a result, the equity attributable to non-controlling interest in De Los Santos-STI College was derecognized and reallocated to STI ESG as other equity reserve within the equity section of the June 30, 2022 consolidated financial statements.

Retained earnings increased by ₱320.0 million from ₱4,165.3 million to ₱4,485.3 million as at June 30, 2021 and 2022, respectively, substantially due to the net income attributable to equity holders of the Parent Company recognized for the year ended June 30, 2022, net of cash dividends declared by the Parent Company on December 3, 2021 amounting to ₱99.0 million.

<u>Results of Operations</u>

The Consolidated Statements of Comprehensive Income reflect the changes in owners' equity originating from non-owner and traditional income sources. Comprehensive income includes net income and unrealized income/loss arising from fair value changes in equity instruments at FVOCI as well as remeasurement adjustments on pension plans.

The operating results shown in the Group's consolidated statements of comprehensive income reflect the Group's recovery from the economic impact of the Novel Coronavirus Disease 2019 (COVID-19) pandemic and show substantial growth, both in terms of revenue and profitability, over the past three fiscal years.

The discussion below summarizes the significant factors affecting the results of operations for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021.

Years ended June 30, 2023 vs. 2022

Enrollment in schools under STI Holdings increased to more than 94,000 students for SY 2022-2023. For the current SY 2022-2023, the total count of new students reached 41,565 compared with the 35,566 new students in SY 2021-2022, showing a 17% increase in the total new student population. The total count of ongoing students for SY 2022-2023 reached 94,312 compared with 82,629 for SY 2021-2022. This represents a 14% or 11,683 increase from the SY 2021-2022 enrollment, with the number of students in the programs regulated by CHED showing a robust 18% increase from 56,342 students in SY 2021-2022.

The enrollment figures at the start of the School Year of the schools under STI Holdings for SY 2022-2023 are as follows:

	SY 2022-2023	SY 2021-2022	Increase	
			Enrollees	Percentage
STI ESG				
Owned schools[1]	54,158	47,230	6,928	15%
Franchised schools[1]	27,539	25,520	2,019	8%
	81,697	72,750	8,947	12%
iACADEMY	2,397	2,299	98	4%
STI WNU	10,218	7,580	2,638	35%
Total Enrollees	**94,312**	**82,629**	**11,683**	**14%**

Grouping the students in terms of government regulatory agencies supervising the programs, wherein CHED pertains to students enrolled in tertiary and post-graduate programs, Technical Education and Skills Development Authority (TESDA) students are those enrolled in technical-vocational programs while DepEd pertains to primary and secondary education including Junior High School (JHS) and SHS, yields the following numbers:

	SY 2022-2023			
	CHED	**TESDA**	**DEPED[2]**	**TOTAL**
STI ESG	56,876	1,447	23,374	81,697
iACADEMY	1,917	-	480	2,397
STI WNU	7,516	-	2,702	10,218
Total	**66,309**	**1,447**	**26,556**	**94,312**
Proportion of CHED:TESDA:DepEd	**70%**	**2%**	**28%**	**100%**

	SY 2021-2022			
	CHED	**TESDA**	**DEPED[2]**	**TOTAL**
STI ESG	49,005	1,040	22,705	72,750
iACADEMY	1,713	-	586	2,299
STI WNU	5,624	-	1,956	7,580
Total	**56,342**	**1,040**	**25,247**	**82,629**
Proportion of CHED:TESDA:DepEd	**68%**	**1%**	**31%**	**100%**

[1] *Enrollment numbers of STI Alabang are reported as part of owned schools' category effective January 2023.*
[2] *STI ESG DepEd count consists of 23,077 SHS and 297 JHS students in SY2022-2023 and 22,497 SHS and 208 JHS students in SY2021-2022. For iACADEMY, this represents SHS students, while for STI WNU, the count represents 2,057 SHS students and 645 students enrolled in basic education in SY 2022-2023 and 1,367 SHS students and 589 students enrolled in basic education in SY 2021-2022.*

STI ESG and STI WNU introduced the ONline and ONsite Education at STI (ONE STI) Learning Model in SY 2020-2021. This model was implemented in response to stringent social distancing measures including but not limited to class suspension, prohibition of mass gatherings, and imposition of community quarantine, among others, which were implemented to contain the outbreak of COVID-19. The ONE STI Learning Model is an innovative approach to student development that uses digital tools and online technology combined with invaluable hands-on practice and onsite engagements to achieve the students' academic objectives through a responsive learning experience. For SY 2022-2023, classes of JHS and SHS started on August 30, 2022 while classes of tertiary students commenced on September 5, 2022 for both STI ESG and STI WNU. Classes for STI WNU's School of Graduate Studies (SGS) started on September 10, 2022.

iACADEMY implemented its fully online learning program entitled Guided Online Autonomous Learning (GOAL) in SY 2020-2021. GOAL is iACADEMY's systematic approach to guiding all the activities that involve the delivery of online instruction to the students including online learning workshops, training for teachers on how to create high-quality modules, integrating project-based learning and teaching strategies into online learning and collaborating with parents and guardians. In this setup, all activities or modules are delivered 100% online. Classes for SHS and tertiary students started on August 2, 2022 and August 30, 2022, respectively.

The Group utilizes the electronic Learning Management System (eLMS), a software application running on Amazon cloud, to better manage the delivery of educational courses and/or training programs to its students. It features a built-in support for collaboration through various tools such as wikis, forums, and discussion groups; an internal messaging system with bidirectional support for emails and text messaging; and a built-in portfolio system that students can use to collect works to support learning and/or achievements. eLMS is a world-class and award-winning learning management system that schools and universities across the globe are using. This cloud-based eLearning tool gives teachers and students a two-way platform where they can collaborate, assign and submit homework, take assessments, and track learning progress, among others. The concept of online learning is not new to the Group, as the schools in the network have been implementing a blended learning model for the past eight years in order that the students may continue their studies at home uninterrupted even during physical classroom disruptions.

The faculty members of the Group regularly undergo competency-based certifications and training programs to ensure that they are proficient in the subject matter and able to deliver the required day-to-day lessons. During the SYs 2020-2021 and 2021-2022, the training programs were conducted online while the Group has been holding a combination of in-person and online faculty members' training beginning SY 2022-2023. These training programs are conducted to ensure that the faculty members of the Group possess an acceptable level of competencies and have industry-based experience and credentials necessary to teach the courses assigned to them.

From last school year's gradual transition to face-to-face classes for high-stake courses, STI ESG and STI WNU both implemented a flexible learning delivery modality in the first semester of SY 2022-2023. High-stake tertiary courses refer to subjects or courses with laboratory components where the skills expected to be gained by the students are better acquired in a face-to-face class setup because actual demonstration and practice of competencies are significant in the learning process. For tertiary courses, all professional and identified general education courses are now delivered onsite while other general education courses are delivered using blended modality, with a distribution of 50% onsite/face-to-face and 50% online/asynchronous. With the passage of CHED Memorandum Order No. 16 dated November 11, 2022 providing clarity and support to Higher Education Institutions (HEIs) towards progressive transitioning to full onsite learning, STI ESG opted to conduct full face-to-face classes starting on its second semester of SY 2022-2023. STI WNU continued with its flexible learning delivery modality which it started in the first semester of SY 2022-2023. As for JHS and SHS in STI ESG, classes are all conducted face-to-face since the opening of SY 2022-2023. SHS classes in STI WNU are on a blended modality with 50% onsite/face-to-face and 50% online/asynchronous in the first semester with online classes transitioning to synchronous classes starting in the middle of the first semester up to the present. STI WNU's classes for the National Service Training Program or NSTP are on full face-to-face setup.

iACADEMY implemented the Hyflex Learning Format for tertiary for SY 2022-2023. Hyflex Learning is an instructional approach that combines face-to-face and online remote learning. Class sessions and learning activities are offered in-person, synchronously online, and asynchronously online using various learning technologies. Students can decide how to participate. The Hyflex model demonstrates a commitment to student success by providing flexibility on how students can best participate in the learning activities and also enables institutions to maintain educational activities during a disruption. Meanwhile, SHS implemented the Hybrid setup (blended learning) until the end of SY 2022-2023. This allowed students from grades 11 and 12 to alternately attend onsite and online classes within the week. Courses, particularly specialized and contextualized subjects like Science and Information and Communications Technology (ICT), are conducted onsite in the laboratories. General Education subjects are delivered online using Microsoft Teams, an online classroom teleconferencing platform. Both onsite and online classes use eLMS as the major platform for the repository of learning materials, assessments, and grades.

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

The consolidated gross revenues of the Group for the year ended June 30, 2023 amounted to ₱3,405.5 million, reflecting a 27% increase compared to ₱2,677.6 million generated for the year ended June 30, 2022.

Tuition and other school fees increased by ₱636.6 million from ₱2,437.0 million for the year ended June 30, 2022 to ₱3,073.6 million for the year ended June 30, 2023 attributed to the 14% robust growth of enrollment or the 11,683 increase in the student population for SY 2022-2023 at 94,312 compared to 82,629 enrollees for SY 2021-2022. STI ESG's wholly owned and franchised schools registered an enrollment of 81,697 students, 8,947 or 12% more than the enrollment in SY 2021-2022. Percentagewise, STI WNU registered the highest increase at 35% for this SY compared to last SY. Further, the Group's enrollment mix showed consistent improvement with enrollees in programs regulated by CHED comprising 70% of the total student population in SY 2022-2023 compared to 68% for SY 2021-2022 and 57% for SY 2020-2021. CHED programs bring in higher revenues per student. The number of new students enrolled in CHED programs increased by 17% or 3,707 from 22,142 to 25,849 for SY 2021-2022 and SY 2022-2023, respectively.

Revenues from educational services and royalty fees both increased by 19%. This resulted from the higher number of enrollees of franchised schools from 25,520 students in SY 2021-2022 to 27,539 in SY 2022-2023 or an 8% increase as well as an improvement in the collection efficiency of the franchised schools. Revenues from educational services and royalty fees are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Sale of educational materials and supplies increased dramatically by 292% or ₱85.7 million to ₱115.0 million for the year ended June 30, 2023 from ₱29.3 million for the same period last year. Sale of educational materials and supplies recognized in the current year largely pertains to the sale of uniforms as face-to-face classes resumed and enrollment increased while sale of SHS textbooks mainly accounted for the sales in the same period last year. The cost of educational materials and supplies sold likewise increased, concomitant with the increase in the sale of educational materials and supplies.

Other revenues decreased by ₱20.4 million from ₱73.5 million for the year ended June 30, 2022 to ₱53.1 million for the year ended June 30, 2023. During SY 2021-2022, the Group extended internet connectivity assistance to its students. The share of data connectivity costs charged to the franchised schools was recognized as part of other revenues for the year ended June 30, 2022. As more face-to-face classes were held, internet connectivity assistance was no longer provided to students during SY 2022-2023.

The cost of educational services rose by ₱84.5 million from ₱955.5 million to ₱1,040.0 million for the years ended June 30, 2022 and 2023, respectively. Instructors' salaries and benefits increased by ₱75.1 million from ₱359.4 million to ₱434.5 million due to the increased number of faculty members, concomitant with the increase in number of students. In addition, favorable adjustments have been made to the salaries of SHS teachers who passed the Licensure Examination for Teachers (LET) and tertiary instructors who have earned a master's degree as part of the faculty members' continuing professional education. Depreciation and amortization expenses included as part of direct costs increased by ₱12.0 million from ₱372.6 million to ₱384.6 million for the years ended June 30, 2022 and 2023, respectively, substantially due to the amortization cost of iACADEMY Cebu's right-of-use asset. Direct costs of software subscriptions and maintenance increased by ₱7.1 million from ₱25.8 million for the year ended June 30, 2022 to ₱32.9 million for the current year, mostly driven by the increased enrollment. Rent expense is higher by ₱3.8 million, from ₱20.9 million to ₱24.7 million for the years ended June 30, 2022 and 2023, respectively, attributed to increase in monthly rental rates of renewed lease agreements. The cost of developing courseware during the year ended June 30, 2023 increased by ₱2.7 million due to STI ESG's streamlining of program curricula in response to market needs and industry developments. Courseware materials for JHS and SHS were likewise developed. Expenses related to student activities and programs rose by ₱52.9 million attributed to the expenses incurred for the resumption of in-person activities and programs for the students, higher subscription costs for Microsoft, eLMS and Amadeus software primarily driven by higher enrollment for SY 2022-2023, and distribution of laptops to ninety (90) students across the network. Huawei Philippines

(Huawei), donated cash which was partly allocated to the provision of laptops distributed to select students who were awarded multiple certificates at the Huawei ICT Academy. STI ESG, in partnership with Huawei, integrated in-demand ICT technologies into some of its programs tackling five technology domains namely, (1) cloud computing (2) big data (3) artificial intelligence (4) routing and switching, and (5) storage. The savings generated from the shift to a more efficient cloud subscription plan partially offset these increases in costs. Also, the internet connectivity assistance provided to students by STI ESG in SY 2021-2022 amounting to ₱70.0 million was no longer given in SY 2022-2023 as in-person classes were conducted by all schools.

Gross profit improved by 34% from ₱1,698.0 million to ₱2,274.9 million for the years ended June 30, 2022 and 2023, respectively, largely due to the increased enrollment.

General and administrative expenses posted an 18% increase or ₱201.5 million from ₱1,129.3 million to ₱1,330.8 million for the years ended June 30, 2022 and 2023, respectively, largely due to the increased enrollment and the resumption of face-to-face classes.

Light and water expenses increased by ₱87.3 million from ₱75.3 million to ₱162.6 million for the years ended June 30, 2022 and 2023, respectively, as more face-to-face classes were held and electric power consumption increased. Salaries and benefits are higher by ₱61.2 million for the year ended June 30, 2023 compared to the same period last year as salary adjustments were implemented this year. Also, certain plantilla positions were filled up during the year in line with the face-to-face classes in SY 2022-2023. Expenses for outside services such as clerical, security and janitorial services increased by ₱41.6 million year-on-year as the Group conducted more in-person classes and activities in SY 2022-2023 while classes for SY 2021-2022 were mostly held online. This also resulted in increases in other administrative expenses such as repairs and maintenance, transportation, and office supplies, which rose by ₱16.3 million, ₱4.8 million, and ₱4.5 million, respectively.

The Group recognized a provision for ECL amounting to ₱85.2 million for the year ended June 30, 2023, largely representing ECLs on outstanding receivables from students' tuition and other school fees as at June 30, 2023. This is lower by ₱27.5 million compared to ₱112.7 million for the year ended June 30, 2022 due mainly to the improvement of the Group's collection efficiencies. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned with lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from students relating to prior years. The provision for impairment of goodwill amounting to ₱3.8 million which was recognized during the year ended June 30, 2022 is linked to the cessation of operations of STI Iloilo. The Group likewise recognized provision for inventory obsolescence amounting to ₱5.6 million and ₱2.0 million for the years ended June 30, 2023 and 2022, respectively.

The Group generated an operating income of ₱944.0 million for the year ended June 30, 2023, an improvement of ₱375.4 million or 66% from the operating income of ₱568.6 million during the same period last year, due to higher revenues attributed to the increase in the student population and improvement in the enrollment mix with the 18%increase in the number of students enrolled in CHED programs, as well as strict control of direct and administrative expenses. Operating margins likewise improved from 21% to 28% for the years ended June 30, 2022 and 2023, respectively.

Interest expense decreased by ₱2.3 million year-on-year from ₱313.3 million to ₱311.0 million mainly due to the partial principal prepayments made by STI ESG and iACADEMY on their loans with China Bank. The reduction in principal balances outstanding partially mitigated the increases in interest rates on the bank loans. Interest rate on the outstanding balance of the Term Loan and Corporate Notes Facilities of STI ESG was repriced at 6.5789% per annum effective September 20, 2022 compared to 5.7895% per annum in the previous year. Interest rate on the ₱280.0 million balance of iACADEMY's Term Loan with China Bank was repriced at an interest rate of 5.6699% per annum effective on September 28, 2022 compared to 3.2068% per annum in the previous year.

Rental income increased by ₱107.1 million year-on-year from ₱71.0 million to ₱178.1 million due to new lease agreements entered into by STI ESG and iACADEMY during the year ended June 30, 2023 in some of their investment properties.

Interest income earned during the year ended June 30, 2023 amounted to ₱22.6 million, down by ₱15.5 million from last year's ₱38.1 million. The interest income recorded for the year ended June 30, 2022 is substantially attributed to the accrued interests and default charges on the assigned loans of STI Tanay. This covers interests and penalty charges from the execution of the deed of assignment by and between DBP and STI ESG in 2019 up to the date of the extrajudicial foreclosure sale of the properties, mortgaged as collateral to STI Tanay's loans, situated in Pasig City and Tanay, Rizal on March 16, 2021 and March 15, 2022, respectively. This account also includes interest income on the Group's investments in short-term placements.

Collection efficiencies resulted in the recovery of previously written-off receivables amounting to ₱11.3 million for the year ended June 30, 2023 compared to ₱9.7 million collected during the previous year.

STI ESG recorded dividend income from RCR and DLSMC amounting to ₱2.5 million and ₱1.2 million for the years ended June 30, 2023 and 2022, respectively.

The Group recognized unrealized gain on foreign exchange rate differences amounting to ₱2.3 million and ₱44.6 million for the years ended June 30, 2023 and 2022, respectively. The Group also recognized realized gain on foreign exchange differences amounting to ₱0.1 million and ₱1.3 million for the years ended June 30, 2023 and 2022, respectively. These are attributed to STI ESG's and iACADEMY's dollar-denominated cash and cash equivalents.

Equity share in net income of associates and a joint venture amounted to ₱2.3 million for the year ended June 30, 2023 compared to equity in net losses of associates and a joint venture of ₱20.2 million recognized for the same period last year.

Derecognition of contingent consideration amounting to ₱25.0 million was recorded for the year ended June 30, 2022. The Parent Company and the Agustin family, former STI WNU shareholders, reached a Compromise Agreement on September 6, 2021 for the full and final settlement of the latter's claim against the former amounting to ₱50.0 million in the cases filed in various courts as stated in the Compromise Agreement. The amount of ₱50.0 million had been set up as contingent consideration in prior years. With the full and final settlement in the amount of ₱25.0 million, the balance of ₱25.0 million has been derecognized.

STI ESG recognized a gain on settlement of receivables, net of provision for impairment of noncurrent asset held for sale, amounting to ₱10.8 million for the year ended June 30, 2022. The gain on settlement of receivables from STI Tanay amounted to ₱45.1 million while the provision for impairment of noncurrent asset held for sale was recognized at ₱34.3 million, net of depreciation recognized on the Pasig property from the date of the annotation on the property's title up to June 30, 2022 (see preceding discussions).

The Group recognized a gain on sale amounting to ₱0.8 million for the year ended June 30, 2023 due to the disposal of STI ESG's obsolete and fully depreciated equipment and furniture and iACADEMY's transportation equipment. For the year ended June 30, 2022, gain on sale of STI ESG's transportation equipment largely accounted for the ₱1.6 million income recorded.

The Group applied the practical expedient approach for some rent concessions granted to the Group following the amendments to PFRS 16, *COVID-19-related Rent Concessions* resulting in recognition of other income aggregating to ₱6.1 million for the year ended June 30, 2022, presented as part of "Other income (expenses) - net" in the audited consolidated statements of comprehensive income. Also included in the account "Other income (expenses) – net" is the reversal of interest income from past due accounts of consolidated subsidiaries of STI ESG in the amount of ₱15.9 million.

The Group also recognized other income amounting to ₱4.7 million, presented as part of "Other income (expenses) – net" for the year ended June 30, 2023. This represents a donation from Huawei as part of the partnership program between STI ESG and Huawei. The proceeds from this donation were used to purchase Ideahub equipment which was eventually used to put up a Huawei Smart Classroom in STI Academic Center Ortigas-Cainta. The smart classroom is equipped with Huawei Smart TVs together with an intelligent board, digital blackboard and all the related software and cameras. The Ideahub board combines smart writing, wireless projection, and open applications into a single board. The board is also equipped with premium anti-blue light protection. This project is part of STI ESG and Huawei's partnership program in delivering certification courses, simulation tools, and training materials to eligible students.

Benefit from income tax amounting to ₱15.7 million was recognized by the Group for the year ended June 30, 2023 compared to ₱10.8 million income tax provision for the same period last year. Income tax rate for proprietary educational institutions was reduced from 10% to 1% following the enactment of the CREATE Act in April 2021. The reduced income tax rate had a retroactive effect beginning July 1, 2020 and would be effective up to June 30, 2023. Upon expiration of the temporary tax relief provided by the CREATE Act for proprietary educational institutions, the Group remeasured its deferred tax assets and liabilities which resulted in an increase in deferred tax assets as at June 30, 2023.

The Group reported a net income of ₱873.8 million for the year ended June 30, 2023, more than double the ₱416.2 million net income earned for the same period last year.

Remeasurement loss on pension liability, net of income tax effect, amounted to ₱16.9 million for the year ended June 30, 2023 compared to remeasurement gain on pension liability of ₱8.5 million recognized for the same period last year. These fluctuations reflect the movements in the value of equity shares forming part of the Group's pension assets.

The unrealized fair value adjustments on equity instruments at FVOCI amounted to ₱1.9 million for the year ended June 30, 2023, compared to ₱1.1 million for the year ended June 30, 2022 due to the movement in the price of quoted equity shares held by STI ESG.

Total comprehensive income increased to ₱858.8 million from ₱425.8 million for the years ended June 30, 2023 and 2022, respectively. This improvement is attributed to the higher number of enrollees and an improvement in the enrollment mix in favor of CHED programs for SY 2022-2023 compared to that of SY 2021-2022.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) which is defined as earnings before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net earnings (losses) of associates and joint venture and nonrecurring gains (losses) such as gain on sale of noncurrent asset held for sale (net of capital gains tax), income on rent concessions, gain on derecognition of contingent consideration, gain on settlement of receivable (net of provision for impairment of noncurrent asset held for sale), gain on foreign exchange differences, fair value loss on equity instruments at FVPL and loss on loan modification increased from ₱1,128.6 million for the year ended June 30, 2022 to ₱1,628.4 million for the year ended June 30, 2023. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively. EBITDA margin is 48% compared to 42% last year.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱868.9 million for the year ended June 30, 2023 compared to core income for the same period last year of ₱330.8 million.

Years ended June 30, 2022 vs. 2021

The enrollment figures of the schools under STI Holdings for SY 2021-2022 are as follows:

	SY 2021-2022	SY 2020-2021	Decrease	
			Enrollees	Percentage
STI ESG				
Owned schools	47,230	39,890	7,340	18%
Franchised schools	25,520	22,600	2,920	13%
	72,750	62,490	10,260	16%
iACADEMY	2,299	2,149	150	7%
STI WNU	7,580	5,584	1,996	36%
Total Enrollees	**82,629**	**70,223**	**12,406**	**18%**

Grouping the students in terms of government regulatory agencies supervising the programs, wherein CHED pertains to students enrolled in tertiary and post-graduate programs, TESDA students are those enrolled in technical-vocational programs while DepEd pertains to primary and secondary education including SHS, yields the following numbers:

	SY 2021-2022			
	CHED	**TESDA**	**DEPED***	**TOTAL**
STI ESG	49,005	1,040	22,705	72,750
iACADEMY	1,713	-	586	2,299
STI WNU	5,624	-	1,956	7,580
Total	**56,342**	**1,040**	**25,247**	**82,629**
Proportion of CHED:TESDA:DepEd	**68%**	**1%**	**31%**	**100%**

	SY 2020-2021			
	CHED	**TESDA**	**DEPED***	**TOTAL**
STI ESG	35,412	1,036	26,042	62,490
iACADEMY	1,383	-	766	2,149
STI WNU	3,381	-	2,203	5,584
Total	**40,176**	**1,036**	**29,011**	**70,223**
Proportion of CHED:TESDA:DepEd	**57%**	**2%**	**41%**	**100%**

* *STI ESG DepEd count includes 22,497 SHS students and 208 students who are enrolled in basic education in SY2021-2022 and 25,801 SHS students and 241 students who are enrolled in basic education in SY2020-2021. For iACADEMY, this represents SHS students, while for STI WNU, the count represents 1,367 SHS students and 589 students enrolled in basic education in SY 2021-2022 and 1,470 SHS students and 733 students enrolled in basic education in SY 2020-2021.*

To contain the outbreak of COVID-19, the Office of the President of the Philippines issued a memorandum on March 13, 2020 to impose, adopt and implement the guidelines on the stringent social distancing measures including but not limited to class suspension, prohibition of mass gatherings, imposition of community quarantine, among others, in the National Capital Region (NCR) and other parts of the country effective March 15, 2020. These measures have caused disruptions to businesses and economic activities.

For SY 2021-2022, classes of SHS and tertiary students of both STI ESG and STI WNU started on September 13, 2021. Meanwhile, classes started on October 2, 2021 for STI WNU's School of Graduate Studies (SGS).

iACADEMY started classes for SHS and tertiary students on August 4, 2021 and August 31, 2021, respectively.

The Group gradually started to implement limited face-to-face classes for schools in areas under Alert Level 1 for identified high-stake tertiary courses and selected subjects beginning February 2022, March 2022 and May 2022 for STI ESG, STI WNU and iACADEMY, respectively, and for SHS students starting April and May 2022 for STI ESG and STI WNU, respectively.

The consolidated gross revenues of the Group for the year ended June 30, 2022 amounted to ₱2,677.6 million, reflecting a 28% increase compared to ₱2,084.1 million for the year ended June 30, 2021.

Tuition and other school fees increased by ₱554.3 million from ₱1,882.7 million for the year ended June 30, 2021 to ₱2,437.0 million for the year ended June 30, 2022 attributed to the 18% robust growth or 12,406 increase in the student population for SY 2021-2022 at 82,629 compared to 70,223 enrollees for SY 2020-2021. Private schools reported a dip in enrollment for SY 2020-2021 due to the impact of the COVID-19 pandemic. A survey conducted by STI ESG disclosed that a number of students did not pursue education in SY 2020-2021 because of the financial difficulties experienced by their respective families/benefactors during the year. STI ESG's wholly-owned and franchised schools registered an enrollment of 72,750 students for SY 2021-2022, 10,260 or 16% more than the enrollment in SY 2020-2021. Percentagewise, STI WNU registered the highest increase at 36% for SY 2021-2022 compared to SY 2020-2021. Further, the increase in tuition and other school fees is also attributable to the improvement in the Group's enrollment mix, with enrollees in programs regulated by CHED comprising 68% of the total student population in SY 2021-2022 compared to 57% for SY 2020-2021. The number of new students enrolled in CHED programs increased by 75% or 9,463 from 12,679 to 22,142 for SY 2020-2021 and SY 2021-2022, respectively.

Revenues from educational services and royalty fees both increased by 17%. This resulted from the higher number of enrollees of franchised schools from 22,600 students in SY 2020-2021 to 25,520 in SY 2021-2022 or a 13% increase.

Sale of educational materials and supplies increased by 18% or ₱4.4 million to ₱29.3 million for the year ended June 30, 2022 from ₱24.9 million last year. The sale of uniforms increased by ₱6.8 million with the implementation of limited face-to-face classes for identified high-stake tertiary courses. This was partially offset by the decline in sales of textbooks and other education-related materials by ₱3.7 million due to the lower number of SHS students. The cost of educational materials and supplies sold increased by 20%, concomitant with the increase in the sale of educational materials and supplies.

Other revenues increased by ₱14.9 million from ₱58.6 million for the year ended June 30, 2021 to ₱73.5 million for the year ended June 30, 2022 associated with the higher number of students.

The cost of educational services rose by ₱103.3 million from ₱852.2 million to ₱955.5 million for the years ended June 30, 2021 and 2022, respectively. Instructors' salaries and benefits increased by ₱73.3 million from ₱286.1 million to ₱359.4 million due to the increased number of faculty members, concomitant with the increase in number of students. In addition, favorable adjustments have been made to the salaries of SHS teachers who passed LET and tertiary instructors who have earned a master's degree as part of the faculty members' continuing professional education. Software maintenance costs increased by ₱6.0 million from ₱19.8 million to ₱25.8 million for the years ended June 30, 2021 and 2022, respectively. iACADEMY upgraded its subscription to Adobe Creative Cloud-All Apps in line with the increase in the number of its enrollees for SY 2021-2022. Adobe Creative Cloud is a collection of more than 20 desktop and mobile applications and services for photography, design, video, web, User Experience (UX) design and more, used by the faculty members and administrative staff as well as the students. Further, STI WNU subscribed to GTI Software Developer's School Automate system, an online school management software used to assign teaching loads, schedule classes, maintain students' accounts and academic records, and manage employees' records from recruitment to separation. Other direct expenses increased by ₱37.0 million substantially due to commencement expenses/cost of various student activities and programs and the Group's subscriptions to eLMS and CloudSwyft solutions. Commencement expenses amounted to ₱31.9

million and ₱14.4 million for the years ended June 30, 2022 and 2021, respectively. The Group held in-person graduation ceremonies for SHS and tertiary graduates of SY 2021-2022 while virtual graduation ceremonies were held for graduates of SY 2020-2021. The Group increased its eLMS subscriptions due to the higher enrollment in SY 2021-2022. The Group's subscription to CloudSwyft amounted to ₱3.3 million for the year 2022. CloudSwyft is a tool for the education sector where each student can access multiple applications such as AutoCAD, Microsoft 365, and Adobe Systems, among others. This virtual laboratory technology provides off-the-shelf and customizable virtual laboratory templates that are automated, highly accessible, and available on-demand to foster hands-on digital learning for thousands of STI students nationwide. The Group continued to increase the frequency of cleaning, sanitizing and disinfecting high-touchpoint surfaces, thus, school materials and supplies increased by ₱1.5 million from ₱3.6 million to ₱5.1 million for the years ended June 30, 2021 and 2022, respectively.

Depreciation expense decreased by ₱9.7 million, from ₱382.3 million to ₱372.6 million, for the years ended June 30, 2021 and 2022, respectively, due to full depreciation of substantial school equipment as of June 30, 2021 held by closed/suspended schools.

Gross profit improved by 40% from ₱1,211.8 million to ₱1,698.0 million for the years ended June 30, 2021 and 2022, respectively, largely due to the increased enrollment.

General and administrative expenses posted a 10% increase or ₱104.2 million from ₱1,025.1 million to ₱1,129.3 million for the years ended June 30, 2021 and 2022, respectively. The Group recognized a provision for ECL amounting to ₱112.7 million for the year ended June 30, 2022, largely representing ECLs on outstanding receivables from students for tuition and other school fees as at June 30, 2022. This is higher by ₱70.9 million compared to the ₱41.8 million recorded for the year ended June 30, 2021. Light and water expenses increased by ₱23.6 million from ₱51.7 million to ₱75.3 million for the years ended June 30, 2021 and 2022, respectively. The Group deployed only a skeleton workforce in the schools and offices to attend to concerns that need face-to-face coordination and likewise embraced the work-from-home arrangements to the furthest extent possible during the Enhanced Community Quarantine (ECQ) and Modified Enhanced Community Quarantine (MECQ) periods. With the improvement in the COVID-19 situation, all members of the administrative support staff are now reporting to their offices, thus the increase in utilities cost. This also resulted in an ₱11.2 million increase in clerical, security and janitorial costs. Repairs and maintenance costs likewise increased by ₱7.6 million year-on-year due to preventive maintenance costs of generator set and chillers. Provision for impairment of goodwill related to the closure of STI Iloilo amounting to ₱3.8 million was recognized during the year ended June 30, 2022. The Group likewise recognized provision for inventory obsolescence amounting to ₱2.0 million and ₱0.8 million for the years ended June 30, 2022 and 2021, respectively. Provision for impairment of investments in and advances to associates and joint ventures decreased by ₱10.3 million. This amount represents advances to STI Accent, which were recognized during the year ended June 30, 2021. Depreciation expense decreased by ₱5.2 million year-on-year largely due to full depreciation of office furniture and equipment held by closed/suspended schools as of June 30, 2021. For SY 2021-2022, the Group toned down its TV and radio advertisements and connected with students and potential customers largely through social media ads, as these reach people more quickly and easily. Thus, the Group recognized advertising and promotions expenses amounting to ₱38.0 million for the year ended June 30, 2022, lower by ₱15.1 million compared to ₱53.1 million for the year ended June 30, 2021.

The Group posted an operating income of ₱568.6 million for the year ended June 30, 2022, an improvement of ₱381.9 million or 205% from the operating income of ₱186.7 million generated for the year ended June 30, 2021, due to higher revenues attributed to the increase in the student population and improvement in the enrollment mix with the 40%increase in the number of students enrolled in CHED programs.

Interest expense decreased by ₱23.8 million year-on-year from ₱337.1 million to ₱313.3 million mainly due to the partial prepayments in September 2021 made by STI ESG and iACADEMY on their Term Loan Facilities with China Bank in the amounts of ₱240.0 million and ₱120.0 million, respectively. In addition, the interest rate on iACADEMY's Term Loan with China Bank was repriced from 3.3727% per annum on September 28, 2020 to 3.2068% per annum on September 28, 2021.

Rental income decreased by ₱45.8 million year-on-year from ₱116.8 million to ₱71.0 million due to pre-termination and nonrenewal of lease agreements in some of the investment properties of STI ESG and iACADEMY.

The Group recognized unrealized gain on foreign exchange rate differences amounting to ₱44.6 million and ₱0.7 million for the years ended June 30, 2022 and 2021, respectively. The Group also recognized realized gain on foreign exchange differences amounting to ₱1.3 million and ₱3.2 million for the years ended June 30, 2022 and 2021, respectively. These are attributed to STI ESG's and iACADEMY's dollar-denominated cash and cash equivalents.

Derecognition of contingent consideration amounting to ₱25.0 million was recorded for the year ended June 30, 2022, arising from the Compromise Agreement between the Parent Company and the Agustin family, former STI WNU shareholders, as discussed in the preceding paragraphs. The amount of ₱50.0 million had been set up as contingent consideration in prior years. With the full and final settlement in the amount of ₱25.0 million, the balance of ₱25.0 million has been derecognized.

Interest income increased by ₱32.4 million from ₱5.7 million for the year ended June 30, 2021 to ₱38.1 million for the year ended June 30, 2022, substantially attributed to the accrued interests and default charges on the assigned loans of STI Tanay. This covers interests and penalty charges from the execution of the deed of assignment by and between DBP and STI ESG in 2019 up to the date of the extrajudicial foreclosure sale of the properties, mortgaged as collateral to STI Tanay's loans, situated in Pasig City and Tanay, Rizal on March 16, 2021 and March 15, 2022, respectively. This account also included the interest income on the Group's investments in short-term placements.

Equity in net losses of associates amounted to ₱20.2 million for the year ended June 30, 2022 compared to equity in net losses of associates of ₱4.6 million recognized for the year ended June 30, 2021.

STI ESG recognized a gain on settlement of receivables, net of provision for impairment of noncurrent asset held for sale, amounting to ₱10.8 million for the year ended June 30, 2022. The gain on settlement of receivables from STI Tanay amounted to ₱45.1 million while the provision for impairment of noncurrent asset held for sale was recognized at ₱34.3 million, net of depreciation recognized on the Pasig property from the date of the annotation on the property's title up to June 30, 2022 (see preceding discussions).

Collection efficiencies resulted in the increase in the recovery of receivables previously written-off by ₱2.9 million from ₱6.8 million to ₱9.7 million for the years ended June 30, 2021 and 2022, respectively.

The Group recognized gain on sale of equipment amounting to ₱1.6 million for the year ended June 30, 2022 largely attributed to the disposal of STI ESG's transportation equipment.

STI ESG recognized dividend income from RCR and DLSMC amounting to ₱0.4 million and ₱0.8 million, respectively, for the year ended June 30, 2022 and from DLSMC amounting to = ₱0.8 million for the year ended June 30, 2021.

The Group applied the practical expedient approach for some rent concessions granted to the Group following the amendments to PFRS 16, *COVID-19-related Rent Concessions* resulting in recognition of other income aggregating to ₱6.1 million and ₱39.7 million for the years ended June 30, 2022 and 2021, respectively, presented as part of "Other income (expenses) - net" in the audited consolidated statements of comprehensive income. Also included in the account "Other income (expenses) – net" is the reversal of interest income from past due accounts of consolidated subsidiaries of STI ESG in the amount of ₱15.9 million.

The disposal of the 20% ownership of STI ESG in Maestro Holdings resulted in a gain amounting to ₱61.4 million, reflecting the difference between the recorded fair value of the investments and the selling price. For tax purposes, however, the gain was ₱306.4 million, reflecting the difference between the acquisition cost of ₱174.1 million and the selling price, on which capital gains tax of ₱46.0 million was paid. These were recognized in the Group's audited consolidated statement of comprehensive income for the year ended June 30, 2021.

Following the guidelines of PFRS 9, *Financial Instruments*, STI ESG assessed the terms of the new or modified financial liability resulting from the amended maturity date of STI ESG's loan balance under its Corporate Notes Facility Agreement with China Bank. The modifications of the financial liability of STI ESG did not result in derecognition of the original liability as the same are not substantially different from the terms of the original financial liability. Thus, STI ESG recalculated the amortized cost of the financial liability by computing the present value of estimated contractual cash flows that are discounted at the original effective interest rate. STI ESG then recognized a loss on modification of the loan amounting to ₱8.3 million which was reported in the audited consolidated statement of comprehensive income for the year ended June 30, 2021.

Provision for income tax amounting to ₱10.8 million was recognized by the Group for the year ended June 30, 2022 compared to ₱76.9 million income tax benefit for the year ended June 30, 2021. Income tax rate for proprietary educational institutions was reduced from 10% to 1% following the enactment of the CREATE Act in April 2021. The reduced income tax rate had a retroactive effect beginning July 1, 2020 and would be effective up to June 30, 2023.

The Group reported a net income of ₱416.2 million for the year ended June 30, 2022, an improvement of ₱314.5 million or 309% from ₱101.7 million net income for the year ended June 30, 2021.

Remeasurement gain on pension liability, net of income tax effect, amounted to ₱8.5 million and ₱15.6 million for the years ended June 30, 2022 and 2021, respectively, due to the movements in value of equity shares forming part of pension assets.

Total comprehensive income amounted to ₱425.8 million and ₱118.5 million for the years ended June 30, 2022 and 2021, respectively. The improvement is attributed to the higher number of enrollees and improvement in the enrollment mix in favor of CHED programs for SY 2021-2022 compared to that of SY 2020-2021.

EBITDA increased from ₱811.7 million for the year ended June 30, 2021 to ₱1,128.6 million for the year ended June 30, 2022. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively. EBITDA margin for the year ended June 30, 2022 is 42% compared to 39% for the year ended June 30, 2021.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱330.8 million for the year ended June 30, 2022 compared to core income for the year ended June 30, 2021 of ₱55.4 million.

Financial Risk Disclosure

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

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

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

The Group's current liabilities are mostly made up of trade liabilities with 30 to 60-day payment terms, current portion of interest-bearing loans and borrowings that are expected to mature within one year after reporting date and the 7-year bonds issued by STI ESG maturing in March 2024. On the other hand, the biggest components of the Group's current assets are cash and cash equivalents, receivables from students and franchisees and advances to associates and joint venture with credit terms of thirty (30) to one hundred eighty (180) days.

As at June 30, 2023 and 2022, the Group's current assets amounted to ₱3,781.6 million and ₱3,421.6 million, respectively, while current liabilities amounted to ₱3,451.9 million and ₱1,201.8 million, respectively. The current liabilities as at June 30, 2023 include the 7-year bonds aggregating to ₱2,175.1 million, net of unamortized issue costs, maturing in March 2024.

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

STI ESG has obtained preliminary approvals from various local banks for the refinancing of its bonds maturing in March 2024. Negotiation and documentation of the said credit facilities are ongoing as at October 13, 2023.

In relation to the Group's interest-bearing loans and borrowings from a local bank, the debt service cover ratio, based on the consolidated financial statements of the Group, is also monitored on a regular basis. The debt service cover ratio is equivalent to the consolidated EBITDA divided by total principal and interests due for the next twelve months. The Group monitors its debt service cover ratio to keep it at a level acceptable to the Group, the lender bank and the STI bondholders. The Group's policy is to keep the debt service cover ratio not lower than 1.05:1.00. DSCR as defined in the loan agreements with the local bank, as at June 30, 2023 and 2022, is 0.60:1.00 and 1.95:1.00, respectively. In anticipation of the reclassification to current liabilities of the STI bonds maturing in March 2024, STI ESG requested for a waiver of the DSCR from the local bank. The request for the waiver of the DSCR for the periods ending June 30, 2023 and December 31, 2023 was granted by the local bank on August 15, 2022. STI ESG is compliant with the DSCR imposed under the bond trust agreement. iACADEMY is compliant with the DSCR required by the local lender bank.

<u>Credit risk</u> – Credit risk is the risk that the Group will incur a loss arising from students, franchisees or counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for each counterparty and by monitoring expenses in relation to such limits.

It is the Group's policy to require 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 such that exposure to bad debts is not significant.

<u>Interest rate risk</u> - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing loans and bonds. While the Group's long-term debt has a floating interest rate, the Group elected to have the interest rate repriced every year, thus minimizing the exposure to market changes in interest rates. The interest rates for the STI ESG bonds are, however, fixed for the 7-year and the 10-year tenors.

<u>Capital Risk</u> - The Group aims to achieve an optimal capital structure to reduce its cost of capital in pursuit of its business objectives, which include maintaining healthy capital ratios and strong credit ratings, maximizing shareholder value and providing benefits to other stakeholders. The Group likewise aims to ensure that cash is available to support its operations and all other projects undertaken by the Group and to maintain funds on a long-term basis.

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

The Group monitors capital using the debt-to-equity ratio, which is computed as the total of current and noncurrent liabilities, net of unearned tuition and other school fees, divided by total equity. The Group monitors its debt-to-equity ratio to keep it at a level acceptable to the Group, the lender bank, and the STI ESG bondholders. The Group's policy is to keep the debt-to-equity ratio at a level not exceeding 1.50:1.00.

As at June 30, 2023 and 2022, the Group's debt-to-equity ratios are 0.62:1.00 and 0.70:1.00, respectively.

Agreements/Commitments and Contingencies/Other Matters

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

b. Except as provided in Note 34 of the Notes to the Audited Consolidated Financial Statements attached as part of "Exhibits and Schedules," the Group has no other financial and capital commitments.

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

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

e. There are no known trends, demands, commitments, events or uncertainties that will have an impact on the Group's liquidity except for the contingencies and commitments enumerated in Note 34 of the Notes to the Audited Consolidated Financial Statements.

f. The various loan agreements entered into by STI ESG and iACADEMY and the issuance of fixed-rate bonds by STI ESG provide certain restrictions and conditions with respect to, among others, change in majority ownership and management and maintenance of financial ratios. STI ESG and iACADEMY are fully compliant with all the covenants in the loan agreements. Please see Notes 18, 19 and 35 in the Notes to the Audited Consolidated Financial Statements. There are no other events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation.

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

h. The Group's business is linked to the academic cycle. The academic cycle, which is one academic year, begins in late August and September, for JHS and SHS, and the tertiary level, respectively, and ends in June of the following year for STI ESG and STI WNU, while the academic year for iACADEMY begins in August and ends in May and July for SHS and tertiary, respectively, of the following year. Meanwhile, classes started on September 10, 2022 for STI WNU's School of Graduate Studies. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain. Accordingly, the revenue of the Group 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 the operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

i. On March 23, 2017, STI ESG listed its ₱3.0 billion Series 7-year Bonds due 2024 and Series 10-year Bonds due 2027 on the PDEx secondary market. The ₱3.0 billion bond issue is the first tranche of STI ESG's ₱5.0 billion fixed-rate bonds program under its 3-year shelf registration with the SEC. The 3-year shelf registration ended on March 9, 2020. The Bonds carry coupon rates of 5.8085% and 6.3756% for the 7-year and 10-year tenors, respectively. Interests are payable quarterly in arrears on June 23, September 23, December 23, and March 23 or the next business days if such dates fall on non-banking days, of each year commencing on June 23, 2017, until and including the relevant maturity dates (see Note 19 of the Audited Consolidated Financial Statements).

j. On April 21, 2017, STI ESG, Mr. Tony Tan Caktiong (TTC), STI Tanauan, and Injap Investments, Inc. (Injap), referred to collectively as the Joint Venture Parties, entered into an agreement to transform STI Tanauan into a Joint Venture Company which shall operate a farm-to-table school that offers courses ranging from farm production to food services.

   The Joint Venture Parties also agreed to increase STI Tanauan's authorized capital stock to an amount that will be agreed upon by the Joint Venture Parties in a separate agreement. As agreed by the Joint Venture Parties, the increase in the authorized capital stock will be made through STI Tanauan's declaration of stock dividends to STI ESG based on STI Tanauan's unrestricted retained earnings as of March 31, 2017 and cash payments by the Joint Venture Parties.

   The equity sharing in the Joint Venture Company would be 60%, 25% and 15% for STI ESG, TTC and Injap, respectively.

   On June 21, 2017, in separate meetings, the stockholders and the BOD of STI Tanauan approved the increase in the authorized capital stock of the corporation from ₱1.0 million divided into 10,000 shares with a par value of ₱100 to ₱75.0 million divided into 750,000 shares with a par value of ₱100. The increase will be funded through the declaration of stock dividends and cash subscriptions by the shareholders. In the same meeting, the stockholders and the BOD approved the declaration of 150,000 shares as stock dividends with an aggregate par value of ₱15.0 million to be distributed to stockholders of record as of March 31, 2017 based on the unrestricted retained earnings of STI Tanauan as shown in its audited financial statements as of March 31, 2017.

   On January 24, 2018, STI ESG subscribed to and fully paid for 35,000 shares at a subscription price of ₱495.0 per share for a total of ₱17.3 million.

   On February 26, 2018, STI Tanauan applied with the SEC to increase its authorized capital stock from ₱1.0 million to ₱75.0 million.

   On March 2, 2018, the SEC approved the increase and issued the Certificate of Approval on Increase of Capital Stock.

   On March 3, 2018, STI Tanauan issued to STI ESG stock dividends of 150,000 shares and 35,000 shares as subscribed by the latter.

   Considering the pandemic and its effects on the economy, the parties decided to hold the project in abeyance. In the meantime, STI Tanauan remains as a wholly-owned subsidiary of STI ESG and is continuing its operations.

k. On December 17, 2018, the CHED, Unified Student Financial Assistance System for Tertiary Education Board (UniFAST) and STI ESG signed a memorandum of agreement to avail of the TES and Student Loan Program (SLP) for STI ESG's students under the Universal Access to Quality Tertiary Education Act (UAQTEA) and its Implementing Rules and Regulations (IRR). On the same date, STI WNU and iACADEMY executed separate memorandums of agreement with CHED and UniFAST with terms and conditions similar to that of STI ESG's MOA. Republic Act (RA) No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of private HEIs. Accordingly, the TES and the SLP shall be administered by the UniFAST Board. The annual TES for students, subject to guidelines and implementing rules and regulations on the release of TES, enrolled in SUCs or CHED-recognized LUCs is ₱40.0 thousand. Students enrolled in select private HEIs and are qualified to receive the TES, are entitled to ₱60.0 thousand. The TES sharing agreement states that ₱40.0 thousand goes to the TES student grantee and ₱20.0 thousand to the private HEI. The subsidy is for tuition and other related school fees and should cover the living allowance, books, supplies, transportation, and miscellaneous expense. Additional benefits are likewise given to persons with disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand per annum and ₱10.0 thousand, respectively. Under the TES Program, CHED pays directly the schools where these students enrolled.

l. On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its ACADEME Lending Program in favor of STI ESG to finance the "study now, pay later" program of the government for students amid the financial difficulties families were facing due to the COVID-19 pandemic. The LandBank ACADEME Program is a refinancing/rediscounting facility for Promissory Notes issued by the parents or benefactors of students to enable said students to enroll, continue and complete their studies. The loans covered by these promissory notes to be issued by the parents/benefactors/students are interest-free. The school can borrow up to 70% of the amount stated in the Promissory Note issued by the parents/benefactors of the students. This loan from LandBank is subject to 3.00% interest per annum. Interest and principal are payable annually in arrears. The term of the borrowing is coterminous with the promissory note to be issued by the parent/benefactor/student, which in no case shall exceed three (3) years. This ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by the Parent Company.

   On September 16, 2020, the Rediscounting Agreement with LandBank was executed by STI ESG in relation to this loan arrangement. Further, on the same date, the Comprehensive Surety Agreement was executed by STI Holdings in favor of LandBank.

m. STI La Union, a franchised school, informed CHED in June 2021, and DepEd and TESDA in July 2021, of its decision not to accept enrollees for SY 2021-2022. Earlier, the following owned schools ceased operations: STI Cebu, STI Iloilo and STI Tuguegarao. In addition, the following franchised schools likewise ceased to operate: STI Bohol, STI Recto, STI Zamboanga, STI Pasay, STI Dipolog, STI San Francisco and STI Parañaque. These schools closed as a result of the pandemic. NAMEI Polytechnic Institute of Mandaluyong, Inc. (NPIM) accepted enrollees only for JHS and SHS in SY 2021-2022. The grade school students were advised to transfer to another school and refunded the fees paid, if any. NPIM ceased to operate effective June 30, 2022. The JHS and SHS students of NPIM were given the option to transfer to STI Sta. Mesa, a school owned by STI ESG. Management continues to identify strategic opportunities to improve efficiency within the Group. The cessation of operations of the STI schools mentioned above did not have a material financial impact on the Group.

   On August 5, 2022, CHED approved the transfer of the school operations of STI QA to Tanay, Rizal subject to compliance with certain requirements. Earlier, in September 2020, STI QA announced the suspension of its operations. In September 2022, CHED granted permits to STI QA to offer BS in Business Administration, BS in Tourism Management and BS in Hospitality Management. The permit to offer BS in Information Technology was issued in October 2022. The permits received in 2022 replaced the permits issued by CHED in 2009 due to the transfer of location of STI QA from Quezon City to Tanay, Rizal. STI QA has resumed operations on its new site in Tanay, Rizal beginning SY 2022-2023. The permit from DepEd to conduct senior high school classes is still in process as of report date.

n. President Rodrigo Duterte signed into law on March 26, 2021 RA No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which seeks to develop the national economy towards global competitiveness by implementing tax policies such as lowering the corporate income tax rate and widening the tax base, and by rationalizing the current fiscal incentives by making them time-bound, targeted and performance-based. This was done in an attempt to revitalize the slowing economy, as it is predicted that the measures will attract more investments resulting in productivity enhancement, employment generation, countrywide development, and a more inclusive economic growth, while at the same time maintaining fiscal prudence and stability.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Preferential income tax rate for proprietary educational institutions is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.
- Corporate income tax rate is reduced from 30% to 20% for domestic corporations with taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million. All other domestic corporations are subject to 25% regular corporate income tax (RCIT) effective July 1, 2020.
- Minimum corporate income tax (MCIT) is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
- Exemption from the determination of gain or loss from any exchange of property for stocks in corporations under certain conditions amending Section 40, Subsection C of the National Internal Revenue Code of 1997 which includes among others, merger and consolidation.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Pursuant to the provisions of the CREATE Act, the schools in the Group adopted the 1% income tax rate effective July 1, 2020 while the Parent Company and AHC adopted the 25%/1% and 20%/1% RCIT/MCIT rates, respectively.

On December 10, 2021, President Rodrigo R. Duterte signed into law RA No. 11635 entitled, "An Act Amending Section 27(B) of the National Internal Revenue Code ("NIRC") of 1997, as amended, and for other purposes." The law clarifies the entitlement of proprietary educational institutions to the preferential income tax rate of 10% under the NIRC and the 1% tax rate beginning July 1, 2020 until June 30, 2023 by virtue of the CREATE Act which was published on March 27, 2021 and took effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021.

Item 7. FINANCIAL STATEMENTS

The June 30, 2023 Audited Consolidated Financial Statements and Schedules listed in the accompanying index to Supplementary Schedules are incorporated by reference to this SEC Form 17-A.

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

1. The accounting firm of SyCip Gorres Velayo & Co. (SGV) has been the Parent Company's External Auditors for the past years (2010 up to the present). They were reappointed in the Annual Stockholders' Meeting held on December 19, 2022 as external auditors for the ensuing fiscal year.

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

Pursuant to Revised SRC Rule 68 Part 1 (3) (B) (ix) (Rotation of External Auditors), the Parent Company has engaged Ms. Loubelle V. Mendoza of SGV as the Partner-in-charge of the Parent Company. This is her second year of engagement for STI Holdings.

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

As stated in the June 30, 2023 "Statement of Management Responsibility for Financial Statements", SGV is the appointed independent auditors of STI Holdings. They have examined the financial statements of the Parent Company in accordance with Philippine Standards on Auditing and have expressed their opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

The Parent Company's Audit and Risk Committee reviews and approves the scope of audit work of the External Auditor and the amount of audit fees for a given year.

The 2017 Manual on Corporate Governance provides that, the Audit and Risk Committee should evaluate and determine the non-audit work of the External Auditor, and periodically review the non-audit fees paid to him in relation to the total fees paid to the External Auditor and to the Parent Company's overall consultancy expenses. The Audit and Risk Committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (As defined by the Code of Ethics for Professional Accountants).

In the Organizational Meeting of the Board of Directors held on January 17, 2023, the following were elected as the Chairman and Members of the Audit and Risk Committee of the Parent Company to serve as such for the ensuing year and until the election and qualification of their successors:

Chairman:	Robert G. Vergara, Independent Director
Members:	Ma. Leonora Vasquez-De Jesus, Independent Director Raymond N. Alimurung, Independent Director Jesli A. Lapus, Non-Executive Director Martin K. Tanco, Non-Executive Director

The fees for the professional services rendered by SGV to STI Holdings, particularly for the audit of the financial statements for the past three (3) years are shown below:

	Year ended June 30, 2023	Year ended June 30, 2022	Year ended June 30, 2021
Audit fees	₱1,680,000	₱1,550,000	₱1,467,500
Special audit fees*	-	-	₱440,200

**Represents fees for the comparative June 30, 2020 and 2019 full year Statements of Comprehensive Income special audit*

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A) Directors and Executive Officers

(1) Directors, Independent Directors and Executive Officers

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

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

The following are the incumbent members of the Board of Directors:

(a) Eusebio H. Tanco
(b) Monico V. Jacob
(c) Joseph Augustin L. Tanco
(d) Ma. Vanessa Rose L. Tanco
(e) Martin K. Tanco
(f) Paolo Martin O. Bautista
(g) Jesli A. Lapus
(h) Robert G. Vergara
(i) Ma. Leonor Vasquez-De Jesus
(j) Raymond N. Alimurung
(k) Justice Antonio T. Carpio (Ret.)

All of the foregoing incumbent directors have been nominated to the Board for the ensuing year. Messrs. Robert G. Vergara, Raymond N. Alimurung and Justice Antonio T. Carpio (Ret.) as well as Ms. Ma. Leonora Vasquez-De Jesus. have been nominated as independent directors by Eximious Holdings, Inc. (formerly Capital Managers & Advisors, Inc.) (EHI), a stockholder of the Parent Company. EHI has no business or professional relationship with Justice Carpio (Ret.), Messrs. Vergara and Alimurung as well as Ms. De Jesus.

Pursuant to Rule 38 of the Securities Regulation Code and Article IV of the Parent Company's By-Laws, the nomination of all of the members of the Parent Company's Board of Directors, including independent directors, shall be conducted by the Corporate Governance Committee prior to the annual stockholders' meeting in accordance with the following procedure:

(1) All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Corporate Governance Committee and the Corporate Secretary.

(2) The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates.

(3) After the nomination, the Corporate Governance Committee shall prepare a Final List of Candidates to be submitted to the Board of Directors, which shall contain all the information regarding the background and experience of the nominees required to be ascertained and made known under the Securities Regulation Code and relevant rules and regulations.

(4) Said Final List of Candidates shall be disclosed in the reports required by law, rules and regulations to be submitted to the Securities Exchange Commission, Philippine Stock Exchange and all stockholders.

(5) Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared.

The current Chairman of the Corporate Governance Committee is Justice Antonio T. Carpio (Ret.). Ms. Ma. Leonora Vasquez-De Jesus and Mr. Raymond N. Alimurung are members of the Corporate Governance Committee.

Summary of Term of Office of Directors:

(1) Eusebio H. Tanco – director since March 17, 2010 up to the present
(2) Monico V. Jacob – director since March 17, 2010 up to the present
(3) Joseph Augustin L. Tanco – director since October 27, 2010 up to the present
(4) Ma. Vanessa Rose L. Tanco – director since October 27, 2010 up to the present
(5) Martin K. Tanco – director since December 19, 2012 up to the present
(6) Paolo Martin O. Bautista – director since December 19, 2012 up to the present
(7) Jesli A. Lapus – independent director since October 4, 2013 up to December 19, 2022 and non-executvie director from December 19, 2022 up to the present
(8) Robert G. Vergara – independent director since July 27, 2017 up to the present
(9) Ma. Leonora Vasquez-De Jesus – independent director since September 20, 2019 up to the present
(10) Raymond N. Alimurung – independent director since September 20, 2019 up to the present
(11) Justice Antonio T. Carpio - independent director since December 19, 2022 up to the present

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

Eusebio H. Tanco, 74, Filipino, Chairman of the Board, Executive Director

Mr. Tanco is the Chairman of STI Holdings, and the Chairman of its Executive, Nomination and Compensation Committees.

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

Mr. Tanco is currently the Chairman of the Board and President of Prudent Resources, Inc., Philippines First Insurance Co., Inc., First Optima Realty Corp, and Prime Power Holdings Corporation. He is the Chairman of the Board of Mactan Electric Company, Venture Securities Inc., GROW Vite, Inc., Delos Santos- STI College, Inc., and iACADEMY. He is the President of Asian Terminals, Inc.

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

Mr. Tanco is also a director in STI West Negros University, PhilPlans First, Inc., Maestro Holdings, Inc., Philippine Life Financial Assurance Corporation, Manila Bay Spinning Mills, Inc., United Coconut Chemicals, Inc., MB Paseo, PhilhealthCare, Inc., Philippine Racing Club, Inc. and DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation).

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

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

Monico V. Jacob, 78, Filipino, President and CEO, Executive Director

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

Mr. Jacob is the Vice-Chairman and CEO of STI ESG and a member of the Executive Committee, Corporate Governance, Compensation, and Retirement Committees. He is also the Chairman of STI West Negros University.

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

Mr. Jacob is the Chairman of Maestro Holdings, Inc. (formerly STI Investments, Inc.), Philippine Life Financial Assurance Corporation, PhilhealthCare, Inc., Total Consolidated Asset Management, Inc., Global Resource for Outsourced Workers, Inc., GROW Vite Staffing Services, Inc., and Rosehills Memorial Phils., Inc.

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

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

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

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

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

Joseph Augustin L. Tanco, 42, Filipino, Executive Director

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

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

Mr. Tanco is currently the President and Chief Executive Officer of Maestro Holdings, Inc., Philippine Life Financial Assurance Corporation, PhilhealthCare, Inc. (PhilCare) and Comm&Sense, Inc. He founded Comm&Sense, Inc., an award-winning public relations agency offering comprehensive services in the areas of creative design, event conceptualization and management, public relations and promotions, and its affiliated companies Roar Agile Communicators and Stitch Tech Solutions, where he is likewise the President and Chief Executive Officer.

Mr. Tanco serves as Director and member of the Executive Committee and Nomination and Election Committee of STI ESG, Director of iACADEMY, STI West Negros University and Philippines First Insurance Co., Inc.

He is an active member of the American Chamber of Commerce of the Philippines, Inc. (AMCHAM), where he is Co-Chairman of the Healthcare and Wellness Committee from 2019 to the present. He was Chapter President of Junior Chamber International Philippines (JCI) in 2012, an Area Director for Metro Area 2 in 2013 and recently, JCI bestowed him a Senatorship role. He was National Chairman for Nothing but Nets in 2103 and National Chairman for The Outstanding Young Men (TOYM) in 2015. In 2012, he became a mentor for the Bachelor of Science in Entrepreneurship Program at UA&P, and in 2022 was the first recipient of the UA&P Helm Award for Exemplary Service, the top honor at the university's inaugural Alumni Achievement Awards, which recognizes the distinct accomplishments of School of Management graduates.

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

Maria Vanessa Rose L. Tanco, 45, Filipino, Executive Director

Ms. Tanco has been a Director of STI Holdings since October 27, 2010. She is also a member of the Nomination Committee of STI Holdings.

Ms. Tanco is a Director and the Chairman of the Executive Committee of STI ESG. She also holds directorships at STI West Negros University, PhilPlans, PhilhealthCare, Inc., and Chantilly Nutriment Corporation. Currently, she is the President and CEO of iACADEMY.

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

Martin K. Tanco, 57, Filipino, Non-Executive Director

Mr. Tanco has been a Director of STI Holdings since December 19, 2012. He is likewise a member of the Executive and Audit and Risk Committees of STI Holdings.

Mr. Tanco is also a director of STI ESG.

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

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

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

Paolo Martin O. Bautista, 54, Filipino, Executive Director

Mr. Bautista has been a Director of STI Holdings since December 19, 2012. He is likewise the Chief Investment Officer and Chief Risk Officer of STI Holdings.

Mr. Bautista is also a director of STI ESG.

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

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

Jesli A. Lapus, 74, Filipino, Non-Executive Director

Mr. Lapus was firsr elected as an Independent Director of STI Holdings on October 4, 2013. He served as the Chairman of the Audit and Risk Committee as well as a member of the Corporate Governance and Related Party Transactions Committees of STI Holdings.

Mr. Lapus was nominated and first elected as a non-executive director of STI Holdings on December 19, 2022.

Mr. Lapus was first elected as Chairman and Independent Director of STI ESG on September 25, 2013. He also served as a member of the Executive and Corporate Governance Committees as well as the Chairman of the Audit and Risk Committee of STI ESG. He was elected as a Non-Executive Director of STI ESG on December 16, 2022.

Mr. Lapus is a member of the Board of Governors/Independent Director of iACADEMY. He is also an Independent Director of Philippine Life Financial Assurance Corporation, Alliance Global Group, Inc. and Emperador Inc.

He currently serves as Independent Director in the following companies: Alliance Global Group, Inc., Emperador Inc., Philippine Life Financial Assurance Corporation and iACADEMY.

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

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

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

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

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

Robert G. Vergara, 62, Filipino, Independent Director

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

Mr. Vergara is also an Independent Director of STI ESG. He is the Chairman of the Audit and Risk Committee and a member of Corporate Governance Committee of STI ESG.

He was appointed as an Independent Director of SM Investments Corporation (SMIC) on April 24, 2019 and was appointed as Independent Director of Metro Pacific Hospital Holdings, Inc. (MPHHI) on December 9, 2019.

He is currently the President of Vergara Advisory Management, Inc. founded in May 2018.

He was elected as Director of Manila Polo Club on August 22, 2022.

He was also elected as Director of Cabanatuan Electric Corporation on June 26, 2010 up to the present. He was elected Chairman in August 2022.

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

Mr. Vergara was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited from October 2006 to September 2010. He was also a Limited Partner in Cannizaro Capital Partners LLP from October 2006 to September 2010. From 2002 to 2006, Mr. Vergara was the Managing Director of Lionhart (Hong Kong) Ltd.

Mr. Vergara was a Principal in Morgan Stanley Dean Witter Asia Ltd. from 1997-2001. He also served as the Managing Director of IFM Asia Ltd. from 1990 to 1997.

Mr. Vergara obtained his Master in Business Administration from Harvard Graduate School of Business Administration. He graduated Magna Cum Laude from the Ateneo De Manila University with Bachelor of Science degrees in Management Engineering and Mathematics.

Ma. Leonora Vasquez-De Jesus, 72, Filipino, Independent Director

Ms. Vasquez-De Jesus has been an independent director of STI Holdings since September 20, 2019. She is the Chairperson of the Related Party Transactions Committee as well as a member of the Audit and Risk and Corporate Governance Committees.

She is also an Independent Director of STI ESG. She is the Chairperson of the Corporate Governance Committee, and a member of the Audit and Risk, and Compensation Committees

She is currently an Independent Director of BDO-Network Bank since May 19, 2018. She is presently the Chairperson of the Bank's Board Audit Committee, and a member of the Corporate Governance Committee, and Related Party Transactions Committee.

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

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

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

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

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

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

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

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

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

Raymond N. Alimurung, 50, Filipino, Independent Director

Mr. Alimurung has been an independent director of STI Holdings since September 20, 2019. He is a member of the Audit and Risk, Corporate Governance and Related Party Transactions Committees.

He presently holds the position of a general partner at Kaya Founders, an early-stage investment firm. Before this role, he served as Lazada's first Filipino CEO, overseeing its Philippine expansion from 2018 to 2022. Additionally, Ray held the position of CEO at aCommerce Philippines and gained experience working with Amazon.

Mr. Alimurung obtained his MBA from the Stanford Graduate School of Business. He also holds a Doctor of Medicine from the University of the Philippines College of Medicine where he graduated in the top fifteen percent (15%) of his class. He graduated Cum Laude from the Ateneo De Manila University with a degree in BS Biology.

Justice Antonio T. Carpio (Ret.), 74, Filipino, Independent Director

Justice Antonio T. Carpio is a retired Justice of the Supreme Court of the Philippines.

He served in the Supreme Court for eighteen (18) years from 2001 to 2019. He obtained his law degree from the College of Law of the University of the Philippines, where he graduated valedictorian and cum laude in 1975. He earned his undergraduate degree in Economics from Ateneo de Manila University in 1970.

Fresh out of law school, Justice Carpio went into private practice and founded the Carpio Villaraza and Cruz Law firm. He was a Professorial Lecturer of the U.P. College of Law from 1983 until 1992 when he was appointed Chief Presidential Legal Counsel, with cabinet rank, by then President Fidel V. Ramos. Justice Carpio was a member of the Board of Regents of the University of the Philippines from 1993 to 1998.

For his "distinguished and exemplary service" to the Republic, Justice Carpio was awarded in 1998 the Presidential Medal of Merit by then President Fidel V. Ramos. In 2015, he was named an Outstanding Alumnus in Public International Law by the UP Alumni Association.

In 2015, the Department of Foreign Affairs sponsored Justice Carpio on a world lecture tour on the West Philippine Sea dispute. Justice Carpio presented the Philippines' perspective on the dispute before think-tanks and universities in 30 cities covering 17 countries.

In May 2017, Justice Carpio published the book titled "The South China Sea Dispute: Philippine Sovereign Rights and Jurisdiction in the West Philippine Sea." For his adherence to the Rule of Law and defense of Philippine sovereignty and sovereign rights in the West Philippine Sea, both his alma mater, the University of the Philippines and the Ateneo de Manila University, conferred on him the Doctor of Laws, honoris causa, in December 2020 and May 2021, respectively. Earlier in 2009, his grade school and high school alma mater, the Ateneo de Davao University, conferred on him the Doctor of Laws, honoris causa, for his adherence to the Rule of Law. In February 2021, the De La Salle University awarded Justice Carpio the Ka Pepe Diokno Award for his defense of Philippine sovereignty and the civil liberties of the Filipino people.

Justice Carpio was the Chair of the Second Division of the Supreme Court and the Chair of the Senate Electoral Tribunal. Justice Carpio retired from the Supreme Court with a zero backlog of cases.

Yolanda M. Bautista, 71, Filipino, Treasurer

Ms. Bautista has served as the Treasurer of STI Holdings since March 17, 2010. She is likewise a member of the Executive Committee of STI Holdings.

Ms. Bautista is also the Chief Finance Officer and Treasurer of STI ESG. She is likewise a member of the Compensation and Retirement Committees of STI ESG.

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

Ms. Bautista serves as Director and Treasurer of Eximious Holdings, Inc. (formerly, Capital Managers and Advisors, Inc.), Banclife Insurance Co., Inc., Tantivy Holdings, Inc., DLS-STI College, Inc., and iACADEMY. She is also the Group Chief Finance Officer of Philippine Life Financial Assurance Corporation and Philhealthcare, Inc. as well as the Chief Finance Officer and Treasurer of STI West Negros University. Ms. Bautista is a Director of Attenborough Holdings Corp., Philippine Healthcare Educators, Inc., Global Resource for Outsourced Workers, Inc., Grow Vite Staffing Services, Inc. and Bloom with Looms Logistics, Inc. She serves as Treasurer of Total Consolidated Asset Management, Inc., Aberlour Holding Company, Daven Holdings, Inc., Harbourside Holding Corporation, Maestro Holdings, Inc., Morray Holdings, Inc., Kusang Loob Foundation, Inc., SG Holdings, Inc., Philippines First Condominium Corporation, Quantum Analytix, Inc., P & O Management Services Phils., Inc., TechGlobal Data Center, Inc., Techzone Condominium Corporation and Techzone Philippines, Inc.

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

Arsenio C. Cabrera, Jr., 63, Filipino, Corporate Secretary and Corporate Information Officer

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

He is also the Corporate Secretary, General Counsel, and Corporate Information Officer of STI ESG.

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

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

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

Ana Carmina S. Herrera, 48, Filipino, Assistant Corporate Secretary

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

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

Attendance details of each director from July 1, 2022 up to June 30, 2023 Board of Directors and Committee meetings are set out below:

MEETINGS	ATTENDANCE	
	Directors Present	**Directors Absent**
9 September 2022 – Regular Board Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Paolo Martin O. Bautista *Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
10 October 2022 – Regular Board Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Paolo Martin O. Bautista *Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
19 December 2022 – Regular Board Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Paolo Martin O. Bautista Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
17 January 2023 – Organizational Board Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Paolo Martin O. Bautista Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung *Justice Antonio T. Carpio (Ret).	
17 May 2023 – Corporate Governance Committee Meeting	*Justice Antonio T. Carpio (Ret). * Dr. Ma. Leonora Vasquez-De Jesus * Raymond N. Alimurung	

Note - *Independent Director

(2) Significant Employees

In general, the Parent Company values its human resources. It expects the employees to do their share in achieving the Parent Company's set objectives. There is no person in the Parent Company who is not an executive officer but is expected to make significant contribution in the business of the Parent Company.

(3) Family Relationships

Mr. Joseph Augustin L. Tanco is the son of Mr. Eusebio H. Tanco. Ms. Ma. Vanessa Rose L. Tanco is the daughter of Mr. Eusebio H. Tanco.

Mr. Martin Tanco and Mr. Eusebio H. Tanco are cousins.

There are no other family relationships up to the 4th civil degree, either by consanguinity or affinity among the current Directors other than those already disclosed in this report.

(4) Involvement in Certain Legal Proceedings

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

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

(b) any conviction by final judgment;

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

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

Item 10. EXECUTIVE COMPENSATION

(1) During the September 24, 2020 meeting of the Board of Directors, the Board approved a resolution increasing the per diems of the directors from ₱15,000.00 to ₱25,000.00 per board meeting. The directors are paid ₱25,000.00 per committee meeting attended by them. There is no arrangement for compensation of directors.

From FY 2020-2021 up to 2022-2023, the CEO and top four (4) executive officers as a group, did not receive compensation from the Parent Company. There is no employment contract between the Parent Company and any of its executive officers.

(2) The following table summarizes the aggregate compensation for the fiscal years ended June 30, 2021, 2022 and 2023. The amounts set forth in the table below have been prepared based on what the Parent Company paid its directors and named executive officers as a group and other officers for the fiscal

years ended ended June 30, 2021, 2022 and 2023 and what the Parent Company expects to pay for the fiscal year ending June 30, 2024.

The compensation for board members comprises of per diems.

ANNUAL COMPENSATION

Name and Principal Position	Year Ended	Salary (₱)	Bonus (₱)	Other annual compensation (₱)
All other Officers as a Group	2021	5,147,471	-	-
	2022	4,816,367	-	-
	2023	3,411,390	-	-
	2024 [a]	3,417,212	-	-
All Named Executive Officers[b] and Board of Directors as a Group	2021			2,091,813
	2022			1,814,912
	2023			1,577,485
	2024 [a]			1,577,485

Notes:

[a] Figure is an estimated amount
[b] Named executives include: Eusebio H. Tanco (Chairman of the Board), Monico V. Jacob (President and CEO), Joseph Augustin L. Tanco (Vice President, Investor Relations), Yolanda M. Bautista (Treasurer and CFO) Paolo Martin O. Bautista (Vice President/Chief Investment Officer and Chief Risk Officer) and Atty. Arsenio Cabrera Jr. (Corporate Secretary).

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

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

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

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

(a) Security Ownership of Certain Record/Beneficial Owners as of June 30, 2023

As of June 30, 2023, the following stockholders are the only owners of more than 5% of the Parent Company’s voting capital stock, whether directly or indirectly, as record owner or beneficial owner:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation 37/F Tower I, Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City		Filipino	3,611,489,589[2]	36.86 %
Common	Prudent Resources, Inc. 7/F STI Holdings Center, 6764 Ayala Avenue, Makati City	Mr. Eusebio H. Tanco, the Chairman and President of Prudent Resources, Inc. is authorized to vote its shares in the Company.	Filipino (Direct) (Indirect-thru PCD Filipino) Total	1,614,264,964 6,820,085 ------------------ 1,621,085,049 ==========	16.30% .06% ----------- 16.36% ======
Common	Mr. Eusebio H. Tanco (Chairman of the Board) (Direct and Indirect shares through PCD Nominee Corporation) 543 Fordham Street, Wack-Wack Village, Mandaluyong City	Mr. Eusebio H. Tanco	Filipino (Direct) (Indirect-thru PCD Filipino) Total	1,253,666,793 395,816,651 ------------------- 1,649,483,444 ===========	12.66% 3.99% ----------- 16.65% ======
Common	PCD Nominee 37/F Tower I, Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City		Non-Filipino	776,264,513	7.84%
Common	Eujo Philippines, Inc. (Direct and Indirect shares through PCD Nominee Corporation) 7/F STI Holdings Center, 6764 Ayala Avenue, Makati City	Mr. Eusebio H. Tanco, the President of Eujo Philippines, Inc. is authorized to vote its shares in the Company.	Filipino (Direct) (Indirect-thru PCD Filipino) Total	763,873,130 42,284,000 ------------------ 806,157,130 ==========	7.71% 0.43% ---------- 8.14% ======

[2] Eusebio H. Tanco is the beneficial owner of 395,816,651 shares. Prudent Resources, Inc. is the beneficial owner of 6,820,085 shares. Biolim Holdings and Management Corp. (Formerly: Rescom Developers, Inc.) is the beneficial owner of 18,282,861 shares. Eujo Philippines, Inc. is the beneficial owner of 42,284,000 shares. STI Education Services Group, Inc. is the beneficial owner of 102,524,000 shares. Tantivy Holdings, Inc. (Formerly: Insurance Builders, Inc.) is the beneficial owner of 3,000,000 shares

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record owner	Citizenship	No. of Shares Held	Percent
Common	Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc.) 7/F STI Holdings Center, 6764 Ayala Avenue, Makati City	Mr. Eusebio H. Tanco, the President of Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc.) is authorized to vote its shares in the Company.	Filipino (Direct) (Indirect- thru PCD Filipino) Total	794,343,934 18,262,861 ---------------- 812,626,795 =========	8.02% .18% --------- 8.20% =====
Common	Tantivy Holdings, Inc. (Formerly, Insurance Builders, Inc.) (Direct and Indirect shares through PCD Nominee Corporation) 7/F STI Holdings Center, 6764 Ayala Avenue, Makati City	Mr. Eusebio H. Tanco, the President of Tantivy Holdings, Inc. (Formerly, Insurance Builders, Inc.) is authorized to vote its shares in the Company.	Filipino (Direct) (Indirect- thru PCD Filipino) Total	626,776,992 3,000,000 ------------------ 629,776,992 ===========	6.33% 0.03% ----------- 6.36% ======
Common	STI Education Services Group, Inc. STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, 1900 Rizal	Mr. Monico V. Jacob, the President of STI, is authorized to vote the shares of STI ESG in the Company	Filipino (Direct) (Indirect- thru PCD Filipino) Total	397,908,895 102,524,000 ----------------- 500,432,895 ===========	4.02% 1.03% ---------- 5.05% ======

Note: PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Central Depository, Inc. (PCD), and is the registered owner of the shares in the records of the Parent Company's transfer agent. The participants of the PCD (with respect to securities in the principal accounts) or the clients of such participants (with respect to securities in the participants' client accounts) are, as far as the PCD and PCD Nominee Corporation are concerned, the presumed beneficial owners of such lodged shares. PCD Nominee Corporation merely holds legal title (and not beneficial title) to the Parent Company's lodged shares to facilitate the book-entry trading and settlement of the Parent Company's shares. Except as disclosed above, no natural person or juridical entity whose shares are lodged in the name of PCD Nominee Corporation is known to the Parent Company to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Parent Company's voting securities.

(b) Security Ownership of Management as of June 30, 2023

The following table sets forth as of June 30, 2023 the beneficial ownership of each director and executive officer of the Parent Company:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership		Citizenship	Percent of Class
Common	Eusebio H. Tanco (Director and Chairman of the Board)	1,253,666,793 395,816,651 ------------------ 1,649,483,444 ==========	Direct Indirect – thru PCD Total	Filipino	12.66% 3.99% ----------- 16.65% =======
Common	Monico V. Jacob (Director, President and CEO)	1 33,784,056 --------------- 33,784,057 ========	Direct Indirect – thru PCD Total	Filipino	0.00% 0.34% ----------- 0.34% =======
Common	Maria. Vanessa Rose L. Tanco (Director)	20,500,001 2,308,000 -------------- 22,808,001 ========	Direct Indirect – thru PCD Total	Filipino	0.21% 0.02% ---------- 0.23% =====
Common	Yolanda M. Bautista (Treasurer & Chief Finance Officer)	1 5,000,000 --------------- 5,000,001 ========	Direct Indirect – thru PCD Total	Filipino	0.00% 0.05% ----------- 0.05% ======
Common	Arsenio C. Cabrera, Jr. (Corporate Secretary)	6,500,000	Indirect – thru PCD	Filipino	0.07%
Common	Joseph Augustin L. Tanco (Director and VP for Investor Relations)	1 2,000,000 ---------------- 2,000,001 =========	Direct Indirect – thru PCD Total	Filipino	0.00% 0.02% ------------ 0.02% ======
Common	Paolo Martin Bautista (Director and Chief Investment Officer and Chief Risk Officer)	4,000,000	Indirect – thru PCD	Filipino	0.04%
Common	Martin K. Tanco (Director)	108,341,907	Indirect – thru PCD	Filipino	1.09%
Common	Jesli A. Lapus (Non-Executive Director)	6,000,000	Indirect – thru PCD	Filipino	0.06%
Common	Robert G. Vergara (Independent Director)	1,000	Direct	Filipino	0.00%
Common	Ma. Leonora V. De Jesus (Independent Director)	1,000	Direct	Filipino	0.00%
Common	Raymond N. Alimurung (Independent Director)	1,000	Direct	Filipino	0.00%
Common	Justice Antonio T. Carpio (Independent Director)	10,000	Direct	Filipino	0.00%
Common	Directors and Officers as a Group	1,842,090,411	Direct and Indirect	Filipino	18.59%

(c) Voting Trust Holders of 5% or More

As of June 30, 2023, no person holds at least 5% or more of a class under a voting trust or similar agreement.

(d) Changes in Control

There is no change of control in the Parent Company since April 1, 2014

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

The Parent Company has the following major transactions with related parties:

Consultancy Agreement with STI ESG

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

Consultancy Agreement with STI WNU

The Parent Company entered into an agreement with STI WNU on the rendering of advisory services starting January 1, 2015.

Service Level Agreement with Comm & Sense

On March 7, 2018, a Service Level Agreement between the Parent Company and Comm & Sense, Inc. owned by Mr. Joseph Augustin L. Tanco, Director and Vice President for Investor Relations of STI Holdings, was executed. Comm & Sense is in charge of the conceptualization and execution of press releases for the Parent Company's 17-A and 17-Q reports during each fiscal year. Comm & Sense shall provide strategic public relations consultation services, media networking and monitoring and editorial/creative services to the Parent Company.

AHC

The Parent Company became a stockholder owning 40% of AHC in November 2014 following the SEC approval of the increase in the authorized capital stock of AHC. In February 2015, STI Holdings acquired the remaining 60% ownership of AHC from various individuals making it a 100% owned subsidiary.

AHC is a holding company which is a party to the Joint Venture Agreement and Shareholders' Agreement (the "Agreements") among Philippine Women's University (PWU), Unlad Resources Development Corporation (Unlad) and the Benitez Group. Under the Agreements, AHC is set to own up to 20% of Unlad. AHC is also a party to the Omnibus Agreement it executed with STI Holdings and Unlad.

On March 1, 2016, AHC executed a Deed of Assignment wherein AHC assigned to STI Holdings its loan to Unlad, including capitalized foreclosure expenses, amounting to ₱66.7 million for a cash consideration of ₱73.8 million.

Advisory Agreement with iACADEMY

The Parent Company entered into an agreement with iACADEMY on the rendering of advisory services starting January 1, 2019.

To date, there are no complaints received by the Parent Company regarding related-party transactions.

For further details, refer to Note 31, Related Party Transactions, of the Audited Consolidated Financial Statements.

Transactions with Promoters

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

PART IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

STI Holdings filed the latest version of its Manual on Corporate Governance with the Securities and Exchange Commission (SEC) on May 31, 2017 (the "Revised Manual").

STI Holdings strives to fully comply with the best practices and principles of good corporate governance contained in the Revised Manual.

STI Holdings annually assesses its compliance with the SEC Code of Corporate Governance for Publicly Listed Companies and the Revised Manual though the Integrated Annual Corporate Governance Reports (the "iACGR Reports") that are submitted to the SEC. Moreover, the Board of Directors of STI Holdings also completes annual Board performance self-assessments. The results of these Board performance self assessments are submitted to the Compliance Officer who prepares and files the iACGR Reports.

On January 27, 2020, STI Holdings submitted to the SEC, a duly notarized Certification issued by the Compliance Officer, stating that it had substantially adopted all the provisions of the Revised Code of Corporate Governance, as prescribed by SEC Memorandum Circular No. 9, Series of 2014, as amended.

The 2022 Integrated Annual Corporate Governance Report of STI Holdings was submitted to the SEC and PSE on May 30, 2023 and posted in the Parent Company's Official Website http://www.stiholdings.com on the same day.

There have been no deviations from the Revised Manual.

STI Holdings ensures that it has at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the total number of directors on its Board of Directors, whichever is higher but in no case less than two (2) independent directors. Ther are four (4) incumbent independent directors on the Board of Directors of STI Holdings.

The Parent Company is exerting all efforts to further strengthen compliance to principles and practices of good corporate governance. Once in a year, it organizes an in-house corporate governance seminar for all the directors and key officers of STI Holdings and its subsidiaries and affiliate companies.

The Parent Company's Board of Directors and Management, employees, and Stockholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

The purpose of the Parent Company is to maximize the organization's long-term success, creating sustainable value for its stockholders, stakeholders, and the nation.

Item 14. SUSTAINABILITY REPORT

The Parent Company's 2023 Sustainability Report is hereby attached in pursuance to SEC Memorandum Circular No. 4, Series of 2019.

PART V – EXHIBITS AND SCHEDULES

Item 15. EXHIBITS AND REPORTS ON SEC FORM 17 – C

(a) Exhibits and Schedules

Statement of Management's Responsibility for Financial Statements
Report of Independent Auditors
Audited Financial Statements and Notes for the fiscal year ended June 30, 2023
Supplementary Schedules
- Schedule A. Financial Assets in Equity Securities
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from/Payable to Related Parties which are eliminated during the Consolidation of Financial Statements
- Schedule D. Long term debt
- Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock
- Schedule H. Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule I. Map of Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-Subsidiaries, and Associates
- Schedule J. Schedule of Financial Soundness Indicators

(b) Reports on SEC Form 17 – C (from July 2022 – June 2023)

1. Item 9 – Other Events filed with SEC on 3 November 2022

a) Annual Stockholders' Meeting

The Annual Stockholders' Meeting of the Corporation shall be on 19 December 2022 at 3:00 P.M. via remote communication through Zoom. Furthermore, the Corporation's stockholders of record as of 18 November 2022 shall be entitled to notice of and to vote at the Annual Stockholders' Meeting. The last day to submit nominations for the Board of Directors of the Corporation is on 8 November 2022. The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.

2. Item 9 – Other Events filed with SEC on 24 November 2022

STI Holdings first quarter revenues reach ₱500M

MANILA – STI Holdings, which owns and operates one of the biggest networks of private schools in the Philippines, posted a revenue of ₱500.4 million for the three-month period ended September 30, 2022.

The amount is 34 % or ₱127.6 million higher than the ₱372.8 million it generated during the same period last year, STI Holdings said in a disclosure to the Philippine Stock Exchange filed Monday.

The increase in revenues was mostly brought about by the increase in enrollment, as well as improvement in the enrollment mix, with majority of students availing of courses regulated by the Commission on Higher Education.

STI Holdings said enrollment in the schools under STI Holdings reached 94,312 compared with 82,629 for School Year (SY) 2021-2022.

This represents a 14% or 11,683 increase from the SY 2021-2022 enrollment, with the number of students in the programs regulated by CHED showing a robust 18% increase from 56,342 students in the previous school year to 66,309 this school year.

New students contributed significantly to the increase, as they reached a total of 41,565 compared to the number of new students in the previous school year of 35,566, presenting a 17% increase in the total number of new students.

STI Holdings' fiscal year (FY) starts on July 1 of every calendar year (CY) and ends on June 30 of the following CY. Being in the business of education, the Group's FY follows that of its SY.

Apart from the surge in revenues, STI Holdings also posted ₱117.1 million in earnings before interest, taxes, depreciation and amortization, or EBITDA. The three-month period earnings, ended September 30, 2022, was an increase of ₱72.7 million from ₱44.4 million registered during the same period last year.

The Group's total assets as at September 30, 2022 amounted to ₱15,624.3 million, 7% or ₱1,046.4 million higher than the ₱14,577.9 million balance as at June 30, 2022.

The increase was driven by the ₱859.9 million increase in receivables. Receivables from students increased from ₱605.1 million as at June 30, 2022 to ₱1,214.3 million as at September 30, 2022.

Receivables from the Department of Education for the Senior High School vouchers likewise registered an increase of ₱269.2 million. These receivables are expected to be collected during the rest of the school term to which they pertain.

3. Item 9 – Other Events filed with SEC on 19 December 2022

In the 19 December 2022 meeting of the Board of Directors of the Company, the Board approved the declaration of cash dividends in the amount of Php0.015 per share or an aggregate amount of One Hundred Forty Eight Million Five Hundred Seventy Two Thousand One Hundred Three Pesos and Eighty Six Centavos (Php148,572,103.86) (the "Cash Dividends") from the unrestricted retained earnings of the Company as of 30 June 2022 based on the Parent Company Audited Financial Statements as of 30 June 2022.

The Cash Dividends are payable to stockholders of record as of 6 January 2023 and shall be payable on or before 31 January 2023, upon compliance with all necessary regulations.

4. Items 4 and 9 - Election of Directors and Officers and Other Events filed with SEC on 19 December 2022

Item 4

a) Election of Directors

Please be advised that in the Annual Stockholders' Meeting of the STI Education Systems Holdings, Inc (the "Company") held on 19 December 2022, the stockholders elected the following Directors of the Company to serve as such for the ensuing year and until the election and qualification of their successors:

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

Independent Directors:
1. Robert G. Vergara
2. Ma, Leonora Vasquez-De Jesus
3. Raymond Anthony N. Alimurung
4. Justice Antonio T. Carpio (Ret.)

Item 9

a) Appointment of External Auditor

The stockholders appointed SyCip Gorres Velayo & Co. as the Corporation's external auditor for the fiscal year ending 30 June 2023.

5. Item 4 - Election of Directors and Officers filed with SEC on 17 January 2023

Eusebio H. Tanco	:	Chairman
Monico V. Jacob	:	President & Chief Executive Officer
Yolanda M. Bautista	:	Treasurer & Chief Finance Officer
Joseph Augustin Eusebio L. Tanco	:	Vice President for Investor Relations
Paolo Martin O. Bautista	:	Vice President/Chief Investment Officer/ Chief Risk Officer
Wilfred S. Racadio	:	Chief Audit Executive
Cyril S. Cunanan	:	Compliance Officer
Arsenio C. Cabrera, Jr.	:	Corporate Secretary/ Corporate Information Officer
Anna Carmina S. Herrera	:	Assistant Corporate Secretary

Executive Committee

Chairman	:	Eusebio H. Tanco
Members	:	Monico V. Jacob
		Yolanda M. Bautista
		Martin K. Tanco

Audit and Risk Committee

Chairman	Robert G. Vergara
Members	Leonora Vasquez-De Jesus
	Raymond Anthony N. Alimurung
	Jesli A. Lapus
	Martin K. Tanco

Corporate Governance Committee

Chairman	Justice Antonio T. Carpio (Ret.)
Members	Leonora Vasquez-De Jesus
	Raymond Anthony N. Alimurung

Related Party Transactions Committee

Chairman	Leonora Vasquez-De Jesus
Members	Robert G. Vergara
	Raymond Anthony N. Alimurung
	Justice Antonio T. Carpio (Ret.)
	Jesli A. Lapus

6. Item 9 - Other Events filed with SEC on 16 February 2023

STI Holdings posts nearly 300% increase in net income

MANILA – STI Holdings has registered a net income of ₱223.4 million for the six-month period ended December 31, 2022, an impressive increase of 299 percent compared to the ₱56 million in net income it earned during the same period in 2021.

The company, which owns and operates one of the biggest networks of private schools in the Philippines, also posted a revenue of ₱1.44 billion in the said semester in 2022. This is 28 percent higher than ₱1.12 billion it posted in the same period the previous year.

In a disclosure to the Philippine Stock Exchange filed Tuesday, STI Holdings said its remarkable financial performance was due to the increase in enrollment in its schools during the current school year (SY).

"For the current SY 2022-2023, the total number of new students reached 41,565 compared with the 35,566 new students last school year, showing a 17 percent increase in the total number of new students," it said.

The total number of ongoing students for SY 2022-2023 reached 94,312 compared with 82,629 for SY 2021-2022, which represents a 14 percent increase from the SY 2021-2022 enrollment.

The improvement in enrollment mix also contributed to the profitability because more students enrolled in programs regulated by Commission on Higher Education.

It said enrollment in these CHED programs showed "a robust 18 percent increase from 56,342 students last SY to 66,309 this SY which is notably higher than pre-pandemic levels."

STI Holdings' fiscal year (FY) starts on July 1 of every calendar year (CY) and ends on June 30 of the following CY. Being in the business of education, the Group's FY follows that of its SY.

Other than the increase in net income and revenues, STI Holdings also posted ₱607.2 million in earnings before interest, taxes, depreciation and amortization, or EBITDA. The six-month period earnings, ended December 31, 2022, were 45 percent or ₱188.1 million higher than the ₱419.1 million registered during the same period last year.

The Group's total assets as at December 31, 2022 amounted to ₱15.1 billion, 3.4 percent or ₱495.1 million higher than the ₱14.6 billion balance as at June 30, 2022.

7. Item 9 -Other Events filed with SEC on 17 May 2023

STI Holdings posts ₱579 million in 9-month period net income as face-to-face classes drive enrollments

MANILA – The steady transition back to face-to-face classes continues to bode well for the owner of one of the country's largest networks of schools, STI Holdings, as it reported another increase in profits brought about by the rise in enrollments.

In a quarterly disclosure with the Philippine Stock Exchange filed Monday, STI Holdings said it posted a net income of ₱579.3 million for the nine-month period ended March 31, 2023, which is 95% higher than the net income of ₱297.2 million recorded for the same period last year.

STI Holdings' Fiscal Year (FY) starts on July 1 of every year and ends on June 30 of the following year.

STI Holdings also generated gross revenues of ₱2.4 billion, which was 27% higher than the ₱1.9 billion revenues recorded for the same period last year due to the increase in the number of enrollees and improvement in the enrollment mix of the Group for School Year (SY) 2022-2023.

Tuition and other school fees, which were recorded at ₱2.1 billion for the said nine-month period, increased by ₱422.2 million or 25% from the same period last year.

The number of new students enrolled in Commission on Higher Education (CHED) programs improved by 17% or 3,707 from 22,142 to 25,849 for SY 2021-2022 and SY 2022-2023, respectively.

STI Holdings said its schools now have a total of 94,312 enrollees for SY 2022-2023, which is 14% or 11,683 higher than the 82,629 students it took in during SY 2021-2022.

"STI Education Services Group's wholly-owned and franchised schools registered an enrollment of 81,697 students, 8,947 or 12% more than the enrollment in SY 2021-2022. Percentage-wise, STI WNU registered the highest increase at 35% for this SY compared to last SY," it said.

Schools also reported revenues from other sources as a result of increased enrollments and more frequent face-to-face classes.

On the other hand, STI Holdings said the resumption of face-to-face classes has likewise led to increased support for more student activities and programs.

Its schools have also continued to invest in technology that will help with the education of students, notably increased subscription costs for Microsoft, eLMS, and Amadeus software for SY 2022-2023.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the registrant by the undersigned, thereunto duly authorized in the City of Makati on 17 OCT 2023.

STI EDUCATION SYSTEMS HOLDINGS, INC.
By:

EUSEBIO H. TANCO
Chairman of the Board

MONICO V. JACOB
President and CEO

YOLANDA M. BAUTISTA
Treasurer

ARSENIO C. CABRERA, JR.
Corporate Secretary

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

SUBSCRIBED AND SWORN to before me this 17 OCT 2023, affiants exhibiting to me their respective Passport or SSS Numbers, as follows:

Names	CTC/Passport/SSS Numbers	Date and Place of Issuance
Eusebio H. Tanco	Passport No. P0992946B	11 March 2019, DFA Manila, Philippines
Monico V. Jacob	Passport No. P6179864B	26 January 2021, DFA Manila, Philippines
Yolanda M. Bautista	SSS No. 03-2678038-9	
Arsenio C. Cabrera, Jr.	Passport No. P6534927B	23 March 2021, DFA NCR South, Philippines

Doc. No. 407;
Page No. 83;
Book No. III;
Series of 2023.

ISABELLA MARIE L. NAGUIAT
Notary Public for Makati City
Appointment No. M-240
Until 31 December 2024
5/F SGV II Building,
6758 Ayala Avenue, Makati City
Roll of Attorneys No. 78656
PTR No. 9567585 / Makati / 04 January 2023
IBP No. 248656 / Makati / 12 October 2022

STI EDUCATION SYSTEMS HOLDINGS

7th Floor, STI Holdings Center
6764 Ayala Avenue, Makati City
Philippines 1226
Telefax. (632) 844-9553

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STI Education Systems Holdings, Inc. and subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at June 30, 2023 and 2022 and for the years ended June 30, 2023, 2022, and 2021, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

EUSEBIO H. TANCO
Chairman of the Board

MONICO V. JACOB
President and Chief Executive Officer

YOLANDA M. BAUTISTA
Treasurer and Chief Financial Officer

Signed this ____ day of October 2023

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

SUBSCRIBED AND SWORN to me this OCT 2 0 2023 day of ______, 2023 at MAKATI CITY City. Affiants exhibited to me their respective Passport/SSS Numbers as follows:

Name	Number	Date/Place of Issuance
Eusebio H. Tanco	Passport No. PO992946B	11/03/19, DFA Manila
Monico V. Jacob	Passport No. P6179864B	01/26/21, DFA NCR East
Yolanda M. Bautista	SSS No. 03-2678038-9	Makati City

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Book No. LIV
Series of 2023

MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2023
Appt. No. M-002 (2022-2023) Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/7-19-2021
PTR No. 9563801/1-3-2023/Makati City
IBP Lifetime Member Roll No. 05413
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	0	1	7	4	6

COMPANY NAME

STI EDUCATION SYSTEMS HOLDINGS INC. AND SUBSIDIARIES

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

7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City 1226

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@stiholdings.com.ph	**(632) 8844 9553**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,264	**Third Friday of November**	**06/30**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Arsenio C. Cabrera, Jr.	**accabrera@htc-law.com.ph**	**(632) 88137111**	

CONTACT PERSON's ADDRESS

5/F SGV-II BUILDING, 6758 AYALA AVENUE, MAKATI CITY

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

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

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
STI Education Systems Holdings, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

Opinion

We have audited the consolidated financial statements of STI Education Systems Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended June 30, 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2023, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

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

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

Adequacy of Allowance for Expected Credit Losses on Receivables

The Group's application of the expected credit loss (ECL) model in calculating the allowance for doubtful accounts is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures, defining default, determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts and incorporating forward-looking information (called overlays) in calculating ECL. Provision for ECL, net of reversal, for the year ended June 30, 2023 amounted to ₱85.2 million.

The disclosures on the allowance for expected credit losses are included in Notes 4 and 6 to the consolidated financial statements.

Audit response

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and I checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios.

Further, we checked the data used in the ECL models, such as the historical aging analysis and default and recovery data, by reconciling data from source system reports to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated impairment provisions on a sample basis. We reviewed the disclosures made in the consolidated financial statements based on the requirements of PFRS 9.

Recoverability of Goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As at June 30, 2023, the Group's goodwill attributable to each of the Group's cash-generating units (CGUs) that are expected to benefit from the business combination (i.e., each school operation) amounted to ₱266.6 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgments and is based on assumptions, specifically forecasted revenue growth, long-term growth rate and discount rate.

The Group's disclosures about goodwill are included in Notes 4 and 16 to the consolidated financial statements.

Audit response

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

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended June 30, 2023 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended June 30, 2023, which are expected to be made available to us after that date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-145-2021, August 11, 2021, valid until August 10, 2024
PTR No. 9564665, January 3, 2023, Makati City

October 13, 2023

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱1,958,767,553**	₱1,568,718,083
Receivables (Note 6)	**470,634,562**	531,008,186
Inventories (Note 7)	**129,498,300**	158,185,754
Prepaid expenses and other current assets (Note 8)	**192,952,697**	114,302,639
Equity instruments at fair value through profit or loss (FVPL) (Note 9)	**8,990,000**	9,610,000
	2,760,843,112	2,381,824,662
Noncurrent asset held for sale (Notes 10 and 12)	**1,020,728,064**	1,039,728,064
Total Current Assets	**3,781,571,176**	3,421,552,726
Noncurrent Assets		
Property and equipment (Notes 11 and 29)	**9,684,707,918**	9,672,515,491
Investment properties (Note 12)	**1,037,538,155**	1,004,237,631
Investments in and advances to associates and joint venture (Notes 13 and 14)	**20,749,617**	18,490,878
Equity instruments at fair value through other comprehensive income (FVOCI) (Note 15)	**72,061,627**	70,188,775
Deferred tax assets - net (Notes 3 and 30)	**50,743,290**	26,016,008
Goodwill, intangible and other noncurrent assets (Notes 16 and 39)	**435,809,520**	364,921,994
Total Noncurrent Assets	**11,301,610,127**	11,156,370,777
TOTAL ASSETS	**₱15,083,181,303**	₱14,577,923,503
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of bonds payable (Note 19)	**₱2,175,083,335**	₱–
Accounts payable and other current liabilities (Note 17)	**773,228,468**	736,074,970
Current portion of interest-bearing loans and borrowings (Note 18)	**262,837,889**	239,135,979
Unearned tuition and other school fees (Note 22)	**141,137,203**	116,842,319
Current portion of lease liabilities (Note 29)	**98,513,595**	109,244,620
Income tax payable	**1,086,546**	551,497
Total Current Liabilities	**3,451,887,036**	1,201,849,385
Noncurrent Liabilities		
Bonds payable (Note 19)	**813,339,649**	2,980,515,064
Interest-bearing loans and borrowings - net of current portion (Note 18)	**808,707,735**	1,291,461,407
Lease liabilities - net of current portion (Note 29)	**438,246,184**	364,071,946
Pension liabilities - net (Note 28)	**139,799,322**	108,655,427
Deferred tax liabilities - net (Note 30)	**109,306,874**	113,049,596
Other noncurrent liabilities (Note 20)	**112,084,004**	23,356,036
Total Noncurrent Liabilities	**2,421,483,768**	4,881,109,476
Total Liabilities *(Carried Forward)*	**5,873,370,804**	6,082,958,861

	June 30	
	2023	2022
Total Liabilities *(Brought Forward)*	**₱5,873,370,804**	₱6,082,958,861
Equity Attributable to Equity Holders of the Parent Company (Note 21)		
Capital stock	**4,952,403,462**	4,952,403,462
Additional paid-in capital	**1,119,127,301**	1,119,127,301
Cost of shares held by a subsidiary	**(498,142,921)**	(498,142,921)
Cumulative actuarial gain (Note 28)	**5,481,945**	27,664,542
Unrealized fair value adjustment on equity instruments at FVOCI (Note 15)	**15,104,760**	13,255,113
Other equity reserve	**(1,686,369,660)**	(1,686,369,660)
Share in associates':		
Cumulative actuarial gain (Note 13)	**321,569**	321,569
Unrealized fair value loss on equity instruments at FVOCI (Note 13)	**(114)**	(114)
Retained earnings	**5,219,942,618**	4,485,334,148
Total Equity Attributable to Equity Holders of the Parent Company	**9,127,868,960**	8,413,593,440
Equity Attributable to Non-controlling Interests	**81,941,539**	81,371,202
Total Equity	**9,209,810,499**	8,494,964,642
TOTAL LIABILITIES AND EQUITY	**₱15,083,181,303**	₱14,577,923,503

See accompanying Notes to Consolidated Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2023	2022	2021
REVENUES (Note 22)			
Sale of services:			
Tuition and other school fees	**₱3,073,613,413**	₱2,436,975,046	₱1,882,717,358
Educational services	**149,075,492**	125,387,103	107,311,098
Royalty fees	**14,736,299**	12,386,738	10,560,747
Others	**53,066,737**	73,548,480	58,569,796
Sale of educational materials and supplies	**114,976,012**	29,334,526	24,904,944
	3,405,467,953	2,677,631,893	2,084,063,943
COSTS AND EXPENSES			
Cost of educational services (Note 24)	**1,040,010,599**	955,509,592	852,201,805
Cost of educational materials and supplies sold (Note 25)	**90,603,824**	24,171,066	20,074,097
General and administrative expenses (Note 26)	**1,330,808,026**	1,129,340,841	1,025,084,135
	2,461,422,449	2,109,021,499	1,897,360,037
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**944,045,504**	568,610,394	186,703,906
OTHER INCOME (EXPENSES)			
Interest expense (Note 18, 19, 23 and 29)	**(311,019,124)**	(313,339,583)	(337,065,915)
Rental income (Notes 12, 29 and 31)	**178,082,749**	71,020,655	116,833,364
Interest income (Notes 5, 6, 10 and 23)	**22,595,338**	38,060,878	5,691,709
Foreign exchange gain - net	**2,455,311**	45,835,968	3,869,142
Recovery of accounts written off (Note 6)	**11,326,257**	9,722,680	6,833,368
Dividend income (Notes 9 and 15)	**2,495,044**	1,206,828	798,524
Equity in net earnings (losses) of associates and joint venture (Note 13)	**2,258,739**	(20,242,197)	(4,603,590)
Fair value loss on equity instruments at FVPL (Note 9)	**(620,000)**	(387,500)	–
Derecognition of contingent consideration (Notes 17 and 34)	**–**	25,000,000	–
Gain on:			
Settlement of receivables, net of provision for impairment of noncurrent asset held for sale (Notes 10 and 12)	**–**	10,832,534	–
Sale of noncurrent asset held for sale, net of capital gains tax (Note 10)	**–**	–	15,460,821
Loss on loan modification (Note 18)	**–**	–	(8,298,502)
Other income (expenses) - net (Note 29)	**6,490,801**	(9,277,015)	38,630,065
	(85,934,885)	(141,566,752)	(161,851,014)
INCOME BEFORE INCOME TAX	**858,110,619**	427,043,642	24,852,892
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)			
Current	**10,017,458**	4,088,974	632,436
Deferred	**(25,741,122)**	6,711,275	(77,510,016)
	(15,723,664)	10,800,249	(76,877,580)
NET INCOME *(Carried Forward)*	**873,834,283**	416,243,393	101,730,472

	Years Ended June 30		
	2023	2022	2021
NET INCOME *(Brought Forward)*	**₱873,834,283**	₱416,243,393	₱101,730,472
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on pension liabilities (Note 28)	**(18,793,451)**	8,639,206	17,070,655
Income tax effect	**1,885,573**	(182,627)	(1,429,856)
Fair value change in equity instruments at FVOCI (Note 15)	**1,872,852**	1,141,043	1,169,224
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**(15,035,026)**	9,597,622	16,810,023
TOTAL COMPREHENSIVE INCOME	**₱858,799,257**	₱425,841,015	₱118,540,495
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱870,268,404**	₱414,028,434	₱102,820,252
Non-controlling interests	**3,565,879**	2,214,959	(1,089,780)
	₱873,834,283	₱416,243,393	₱101,730,472
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱855,341,130**	₱423,521,830	₱119,444,571
Non-controlling interests	**3,458,127**	2,319,185	(904,076)
	₱858,799,257	₱425,841,015	₱118,540,495
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Note 32)	**₱0.088**	₱0.042	₱0.010

See accompanying Notes to Consolidated Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED JUNE 30, 2023, 2022 AND 2021

	Equity Attributable to Equity Holders of the Parent Company (Note 21)												
	Capital Stock	Additional Paid-in Capital	Cost of Shares Held by a Subsidiary	Cumulative Actuarial Gain (Note 28)	Unrealized Fair Value Adjustment on Equity Instruments at FVOCI (Note 15)	Other Equity Reserve	Share in Associates' Cumulative Actuarial Gain (Note 13)	Share in Associates' Unrealized Fair Value Loss on Equity Instruments at FVOCI (Note 13)	Other Comprehensive Income Associated with Noncurrent Asset Held for Sale	Retained Earnings	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at July 1, 2022	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱27,664,542	₱13,255,113	(₱1,686,369,660)	₱321,569	(₱114)	₱–	₱4,485,334,148	₱8,413,593,440	₱81,371,202	₱8,494,964,642
Net income	–	–	–	–	–	–	–	–	–	870,268,404	870,268,404	3,565,879	873,834,283
Other comprehensive income	–	–	–	(16,776,920)	1,849,647	–	–	–	–	–	(14,927,273)	(107,753)	(15,035,026)
Total comprehensive income	–	–	–	(16,776,920)	1,849,647	–	–	–	–	870,268,404	855,341,131	3,458,126	858,799,257
Dividend declaration	–	–	–	–	–	–	–	–	–	(141,065,611)	(141,065,611)	–	(141,065,611)
Transfer of remeasurement gain on pension liabilities to retained earnings	–	–	–	(5,405,677)	–	–	–	–	–	5,405,677	–	–	–
Share of non-controlling interest on dividends declared by a subsidiary (Note 21)	–	–	–	–	–	–	–	–	–	–	–	(2,887,789)	(2,887,789)
Balance at June 30, 2023	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱5,481,945	₱15,104,760	(₱1,686,369,660)	₱321,569	(₱114)	₱–	₱5,219,942,618	₱9,127,868,960	₱81,941,539	₱9,209,810,499
Balance at July 1, 2021	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱19,277,239	₱12,149,020	(₱1,670,477,910)	₱321,569	(₱114)	₱–	₱4,165,349,454	₱8,100,007,100	₱81,152,838	₱8,181,159,938
Net income	–	–	–	–	–	–	–	–	–	414,028,434	414,028,434	2,214,959	416,243,393
Other comprehensive income	–	–	–	8,387,303	1,106,093	–	–	–	–	–	9,493,396	104,226	9,597,622
Total comprehensive income	–	–	–	8,387,303	1,106,093	–	–	–	–	414,028,434	423,521,830	2,319,185	425,841,015
Dividend declaration	–	–	–	–	–	–	–	–	–	(94,043,740)	(94,043,740)	–	(94,043,740)
Acquisition of De Los Santos-STI College minority shares of stock (Note 21)	–	–	–	–	–	(15,891,750)	–	–	–	–	(15,891,750)	(74,378)	(15,966,128)
Share of non-controlling interest on dividends declared by a subsidiary (Note 21)	–	–	–	–	–	–	–	–	–	–	–	(2,026,443)	(2,026,443)
Balance at June 30, 2022	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱27,664,542	₱13,255,113	(₱1,686,369,660)	₱321,569	(₱114)	₱–	₱4,485,334,148	₱8,413,593,440	₱81,371,202	₱8,494,964,642
Balance at July 1, 2020	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱3,803,874	₱10,998,066	(₱1,670,477,910)	₱321,569	(₱114)	₱90,645,302	₱4,006,680,084	₱8,015,358,713	₱82,592,356	₱8,097,951,069
Net income (loss)	–	–	–	–	–	–	–	–	–	102,820,252	102,820,252	(1,089,780)	101,730,472
Other comprehensive income	–	–	–	15,473,365	1,150,954	–	–	–	–	–	16,624,319	185,704	16,810,023
Total comprehensive income (loss)	–	–	–	15,473,365	1,150,954	–	–	–	–	102,820,252	119,444,571	(904,076)	118,540,495
Disposal of noncurrent asset held for sale (Note 10)	–	–	–	–	–	–	–	–	(90,645,302)	90,645,302	–	–	–
Dividend declaration	–	–	–	–	–	–	–	–	–	(34,796,184)	(34,796,184)	–	(34,796,184)
Share of non-controlling interest on dividends declared by a subsidiary (Note 21)	–	–	–	–	–	–	–	–	–	–	–	(535,442)	(535,442)
Balance at June 30, 2021	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱19,277,239	₱12,149,020	(₱1,670,477,910)	₱321,569	(₱114)	₱–	₱4,165,349,454	₱8,100,007,100	₱81,152,838	₱8,181,159,938

See accompanying Notes to Consolidated Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱858,110,619**	₱427,043,642	₱24,852,892
Adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 11, 12, 16, 24 and 26)	**613,400,100**	599,456,835	614,399,065
Interest expense (Notes 18, 19, 23 and 29)	**311,019,124**	313,339,583	337,065,915
Interest income (Notes 5, 6, 10 and 23)	**(22,595,338)**	(38,060,878)	(5,691,709)
Net change in net pension liabilities (Note 28)	**12,350,444**	11,885,169	7,077,277
Dividend income (Notes 9 and 15)	**(2,495,044)**	(1,206,828)	(798,524)
Unrealized foreign exchange gain – net	**(2,338,828)**	(44,559,464)	(543,220)
Equity in net losses (earnings) of associates and joint venture (Note 13)	**(2,258,739)**	20,242,197	4,603,590
Fair value loss on equity instruments at FVPL (Note 9)	**620,000**	387,500	–
Loss (gain) on:			
Sale of property and equipment	**(826,707)**	(1,634,265)	106,373
Settlement of receivables, net of provision for impairment of noncurrent asset held for sale (Notes 10 and 12)	**–**	(10,832,534)	–
Sale of noncurrent asset held for sale, net of capital gains tax (Note 10)	**–**	–	(15,460,821)
Derecognition of contingent consideration (Notes 17 and 34)	**–**	(25,000,000)	–
Income on rent concessions (Note 29)	**–**	(6,054,606)	(39,727,038)
Provision for impairment of:			
Goodwill (Notes 16 and 26)	**–**	3,806,174	–
Investments in and advances to associates and joint venture (Notes 13 and 26)	**–**	–	10,265,554
Loss on loan modification (Note 18)	**–**	–	8,298,502
Operating income before working capital changes	**1,764,985,631**	1,248,812,525	944,447,856
Decrease (increase) in:			
Receivables	**33,687,911**	(62,665,075)	(142,938,422)
Inventories	**29,647,945**	20,585,916	(38,308,235)
Prepaid expenses and other current assets	**(87,582,686)**	(20,929,696)	(20,967,497)
Increase (decrease) in:			
Accounts payable and other current liabilities	**(8,434,772)**	(99,287,435)	(67,108,402)
Unearned tuition and other school fees	**44,988,021**	15,087,482	123,358,686
Other noncurrent liabilities	**88,727,969**	10,394,664	(72,466,115)
Net cash generated from operations	**1,866,020,019**	1,111,998,381	726,017,871
Income tax paid	**(3,101,596)**	(3,627,008)	(17,956,573)
Interest received	**22,402,910**	20,968,006	5,691,709
Net cash provided by operating activities	**1,885,321,333**	1,129,339,379	713,753,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Notes 11 and 37)	**(332,240,724)**	(121,215,122)	(281,882,633)
Investment properties (Notes 12 and 37)	**(147,999,761)**	(34,230,335)	–
Subsidiary, net of cash received (Note 39)	**9,232,049**	–	–
Equity instruments at FVPL (Note 9)	**–**	(9,997,500)	–
Proceeds from (acquisition of/payments for) intangible and other noncurrent assets	**(49,262,888)**	(9,082,578)	4,384,874
Advances to associates and joint venture (Note 13)	**–**	–	(10,265,554)
Proceeds from:			
Sale of noncurrent asset held for sale (Note 10)	**19,000,000**	–	480,540,000
Sale of property and equipment	**826,964**	1,652,430	356,131
Dividends received (Notes 9 and 15)	**2,495,944**	1,998,712	6,640
Capital gains tax paid (Note 10)	**–**	–	(45,963,285)
Net cash provided by (used in) investing activities	**(497,948,416)**	(170,874,393)	147,176,173

(Forward)

	Years Ended June 30		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Long-term loans (Note 18)	**(₱459,544,756)**	(₱449,544,753)	(₱239,400,000)
Interests	**(263,727,425)**	(281,249,555)	(297,514,241)
Dividends (Note 21)	**(142,953,699)**	(95,665,835)	(35,327,186)
Lease liabilities (Note 29)	**(133,436,395)**	(78,349,815)	(73,912,834)
Short-term loans (Note 18)	**–**	–	(400,000,000)
Net proceeds from:			
Availment of short-term loans (Note 18)	**–**	–	400,000,000
Availment of long-term loans (Note 18)	**–**	–	397,000,000
Landbank ACADEME Program (Note 18)	**–**	–	21,971,627
Net cash used in financing activities	**(999,662,275)**	(904,809,958)	(227,182,634)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,338,828**	44,559,464	543,220
NET INCREASE IN CASH AND CASH EQUIVALENTS	**390,049,470**	98,214,492	634,289,766
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,568,718,083**	1,470,503,591	836,213,825
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱1,958,767,553**	₱1,568,718,083	₱1,470,503,591

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

a. General

STI Education Systems Holdings, Inc. (STI Holdings or the Parent Company) and its subsidiaries (hereafter collectively referred to as the "Group") are all incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). STI Holdings was originally established in 1928 as the Philippine branch office of Theo H. Davies & Co., a Hawaiian corporation. It was reincorporated as a Philippine corporation and registered with the SEC on June 28, 1946. STI Holdings' shares were listed on the Philippine Stock Exchange (PSE) on October 12, 1976. The primary purpose of the Parent Company is to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, or otherwise dispose of real properties as well as personal and movable property of any kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, but not to act as dealer in securities, and to invest in and manage any company or institution. STI Holdings aims to focus on education and education-related activities and investments.

STI Holdings' registered office address, which is also its principal place of business, is 7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City 1226.

b. STI Education Services Group, Inc. and Subsidiaries (collectively referred to as "STI ESG")

In September 2012, STI ESG became a subsidiary of the Parent Company through a share-for-share swap agreement with the shareholders of STI ESG. STI Holdings' ownership of STI ESG is at 98.7% as at June 30, 2023 and 2022.

STI ESG is involved in establishing, maintaining, and operating educational institutions to provide pre-elementary, elementary, secondary, including Senior High School (SHS) and tertiary as well as post-graduate courses, post-secondary and lower tertiary non-degree programs. The Group also develops, adopts and/or acquires, entirely or in part, such curricula or academic services as may be necessary in the pursuance of its main activities, relating but not limited to information technology services, information technology-enabled services, education, hotel and restaurant management, engineering, business studies, psychology and criminology.

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

Other features of the licensing agreements are as follows:

- Exclusive right to use proprietary marks and information such as but not limited to courseware programs, operational manuals, methods, standards, systems, that are used exclusively in the STI network of schools;
- Continuing programs for faculty and personnel development, including evaluation and audit of pertinent staff;
- Development and adoption of the enrollment and registration system;

- Assistance on matters pertaining to financial and accounting procedures, faculty recruitment and selection, marketing and promotion, record keeping and others.

Merger with Several Majority and Wholly-owned Subsidiaries

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

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

On September 25, 2013, STI ESG's BOD approved an amendment to the Phase 1 and 2 mergers whereby STI ESG would issue shares, at par value, to the stockholders of the non-controlling interests. In 2014, STI ESG issued 1.9 million additional shares at par value to the stockholders of one of the merged schools. As at October 13, 2023, the amendment is still pending approval by the SEC.

Also, STI ESG requested for confirmatory ruling on the tax-free mergers covered by Phase 1 and Phase 3, from the Bureau of Internal Revenue (BIR). As a response to the request made for the Phases 1 and 3 mergers, the BIR informed STI ESG through letters dated November 25, 2022 and September 28, 2022, respectively, that Section 40 C.2 of the Tax Code, as amended by RA No. 11534 or the CREATE Act, now mandates that for purposes of availing the tax exemption, prior BIR confirmatory ruling is no longer required. In this regard, STI ESG applied for the issuance of the Certificates Authorizing Registration (CAR) for the tax-free transfers of real estate in exchange for shares pursuant to the provisions of Section 40. C.2 of the Tax Code. As of October 13, 2023, STI ESG has not received the CARs from the BIR. STI College San Fernando City, Inc. (STI La Union), a franchised school, informed the CHED in June 2021, and DepEd and TESDA in July 2021, of its decision not to accept enrollees for SY 2021-2022. Previous to this, the following owned schools have ceased operations: STI Cebu, STI College Iloilo, Inc. (STI Iloilo), STI College Pagadian, Inc. (STI Pagadian) and STI College Tuguegarao, Inc. (STI Tuguegarao). In addition, the following franchised schools likewise ceased to operate: STI College Bohol, Inc. (STI Bohol), STI College Recto, Inc. (STI Recto), Sungold Technologies, Inc. (STI Zamboanga), STI College Pasay, Inc. (STI Pasay), STI College Dipolog, Inc. (STI Dipolog), STI College San Francisco, Inc. (STI San Francisco) and STI College Parañaque, Inc. (STI Parañaque). These schools closed as a result of the pandemic. In SY 2021-2022, NAMEI Polytechnic Institute of Mandaluyong, Inc. (NPIM) accepted enrollees for Junior High School (JHS) and SHS only. The grade school students were advised to transfer to another school or were refunded the fees paid, if any. For SY 2022-2023, the JHS and SHS students of NPIM were given the option to transfer to STI Sta Mesa, a school owned by STI ESG. NPIM ceased operations effective June 30, 2022. Management continues to identify strategic opportunities to improve efficiency within the Group. The cessation of operations of the STI schools mentioned above did not have a material financial impact on the Group.

On August 5, 2022, CHED approved the transfer of school operations of STI College Quezon Avenue, Inc. (STI Quezon Avenue) to Tanay, Rizal subject to compliance with certain requirements. Earlier, in September 2020, STI Quezon Avenue announced the suspension of its operations. In September 2022, CHED granted STI Quezon Avenue government recognitions to offer Bachelor of Science (BS) in Business Administration, BS in Tourism Management and BS in Hospitality Management. The government recognition to offer BS in Information Technology was issued in October 2022. The government recognitions received in 2022 replaced the government recognitions issued by CHED in 2009 due to the transfer of location of STI Quezon Avenue from Quezon City to Tanay, Rizal. STI Quezon Avenue has resumed operations on its new site in Tanay, Rizal beginning SY 2022-2023. The permit from DepEd to conduct senior high school classes is still in process as of report date.

On March 16, 2023, STI ESG and the majority owners of STI College Alabang, Inc. (STI Alabang) entered into a deed of absolute sale wherein STI ESG acquired 60.0% of the issued and outstanding capital stock of STI Alabang from the former franchisee for ₱1.00. Prior to this, STI ESG owned 40.0% of STI Alabang's issued and outstanding capital stock. With the acquisition of the 60.0% ownership, STI Alabang became a wholly-owned subsidiary of STI ESG (see Note 39).

As at June 30, 2023, STI ESG's network of operating schools totals 63 schools with 37 owned schools and 26 franchised schools comprising 60 colleges and 3 education centers.

c. STI West Negros University, Inc. (STI WNU)

In October 2013, the Parent Company acquired majority ownership interest in STI WNU. The consideration for the acquisition of STI WNU includes contingent consideration amounting to ₱151.5 million. As at June 30, 2023 and 2022, liability for contingent consideration recognized as "Nontrade payable" amounted to ₱17.0 million (see Notes 17 and 34). As at June 30, 2023 and 2022, the Parent Company owns 99.9% of STI WNU.

STI WNU owns and operates STI West Negros University in Bacolod City. It offers primary, JHS and SHS, tertiary and post-graduate programs. It also provides technical-vocational education training services under TESDA and/or operates a Training Center as well as an Assessment Center in relation to the said services. Further, STI WNU provides maritime training services that offer and conduct the training required by MARINA for officers and crew on board Philippine and/or foreign-registered ships operating in Philippine and/or international waters.

d. Information and Communications Technology Academy, Inc. (iACADEMY)

iACADEMY is a premier school offering specialized programs in SHS and college that are centered on Computing, Business and Design. It is known for its strong industry partnerships and non-traditional programs such as Software Engineering, Game Development, Web Development, Real Estate Management, Animation, Multimedia Arts and Design, Fashion Design and Technology, Music Production and Sound Design, Film and Visual Effects and Data Science. iACADEMY also offers programs in Accountancy, Marketing Management and Psychology. It started in 2002 as a wholly-owned subsidiary of STI ESG until its acquisition by STI Holdings on September 30, 2016, thus making iACADEMY a wholly-owned subsidiary of STI Holdings. iACADEMY conducts its classes in its Nexus building located along Yakal St. in Makati City.

On September 7, 2017, the Board of Governors (BOG) of iACADEMY approved the merger of iACADEMY and Neschester Corporation (Neschester), with iACADEMY as the surviving entity. The stockholders of both companies confirmed, ratified and approved the merger on the same date. The Plan of Merger between iACADEMY and Neschester was filed with the SEC on January 24, 2018 and was approved on April 10, 2018. In addition, on September 7, 2017, the stockholders and BOG of iACADEMY approved the increase in its authorized capital stock from ₱500.0 million (with a par value of ₱1.00 per share) to ₱1,000.0 million (with a par value of ₱1.00 per share) .

The increase in authorized capital stock was likewise approved by the SEC on April 10, 2018. On May 11, 2018, iACADEMY issued 494,896,694 shares to STI Holdings in exchange for the net assets of Neschester as a result of the merger.

On December 4, 2018, iACADEMY and Neschester requested for a confirmatory ruling on the tax-free merger from the BIR. On October 13, 2022, iACADEMY received a letter from the BIR as a response to the request made for the merger. In the said letter, the BIR informed iACADEMY that Section 40.C.2 of the Tax Code, as amended by RA No. 11534 or the CREATE Act, now mandates that for purposes of availing the tax exemption, prior BIR confirmatory ruling is no longer required. In this regard, iACADEMY and Neschester can implement the said transaction, including, but not limited to the issuance of CAR by the concerned Revenue District Office (RDO). On February 8, 2023, iACADEMY applied for the CAR with the concerned RDO. The concerned RDO is currently evaluating iACADEMY's application for CAR.

On June 1, 2022, the BOG and stockholders of iACADEMY, at separate meetings, approved the amendments in its Articles of Incorporation as follows: (1) amendment of its primary purpose to include (a) establishment of educational institutions in Metro Manila and a branch in Cebu City; and (b) that iACADEMY shall have all the express powers of a corporation under Section 35 of the Revised Corporation Code, including the establishment and maintenance of branches and school campuses within the Philippines, subject to the rules and regulations of the DepEd, CHED and TESDA. The SEC approved the amendments on July 28, 2022.

On February 7, 2023 the BOG and stockholders of iACADEMY, at separate meetings, approved the change in the corporate name from Information and Communications Technology Academy, Inc. to iACADEMY, Inc. iACADEMY applied for the amendment of its AOI and By-Laws with the SEC on February 23, 2023. The application with the SEC is pending approval as of report date.

e. Attenborough Holdings Corp. (AHC)

AHC is a holding company which is a party to the Joint Venture Agreement and Shareholders' Agreement among the Parent Company, Philippine Women's University (PWU) and Unlad Resources Development Corporation (Unlad). Under the Agreements, AHC is set to own up to 20.0% of Unlad. AHC is also a party to the Omnibus Agreement it executed with the Parent Company and Unlad (see Note 34).

Since February 2015, STI Holdings owns 100.0% of AHC.

On March 1, 2016, AHC executed a Deed of Assignment wherein AHC assigned to STI Holdings its loan to Unlad, including capitalized foreclosure expenses, amounting to ₱66.7 million for a cash consideration of ₱73.8 million. The Deed of Assignment provides that the cash consideration will be payable in cash of ₱10.0 million upon execution of the Deed of Assignment and the remaining balance of ₱63.8 million upon demand. Accordingly, AHC recognized a receivable from the Parent Company amounting to ₱63.8 million. Further, all the rights related to the receivable from Unlad have been transferred to STI Holdings (see Note 34).

On September 20, 2019, the BOD and stockholders of AHC approved the amendments in its By-Laws, as follows: (1) change in its fiscal year from beginning April 1 of each year and ending on March 31 of the following year to beginning July 1 of each year and ending on June 30 of the following year; and (2) change in the date of its Annual Stockholders' meeting from every last Thursday of July to every last Thursday of November. The SEC and BIR approved the amendments on January 29, 2020 and June 24, 2020, respectively.

The establishment, operation, administration and management of schools are subject to the existing laws, rules and regulations, policies, and standards of DepEd, TESDA and the 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.

The accompanying consolidated financial statements were approved and authorized for issuance by the BOD of STI Holdings on October 13, 2023.

2. **Basis of Preparation and Summary of the Group's Significant Accounting Policies**

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical cost basis, except for noncurrent asset held for sale which has been measured at fair value less costs to sell and equity instruments at fair value through other comprehensive income (FVOCI) and equity instruments at FVPL which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Seasonality of Operations
The Group's business is linked to the academic cycle. The academic cycle for STI ESG and STI WNU is one academic year that starts in late August and September for JHS and SHS and the tertiary level, respectively, and ends in June of the following year. For iACADEMY, classes start in August and end in May and July of the following year for SHS and tertiary level, respectively. The Group transitioned to full remote learning with the imposition of the community quarantine restrictions around the country for SYs 2020-2021 and 2021-2022. In SY 2022-2023, the Group gradually transitioned from remote learning to full conduct of face-to-face classes.

For SY 2021-2022, STI ESG and STI WNU continued to implement the ONline and ONsite Education at STI (ONE STI) Learning Model that was introduced in SY 2020-2021. This model was in response to stringent social distancing measures including but not limited to class suspension, prohibition of mass gatherings, and imposition of community quarantine, among others, which were implemented to contain the outbreak of the Coronavirus Disease 2019 (COVID-19). The ONE STI Learning Model is an innovative approach to student development that uses digital tools and online technology combined with invaluable hands-on practice and onsite engagements to achieve the students' academic objectives through a responsive learning experience.

iACADEMY, on its part, continued to implement for SY 2021-2022 its fully online learning program entitled Guided Online Autonomous Learning (GOAL) that was introduced in SY 2020-2021. GOAL is iACADEMY's systematic approach to guiding all the activities that involve the delivery of online instruction to the students, including online learning workshops, training for teachers on how to create high-quality modules, integrating project-based learning and teaching strategies into online learning and collaborating with parents and guardians. In this setup, all activities or modules are delivered 100.0% online.

The Group utilizes the electronic Learning Management System (eLMS), a software application running on Amazon cloud, to better manage the delivery of educational courses and/or training programs to its students. It features built-in support for collaboration through various tools such as wikis, forums, and discussion groups; an internal messaging system with bidirectional support for emails and text messaging; and a built-in portfolio system that students can use to collect works to support learning and/or achievements. eLMS is a world-class and award-winning learning management system that schools and universities across the globe are using. This cloud-based eLearning tool gives teachers and students a two-way platform where they can collaborate, assign and submit homework, take assessments, and track learning progress, among others. The concept of online learning is not new to the Group, as the schools in the network have already implemented a blended learning model for the past eight (8) years in order that the students may continue their studies at home uninterrupted even during physical classroom disruptions.

The faculty members of the Group regularly undergo competency-based certifications and training programs to ensure that they are proficient in the subject matter and able to deliver the required day-to-day lessons. During the SYs 2020-2021 and 2021-2022, the training programs were conducted online, while the Group has been holding a combination of in-person and online faculty members' training beginning SY 2022-2023. These training programs are conducted to ensure that the faculty members of the Group possess the acceptable level of competencies and have industry-based experience and credentials necessary to teach the courses assigned to them.

Classes of SHS and JHS students for SY 2022-2023 started on August 30, 2022 and September 5, 2022 for tertiary students while classes for all levels for SY 2021-2022 started on September 13, 2021. From last school year's gradual transition to face-to-face classes for high-stake courses, STI ESG and STI WNU both implemented a flexible learning delivery modality in the first semester of SY 2022-2023. For tertiary courses, all professional and identified general education courses are now delivered onsite while other general education courses are delivered using blended modality, with a distribution of 50.0% onsite/face-to-face and 50.0% online/asynchronous. With the passage of CHED Memorandum Order No. 16 dated November 11, 2022 providing clarity and support to Higher Education Institutions (HEIs) towards progressive transitioning to full onsite learning, STI ESG opted to conduct full face-to-face classes for tertiary enrollees starting on its second semester of SY 2022-2023. STI WNU continued with its flexible learning delivery modality which started in the first semester of SY 2022-2023 while SHS classes in STI WNU are on a blended modality with 50.0% onsite/face-to-face and 50.0% online/asynchronous in the first semester with online classes transitioning to synchronous classes starting middle of the first semester up to the present. STI WNU's classes for the National Service Training Program (NSTP) are on full face-to-face setup.

iACADEMY implemented the Hyflex Learning Format for tertiary for SY 2022-2023. Hyflex Learning is an instructional approach that combines face-to-face and online remote learning. Class sessions and learning activities are offered in-person, synchronously online, and asynchronously online using various learning technologies. Students can decide how to participate. The Hyflex model demonstrates a commitment to student success by providing flexibility on how students can best participate in the learning activities and also enables institutions to maintain educational activities during a disruption. Meanwhile, SHS implemented the Hybrid setup (blended learning) until the end of SY 2022-2023. This allowed grades 11 and 12 students to alternately attend onsite and online classes within the week. Courses, particularly specialized and contextualized subjects like Science and Information and Communications Technology (ICT), were conducted onsite in the laboratories. Classes for SHS and tertiary started on August 2, 2022 and August 30, 2022, respectively in SY 2022-2023.

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

The revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding academic year to which they pertain. Accordingly, the revenue of the Group is expected to be lower during the first quarter of the fiscal year 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 Group. However, management has concluded that the Group's operation is not highly seasonal.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs include statements named PFRSs, 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).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at June 30, 2023and 2022 and for the years ended June 30, 2023, 2022 and 2021.

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

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

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

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

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The subsidiaries of STI Holdings, which are all incorporated in the Philippines, are as follows:

		Effective Percentage of Ownership					
		2023		2022		2021	
Subsidiaries	**Principal Activities**	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
STI ESG	Educational Institution	**99**	**–**	99	–	99	–
STI WNU	Educational Institution	**99**	**–**	99	–	99	–
iACADEMY	Educational Institution	**100**	**–**	100	–	100	–
AHC	Holding Company	**100**	**–**	100	–	100	–
STI College of Kalookan, Inc. (STI Caloocan) [(a)]	Educational Institution	**–**	**99**	–	99	–	99
STI College Batangas, Inc. (STI Batangas)	Educational Institution	**–**	**99**	–	99	–	99
STI College Novaliches, Inc. (STI Novaliches)	Educational Institution	**–**	**99**	–	99	–	99
STI College of Santa Maria, Inc. (STI Sta. Maria)	Educational Institution	**–**	**99**	–	99	–	99
STI College Tanauan, Inc. (STI Tanauan)	Educational Institution	**–**	**99**	–	99	–	99
STI Iloilo	Educational Institution	**–**	**99**	–	99	–	99
STI Lipa, Inc. (STI Lipa)	Educational Institution	**–**	**99**	–	99	–	99
STI Pagadian	Educational Institution	**–**	**99**	–	99	–	99
STI Training Academy, Inc. (STI Training Academy)	Educational Institution	**–**	**99**	–	99	–	99
STI Tuguegarao	Educational Institution	**–**	**99**	–	99	–	99
NPIM [(b)]	Educational Institution	**–**	**99**	–	99	–	99
NAMEI Polytechnic Institute, Inc.	Educational Institution	**–**	**93**	–	93	–	93
De Los Santos-STI College, Inc. (De Los Santos-STI College) [(c)]	Educational Institution	**–**	**99**	–	99	–	51
STI Alabang [(d)]	Educational Institution	**–**	**99**	–	39	–	39
STI Quezon Avenue [(e)]	Educational Institution	**–**	**99**	–	99	–	51

[(a)] *A subsidiary of STI ESG through a management contract.*
[(b)] *NPIM ceased operations effective June 30, 2022.*
[(c)] *On June 28, 2016, De Los Santos-STI College advised CHED of the suspension of its operations for SYs 2016-2017 and 2017-2018 as a result of the implementation of the Government's K to 12 program. De Los Santos-STI College became a wholly-owned subsidiary of STI ESG effective August 4, 2021 (see Note 21). De Los Santos-STI College has not resumed its school operations as at October 13, 2023.*
[(d)] *On March 16, 2023, STI ESG acquired 60.0% of the issued and outstanding capital stock of STI Alabang from the former franchisee (see Notes 13, 16, 31 and 39). STI Alabang became a wholly owned subsidiary of STI ESG effective March 31, 2023.*
[(e)] *A wholly owned subsidiary of De Los Santos-STI College.*

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

The consolidated financial statements include the accounts of STI ESG and its subsidiaries as at June 30, except for the accounts of STI Tuguegarao, STI Caloocan and STI Iloilo whose financial reporting date ends on December 31, and STI Batangas, STI Novaliches, STI Tanauan, STI Lipa, STI Pagadian, STI Sta. Maria, De Los Santos-STI College and STI Quezon Avenue whose financial reporting date ends on March 31. Adjustments are made for the effects of significant transactions or events that occur between the financial reporting date of the above-mentioned subsidiaries and the financial reporting date of the Group's consolidated financial statements.

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

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards effective July 1, 2022. The adoption of these new standards and amendments did not have any significant impact on the consolidated financial statements except otherwise stated.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Annual Improvements to *PFRSs* 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendments have no impact on the Group since the subsidiaries, associates and joint venture are not first-time adopters of PFRSs.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  The amendments are not applicable to the Group since none of the entities within the Group have activities that are related with agriculture.

Standards Issued but not yet Effective

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

Effective for Fiscal Year 2024

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The Group is currently assessing the impact of adopting the amendments to PAS 12.

Effective for Fiscal Year 2025

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

  The amendments clarify:

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

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

Effective for Fiscal Year 2026

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issuance of insurance contracts.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council (FRSC) deferred the original effective date of April 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group has not early adopted the previously mentioned standards. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to June 30, 2023 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Business Combination Involving Entities under Common Control

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

In cases where the business combination has no substance, the Group shall account for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction, the difference in the amount recognized and the fair value of the consideration received, is also accounted for as an equity transaction. The Group records the difference as excess of consideration over carrying amount of disposed subsidiary and presents as separate component of equity in the consolidated statement of financial position.

Comparatives shall be restated to include balances and transactions of the entities that had been acquired at the beginning of the earliest period presented as if the companies had always been combined.

Business Combination and Goodwill

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

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments,* is measured at fair value with changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification.

An asset is current when:
- It is expected to be realized or intended to be sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
The Group measures financial instruments such as equity instruments at FVOCI and equity instruments at FVPL, at fair value at each reporting date. Also, fair values of investment properties and financial instruments measured at amortized cost are disclosed in Notes 12 and 36 to the consolidated financial statements, respectively.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually. The current practice of the Group is to involve external valuers every two to three years depending on the circumstances including market conditions and requirements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see Notes 12 and 36).

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from date of acquisition and are subject to an insignificant risk of change in value.

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, 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 Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

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

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

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four 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

a. *Financial assets at amortized cost (debt instruments).* The Group measures financial assets at amortized cost if both of the following conditions are met:

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

    Financial assets at amortized cost are 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.

    The Group's financial assets at amortized cost include cash and cash equivalents, receivables (except for advances to officers and employees) and rental and utility deposits under "Goodwill, intangible and other noncurrent assets" account as at June 30, 2023 and 2022 (see Notes 6 and 16).

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

Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to impairment assessment.

As at June 30, 2023 and 2022, the Group's listed and non-listed equity investments are classified as financial assets at FVOCI.

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

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

   As at June 30, 2023 and 2022, the Group's listed equity investments for trading are classified as financial assets at FVPL.

Impairment of Financial Assets. The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade", or when the exposure is less than 30 days past due. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses external credit ratings both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL. For exposures without external credit ratings, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Determining the Stage for Impairment. The Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

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

Modification of Financial Assets. Where possible, the Group seeks to modify or re-negotiate the terms of its receivables from other parties. This may involve extending payment due dates, changing interest rates and agreeing to new payment conditions. The Group continuously reviews such accounts after modification of terms to ensure that payments are still likely to occur. The Group may also subsequently determine that the credit risk on such assets has significantly improved after modification, depending on the credit performance of the assets.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, an entity shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Write-off Policy. The Group writes off a financial asset after a certain period since the time the receivable has been determined to be impaired. Receivables are written off when the bad debts are likely to be irrecoverable and/or it is uneconomic to pursue further the collection of the receivable after efforts made by the Group.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

In June 2023 and July 2022, the BOD of STI ESG approved an interim policy for the deferral of the write-off of STI ESG's receivables for the years ended June 30, 2023 and 2022, respectively.

In June 2023 and March 2022, the BOD of STI WNU approved an interim policy for the deferral of the write-off of STI WNU's receivables for the years ended June 30, 2023 and 2022, respectively.

Reclassification of Financial Assets. The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b. Financial liabilities

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

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

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

As at June 30, 2023 and 2022 the Group has no financial liabilities at FVPL. The Group's financial liabilities as at June 30, 2023 and 2022 are measured at amortized cost.

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

Gains and losses are recognized in the consolidated 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 consolidated statement of comprehensive income.

Other financial liabilities include interest-bearing loans and borrowings, bonds payable, accounts payable and other current liabilities (excluding government and other statutory liabilities), lease liabilities, and refundable deposits classified under "Other noncurrent liabilities" (see Notes 17, 18, 19 and 20).

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

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.0% 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.

Modifications of Financial Liability. The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the 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% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10.0% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

Where 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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss in the consolidated statement of comprehensive income.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If 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 modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

c. Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

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

Prepaid Expenses and Other Current Assets

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

Creditable Withholding Taxes (CWT). CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented as part of "Prepaid taxes" under the "Prepaid expenses and other current assets" account in the consolidated statement of financial position. CWT is stated at its estimated NRV.

Noncurrent Asset Held for Sale

The Group classifies a noncurrent asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such noncurrent asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale.

The criteria for held for sale classification are regarded as met only when the asset is available for immediate sale in its present condition and the sale is highly probable. Management must be committed to a plan to sell, which is expected to be completed within one year from the date of the classification, and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the plan to sell should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Investment properties are not depreciated or amortized once classified as held for sale. Equity method of accounting for investment in shares of an associate ceases upon classification of the investment as a noncurrent asset held for sale. Noncurrent asset held for sale is presented separately as part of current assets in the consolidated statement of financial position.

Property and Equipment

The Group's property and equipment consists of land, buildings, equipment, furniture and fixtures, leasehold improvements, library holdings, construction in-progress and right-of-use (ROU) assets that do not qualify as investment properties.

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

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling or removing the underlying asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives or lease term (in the case of ROU assets), whichever is shorter:

Asset Type	Number of Years
Buildings	20 to 25 years
Office and school equipment	3 to 15 years
Office and school furniture and fixtures	3 to 5 years
Leasehold improvements	5 years or terms of the lease agreement, whichever is shorter
Transportation equipment	3 to 5 years
Computer equipment and peripherals	3 years
Library holdings	5 years
Machineries and equipment	10 years
Right-of-use asset - land	25 years
Right-of-use asset - building	2 to 10 years
Right-of-use asset - transportation equipment	3 to 5 years

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

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

Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes cost of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for operational use.

Investment Properties

Investment properties include land, condominium units and buildings held by the Group for capital appreciation and rental purposes. Investment properties also include right-of-use asset involving a building that is being subleased. Buildings are carried at cost less accumulated depreciation and any impairment in value, while land is carried at cost less any impairment in value. The carrying amount includes the cost of constructing a significant portion of an existing investment property if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Depreciation of condominium units and buildings is computed on a straight-line basis over 20 to 25 years. Unless the Group is reasonably certain to obtain ownership of the leased building at the end of the lease term, the recognized right-of-use asset is depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. The asset's useful life and method of depreciation are reviewed and adjusted, if appropriate, at each financial year-end.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for use, capital appreciation and or rental purposes.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the year less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalizable rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to all borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during the year shall not exceed the amount of borrowing costs incurred during that year.

Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects, to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are expensed as incurred in the year in which they occur.

Asset Acquisition

When property is acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Investments in Associates and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group has interest in Philippine Healthcare Educators, Inc. (PHEI) a joint venture company. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's interests in associates and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial reporting dates of the associates, joint venture and the Parent Company are identical, except for Global Resource for Outsourced Workers, Inc. (GROW) which has December 31 as financial reporting date, and the associates' and joint venture accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Adjustments are made for the Group's share in the effects of significant transactions or events that occur between the financial reporting date of the above-mentioned associates and joint venture and the financial reporting date of the Group's consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on its investment in associates and joint venture. The Group determines at each financial reporting date whether there is any objective evidence that the investment in associates and joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint venture and its carrying value and recognizes the amount in profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The indirect associates of the Group, which are all incorporated in the Philippines, are as follows :

		Effective Percentage of Ownership		
Associate	**Principal Activities**	**2023**	2022	2021
Accent Healthcare/STI-Banawe, Inc. (STI Accent) [(a)]	Medical and related services	**49**	49	49
STI – College Marikina, Inc. (STI Marikina)	Educational Institution	**24**	24	24
GROW	Recruitment Agency	**20**	20	20
STI Alabang [(b)]	Educational Institution	**–**	40	40

[(a)] *Dormant entity*

[(b)] *On March 16, 2023, STI ESG acquired 60% of the issued and outstanding capital stock of STI Alabang from the former franchisee (see Notes 13, 15 and 31). STI Alabang became a wholly-owned subsidiary of STI ESG effective March 31, 2023.*

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group has assessed the intangible assets as having a finite useful life, which is the shorter of its contractual term or economic life. Amortization is on a straight-line basis over the estimated useful lives of three 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 consolidated statement of comprehensive income when the asset is derecognized.

Impairment of Nonfinancial Assets

The carrying values of investments in and advances to associates and joint ventures, property and equipment, investment properties, intangible assets and advances to suppliers are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Provisions for impairment are recognized in the consolidated statement of comprehensive income in the expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets, excluding goodwill and intangible assets with indefinite useful life, an assessment is made at each reporting date as to whether there is any indication that previously recognized 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

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 consolidated statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the end of each reporting period.

Unearned Tuition and Other School Fees

Unearned tuition and other school fees 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. This represents contract liabilities under PFRS 15, *Revenue from Contracts with Customers*.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as “Interest expense” in the consolidated statement of comprehensive income.

Capital Stock and Additional Paid-in Capital

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

Cost of Shares Held by a Subsidiary

Cost of shares held by a subsidiary is accounted for similar to treasury shares which are recorded at cost. Own equity instruments which are reacquired are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or the cancellation of the Group’s own equity instruments.

Retained Earnings and Dividend on Common Stock of the Parent Company

The amount included in retained earnings includes profit attributable to the Parent Company’s equity holders and reduced by dividends on capital stocks. Dividends on capital stocks are recognized as liability and deducted from equity when approved by the BOD of the Parent Company. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting period.

Earnings/Loss Per Share Attributable to the Equity Holders of the Parent Company

Earnings/loss per share is computed by dividing net income/loss attributed to equity holders of the Parent Company for the year by the weighted average number of shares issued and outstanding after giving retroactive effect to stock split and stock dividend declaration, if any.

Diluted earnings per share (EPS) is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive convertible common shares.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses whether it is acting as a principal or an agent in every revenue arrangement. It is acting as a principal when it has the primary responsibility for providing the goods or services. The Group also acts as a principal when it has the discretion in establishing the prices and bears inventory and credit risk. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value-added tax (VAT).

The following are contract balances relative to PFRS 15:

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

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract. The Group's "Unearned tuition and other school fees" account represents contract liabilities which will be recognized as revenue when the related educational services are rendered. This includes advance payment for tuition and other school fees for the school year commencing after the financial reporting date.

The following specific recognition criteria must also be met before revenue is recognized:

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

Educational Services and Royalty Fees. Revenues from educational services and royalty fees are satisfied over time based on a percentage of monthly franchise receipts and is recognized on an accrual basis in accordance with the terms of the licensing agreements.

Sale of Educational Materials and Supplies. Revenue is satisfied at a point in time and is recognized at the time of sale when control of the goods is transferred to the customer.

Other Revenues. Other revenues include income related to the software license subscriptions provided to franchised schools. These revenues are satisfied at a point in time and are recognized at the time of sale when control or rights to the goods or services are transferred to the customer.

The following are the revenue streams outside the scope of PFRS 15:

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

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

Dividend Income. Revenue is recognized when the Group's right to receive the payment is established.

Costs and Expenses

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

Pension Costs

The Group has the following pension plans (Plan) covering substantially all of its regular and permanent employees:

Entity	Type of Plan
STI ESG	Funded, noncontributory defined benefit plan
STI WNU	Funded, noncontributory defined benefit plan
iACADEMY	Unfunded, noncontributory defined benefit plan
Indirect subsidiaries (except De Los Santos-STI College and STI Quezon Avenue)	Unfunded, noncontributory defined benefit plan
De Los Santos-STI College and STI Quezon Avenue	Funded, defined contribution plan

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed 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.

Defined Contribution Plan. De Los Santos-STI College and STI Queozon Avenue were members of the Catholic Educational Association of the Philippines Retirement Plan (CEAP) up to May 2022. CEAP's coverage was a funded, noncontributory, defined contribution plan for De Los Santos-STI College's and STI Quezon Avenue's qualified employees under which De Los Santos-STI College and STI Quezon Avenue paid fixed contributions based on the employees' monthly salaries. De Los Santos-STI College and STI Quezon Avenue, however, were covered under Republic Act (RA) No. 7641, the Philippine Retirement Law, which provided for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee was equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

Accordingly, De Los Santos-STI College and STI Quezon Avenue accounted for their retirement obligations under the higher of the DB obligation relating to the minimum guarantee and the obligation arising from the defined contribution (DC) plan. For the DB minimum guarantee plan, the liability was determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting period. The DB obligation was calculated annually by a qualified independent actuary using the projected unit credit method. The net interest expense (income) on the net DB liability (asset) for the period were determined by applying the discount rate used to measure the DB obligation at the beginning of the annual period to the then net DB liability (asset), taking into account any changes in the net DB liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the DB plan were recognized in profit or loss.

The DC liability, on the other hand, was measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for margin on asset returns, if any, where this was reflected in the DC benefits. Remeasurements of the net DB liability, which comprised actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), were recognized immediately in OCI.

When the benefits of a plan were changed or when a plan was curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment was recognized immediately in profit or loss. De Los Santos-STI College and STI Quezon Avenue recognized gains or losses on the settlement of a DB plan when the settlement occurred (see Note 28).

Leases

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement. A reassessment is made after the inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the agreement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and the date of renewal or extension period for scenario (b).

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

Right-of-use Assets. The Group classifies its ROU assets as part of property and equipment; and investment properties.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases with Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

The Group shall account for a modification to a lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. A lessee recognizes the effect of the rent concession by recognizing the reduction in payment as other income in profit or loss in the consolidated statement of comprehensive income.

Group as Lessor. Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Taxes

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

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

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

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefit of net operating loss carryover (NOLCO), unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits NOLCO and MCIT can be utilized, except:

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

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

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Prepaid taxes" under the "Prepaid expenses and other current assets" account or "Accounts payable and other current liabilities" account in the consolidated statement of financial position.

Operating Segment

For management purposes, the Group is organized into business units based on the geographical location of the students and assets. Financial information about operating segments is presented in Note 3 to the consolidated financial statements.

Contingencies

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

Events after the Reporting Period

Post year-end events that provide additional information about the Group's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. **Segment Information**

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

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

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

On a consolidated basis, the Group's performance is evaluated based on consolidated net income (loss) and EBITDA, defined as earnings (losses) before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net losses (earnings) of associates and joint venture, nonrecurring losses (gains) such as gain on foreign exchange differences, gain on derecognition of contingent consideration, gain on settlement of receivables (net of provision for impairment of noncurrent asset held for sale), income on rent concessions, fair value loss on equity instruments at FVPL, gain on sale of noncurrent asset held for sale (net of capital gains tax) and loss on loan modification. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.

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

	2023	2022	2021
Consolidated net income	**₱873,834,283**	₱416,243,393	₱101,730,472
Depreciation and amortization* (see Notes 11, 12, 16, 24 and 26)	**527,925,632**	524,769,336	537,108,249
Interest expense* (see Notes 18, 19, 23 and 29)	**277,879,376**	281,966,280	301,536,491
Interest income (see Notes 5, 6 and 23)	**(22,595,338)**	(38,060,878)	(5,691,709)
Foreign exchange gain - net	**(2,455,311)**	(45,835,968)	(3,869,142)
Provision for (benefit from) income tax	**(15,723,664)**	10,800,249	(76,877,580)
Equity in net losses (earnings) of associates and joint venture (see Note 13)	**(2,258,739)**	20,242,197	4,603,590
Fair value loss on equity instruments at FVPL	**620,000**	387,500	–
Gain on derecognition of contingent consideration (see Notes 17 and 33)	–	(25,000,000)	–
Gain on settlement of receivables, net of provision for impairment of noncurrent asset held for sale (see Notes 10 and 12)	–	(10,832,534)	–
Income on rent concessions** (see Note 29)	–	(6,054,606)	(39,727,038)
Gain on sale of noncurrent asset held for sale*** (see Note 10)	–	–	(15,460,821)
Loss on loan modification (see Note 18)	**–**	–	8,298,502
Consolidated EBITDA	**₱1,637,226,239**	₱1,128,624,969	₱811,651,014

**Depreciation and interest expense exclude those related to ROU assets, presented under "Property and equipment" and "Investment properties" accounts, and lease liabilities, respectively.*
***Presented as part of "Other income (expenses) - net".*
****Net of capital gains tax amounting to ₱45.9 million paid during the year ended June 30, 2021.*

Inter-Segment Transactions

Segment revenue, segment expenses and operating results include transfers among geographical segments. The transfers are accounted for at market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

Geographical Segment Data

The following tables present revenue and income information regarding geographical segments for the years ended June 30, 2023, 2022 and 2021:

	June 30, 2023					
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
Revenues						
External revenue	**₱1,795,363,020**	**₱239,585,468**	**₱835,133,394**	**₱468,767,206**	**₱66,618,865**	**₱3,405,467,953**
Results						
Income before other income (expenses) and income tax	**347,641,458**	**59,994,011**	**345,144,878**	**189,083,546**	**2,181,611**	**944,045,504**
Interest expense	**(298,316,780)**	**(3,865,002)**	**(5,278,958)**	**(1,501,233)**	**(2,057,151)**	**(311,019,124)**
Other income	**191,111,066**	**1,159,502**	**5,667,640**	**1,896,181**	**395,773**	**200,230,162**
Benefit from (provision for) income tax	**11,158,774**	**577,047**	**(355,163)**	**4,343,006**	**–**	**15,723,664**
Interest income	**21,174,847**	**29,320**	**123,621**	**1,260,017**	**7,533**	**22,595,338**
Equity in net earnings of associates and joint venture	**2,258,739**	**–**	**–**	**–**	**–**	**2,258,739**
Net Income	**₱275,028,104**	**₱57,894,878**	**₱345,302,018**	**₱195,081,517**	**₱527,766**	**₱873,834,283**
EBITDA						**₱1,637,226,239**

	June 30, 2022					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,432,614,200	₱189,663,625	₱680,470,698	₱310,073,376	₱64,809,994	₱2,677,631,893
Results						
Income (loss) before other income (expenses) and income tax	181,703,296	31,823,797	246,948,516	111,137,645	(3,002,860)	568,610,394
Interest expense	(299,611,661)	(3,883,675)	(6,249,868)	(835,656)	(2,758,723)	(313,339,583)
Other income	127,889,989	–	693,110	371,051	–	128,954,150
Benefit from (provision for) income tax	(11,766,572)	1,302,025	(848,610)	512,908	–	(10,800,249)
Gain on derecognition of contingent consideration	25,000,000	–	–	–	–	25,000,000
Interest income	37,684,497	32,615	163,395	155,531	24,840	38,060,878
Equity in net losses of associates and joint venture	(20,242,197)	–	–	–	–	(20,242,197)
Net Income (Loss)	₱40,657,352	₱29,274,762	₱240,706,543	₱111,341,479	(₱5,736,743)	₱416,243,393
EBITDA						₱1,128,624,969

	June 30, 2021					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,149,483,317	₱138,515,524	₱523,630,921	₱222,436,557	₱49,997,624	₱2,084,063,943
Results						
Income (loss) before other income (expenses) and income tax	(41,811,677)	(2,584,788)	179,615,112	59,705,062	(8,219,803)	186,703,906
Interest expense	(320,664,413)	(4,989,637)	(7,057,175)	(1,429,120)	(2,925,570)	(337,065,915)
Other income	159,935,797	7,362,793	2,895,222	1,303,272	2,629,698	174,126,782
Benefit from (provision for) income tax	84,500,157	(189,770)	498,048	(7,850,455)	(80,400)	76,877,580
Interest income	5,044,289	55,958	243,715	336,552	11,195	5,691,709
Equity in net losses of associates and joint venture	(4,603,590)	–	–	–	–	(4,603,590)
Net Loss	(117,599,437)	(₱345,444)	₱176,194,922	₱52,065,311	(₱8,584,880)	₱101,730,472
EBITDA						₱811,651,014

The following tables present certain assets and liabilities information regarding geographical segments as at June 30, 2023 and 2022:

	June 30, 2023					
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
Assets and Liabilities						
Segment assets[(a)]	**₱10,600,397,084**	**₱717,138,215**	**₱1,382,644,996**	**₱897,933,931**	**₱126,266,793**	**₱13,724,381,019**
Noncurrent asset held for sale	**1,020,728,064**	**–**	**–**	**–**	**–**	**1,020,728,064**
Investments in and advances to associates and joint venture	**20,749,617**	**–**	**–**	**–**	**–**	**20,749,617**
Goodwill	**250,898,081**	**–**	**–**	**15,681,232**	**–**	**266,579,313**
Deferred tax assets – net	**25,626,907**	**3,065,113**	**4,796,366**	**15,559,510**	**1,695,394**	**50,743,290**
Total Assets	**₱11,918,399,753**	**₱720,203,328**	**₱1,387,441,362**	**₱929,174,673**	**₱127,962,187**	**15,083,181,303**
Segment liabilities[(b)]	**₱703,581,220**	**₱59,149,312**	**₱115,631,192**	**₱116,585,816**	**₱32,588,682**	**₱1,027,536,222**
Interest-bearing loans and borrowings	**1,071,545,624**	**–**	**–**	**–**	**–**	**1,071,545,624**
Bonds payable	**2,988,422,984**	**–**	**–**	**–**	**–**	**2,988,422,984**
Pension liabilities – net	**84,438,951**	**5,775,501**	**12,226,482**	**34,838,456**	**2,519,932**	**139,799,322**
Lease liabilities	**321,668,393**	**57,706,097**	**103,871,119**	**25,298,373**	**28,215,797**	**536,759,779**
Deferred tax liabilities – net	**109,306,873**	**–**	**–**	**–**	**–**	**109,306,873**
Total Liabilities	**₱5,278,964,045**	**₱122,630,910**	**₱231,728,793**	**₱176,722,645**	**₱63,324,411**	**₱5,873,370,804**
Other Segment Information						
Capital expenditure -						
Property and equipment						**₱487,673,587**
Depreciation and amortization[(c)]						**527,925,632**
Noncash expenses other than depreciation and amortization						**109,043,611**

[(a)] *Segment assets exclude noncurrent asset held for sale, investments in and advances to associates and joint venture, goodwill and net deferred tax assets.*
[(b)] *Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, net pension liabilities, lease liabilities and deferred tax liabilities.*
[(c)] *Depreciation and amortization excludes those related to ROU assets.*

	June 30, 2022					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets[(a)]	₱10,273,110,652	₱770,907,221	₱1,379,938,195	₱683,891,664	₱142,285,468	₱13,250,133,200
Noncurrent asset held for sale	1,039,728,064	–	–	–	–	1,039,728,064
Investments in and advances to associates and joint venture	18,490,878	–	–	–	–	18,490,878
Goodwill	227,874,121	–	–	15,681,232	–	243,555,353
Deferred tax assets – net	8,937,435	2,532,798	4,947,451	7,942,758	1,655,566	26,016,008
Total Assets	₱11,568,141,150	₱773,440,019	₱1,384,885,646	₱707,515,654	₱143,941,034	₱14,577,923,503
Segment liabilities[(b)]	₱579,201,645	₱53,439,704	₱115,992,079	₱91,306,771	₱36,884,624	₱876,824,823
Interest-bearing loans and borrowings	1,530,597,386	–	–	–	–	1,530,597,386
Bonds payable	2,980,515,064	–	–	–	–	2,980,515,064
Pension liabilities – net	63,765,218	5,482,854	11,382,893	26,136,589	1,887,873	108,655,427
Lease liabilities	267,996,138	51,663,460	95,496,288	18,479,857	39,680,822	473,316,565
Deferred tax liabilities – net	113,049,596	–	–	–	–	113,049,596
Total Liabilities	₱5,535,125,047	₱110,586,018	₱222,871,260	₱135,923,217	₱78,453,319	₱6,082,958,861
Other Segment Information						
Capital expenditure -						
Property and equipment						₱146,766,580
Depreciation and amortization[(c)]						524,769,336
Noncash expenses other than depreciation and amortization						135,255,250

[(d)] Segment assets exclude noncurrent asset held for sale, investments in and advances to associates and joint venture, goodwill and net deferred tax assets.
[(e)] Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, net pension liabilities, lease liabilities and deferred tax liabilities.
[(f)] Depreciation and amortization excludes those related to ROU assets.

4. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The estimates used are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements, giving due consideration to materiality. Actual results could differ from such estimates.

The Group believes the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its consolidated financial statements.

In response to the COVID-19 outbreak, which has caused global economic disruption, the Group has implemented programs to minimize the risks related to COVID-19 and continue its operations.

Management has considered the impact of COVID-19 pandemic on the Group's significant accounting judgments and estimates and there are no changes to the significant judgments and estimates in the June 30, 2023 and 2022 consolidated financial statements from those applied in the previous financial year, other than for those disclosed under this section.

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

Recognition of Revenue from Tuition and Other School Fees, Educational Services and Royalty Fees over time. The Group concluded that tuition and other school fees, educational services and royalty fees are to be recognized over time on the basis of time lapsed over the service period as it provides a representation of the Group's performance in transferring control of the services to the students. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the students and franchisees simultaneously receive and consume the benefits of the Group's performance as it performs.

Determination of Control Arising from a Management Contract. STI ESG has a management contract with STI Caloocan. Management has concluded that STI ESG, in substance, has the power to direct its relevant activities and has the means to obtain majority of the benefits of STI Caloocan, a non-stock corporation, through the management contract. Management has assessed that it has control over STI Caloocan and accordingly, classifies the entity as subsidiary effective from the date control was obtained.

Noncurrent Asset Held for Sale. Quezon City Dacion Properties - On June 24, 2021, the Parent Company's BOD approved the sale to an interested buyer of the Parent Company's properties located in Quezon City ("Quezon City dacion properties") which were obtained by the Parent Company through the deeds of dacion in 2016 as these properties have not been used in business since acquisition. Management considered these properties to meet the criteria to be classified as held for sale for the following reasons:

- The BOD approved the disposition of the Quezon City dacion properties
- The Quezon City dacion properties are available for immediate sale in its present condition
- Negotiations with an interested buyer have been initiated
- The properties will be sold at a price approximating its current fair value
- Management expects to complete the sale within one year from the date of classification

As a result of the classification as noncurrent asset held for sale, the Parent Company ceased to account for the properties as investment properties effective June 30, 2021 and carried such properties at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognized as a result of such classification (see Notes 10 and 12).

In May and June 2022, the Parent Company issued to certain brokers an authority to sell and to perform all efforts in connection with the sale of the Quezon City properties to prospective buyers.

In 2023, the Company started its negotiation with a certain real estate group for the sale of the properties. As of June 30, 2023 and October 13, 2023, the negotiation is still ongoing.

Property Acquired through Extrajudicial Foreclosure Sale - As discussed in Note 10, the receivable from STI Tanay is secured by real estate mortgages over certain properties which include STI Tanay's land and building, including improvements thereon, and a third-party mortgage over land and building including improvements thereon, located in Pasig City (Pasig Property).

As at June 30, 2022, management considered the Pasig Property to have met the criteria to be classified as held for sale for the following reasons:

- STI Tanay and the mortgagors have a one-year redemption period from the date the certificate of sale was annotated (i.e., August 5, 2021); hence, management expects to complete the sale within one year from the date of classification
- The Pasig Property is available for immediate sale/redemption in its present condition
- The Pasig Property will be redeemed at a reasonable price in relation to its fair value
- STI Tanay is the specified buyer of the property and actions to complete the redemption have been initiated

With the classification of noncurrent asset held for sale, STI ESG ceased the accounting for the Pasig Property as investment properties and the property was carried at the lower of its carrying amount or fair value less costs to sell in the consolidated statement of financial position as at June 30, 2022.

Maestro Holdings - On June 27, 2017, STI ESG's BOD approved the disposal of STI ESG's shares in Maestro Holdings to enable STI ESG to focus on its core business of offering educational services. Management considered the investment in the shares of Maestro Holdings to meet the criteria to be classified as held for sale for the following reasons:

- The BOD approved the disposal of the shares in Maestro Holdings
- The investment in the shares of Maestro Holdings is available for immediate sale in its present condition
- Actions to locate a buyer and complete the sale have been initiated
- The shares will be sold at a price approximating its current fair value
- Management expects to complete the sale within one year from the date of classification.

As a result of the classification as noncurrent asset held for sale, STI ESG ceased the use of the equity method of accounting for its investment in Maestro Holdings effective June 30, 2017 and was carried at the lower of its carrying amount and fair value less costs to sell.

On September 24, 2020, STI ESG's BOD approved the sale of its 20% stake in Maestro Holdings to a third-party investor for a consideration higher than its present carrying value, subject to completion of certain closing conditions.

On December 11, 2020, the BOD of STI ESG approved the sale of STI ESG's 20% stake in Maestro Holdings to Chita SPC Limited, for and on behalf of its segregated portfolio Cam Sea Special Opportunities Fund Segregated Portfolio (Chita SPC Limited), for a purchase price US$10.0 million, subject to such terms and conditions as are beneficial to the interest of STI ESG (see Note 10).

Contingencies. The Group is currently a party in a number of cases involving claims and disputes related to collection of receivables and labor. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling defense in these matters and is based upon an analysis of potential results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the consolidated financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 34).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of Expected Credit Losses. ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

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

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

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

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

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

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

The Group's impairment calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the impairment models that are considered accounting judgments and estimates include:

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

It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The Group has considered the impact of the COVID-19 pandemic on the ECLs of its financial instruments, mainly receivables from students. 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 three months subsequent to report date.

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

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

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

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

The Group recognized provision for ECL, net of reversal, amounting to ₱85.2 million, ₱112.7 million and ₱41.8 million for the years ended June 30, 2023, 2022 and 2021, respectively. Allowance for ECL on receivables amounted to ₱382.4 million and ₱312.4 million as at June 30, 2023 and 2022, respectively. The carrying amounts of receivables as at June 30, 2023 and 2022 are disclosed in Note 6.

Valuation of Noncurrent Asset Held for Sale. PFRS 5 requires noncurrent assets held for sale to be carried at the lower of fair value less costs to sell and its carrying amount.

Provision for impairment loss on noncurrent assets held for sale amounted to ₱34.3 million for the year ended June 30, 2022. No impairment was recognized for the years ended June 30, 2023 and 2021.

As at June 30, 2023 and 2022, the carrying value of noncurrent asset held for sale follows:

	2023	2022
Quezon City dacion properties (see Notes 10 and 12)	**₱1,020,728,064**	₱1,020,728,064
Property acquired through extrajudicial foreclosure (see Notes 10 and 12)	**–**	19,000,000
	₱1,020,728,064	₱1,039,728,064

Estimating Useful Lives of Nonfinancial Assets. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment, investment properties (excluding land) and intangible assets based on the period over which the property and equipment, investment properties and intangible assets are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment, investment properties and intangible assets is based on a collective assessment of industry practice, internal technical evaluation, and experience with similar assets while for intangible assets with a finite life, estimated useful life is based on economic useful benefit of the intangible assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives of property and equipment, investment properties and intangible assets would increase recorded expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of the Group's property and equipment, investment properties and intangible assets as at June 30, 2023 and 2022. The carrying values of nonfinancial assets subject to depreciation and amortization are as follows:

	2023	2022
Property and equipment (excluding land and construction in-progress) (see Note 11)	**₱6,176,004,577**	₱6,252,502,763
Investment properties (excluding land and construction and in-progress) (see Note 12)	**548,171,442**	564,823,819
Intangible assets (see Note 16)	**48,483,245**	49,174,773

Impairment of Nonfinancial Assets. PFRSs require nonfinancial assets, excluding goodwill and intangible assets with indefinite useful life, to be tested for impairment when certain impairment indicators are present, irrespective of whether there are any indications of impairment. Nonfinancial assets include property and equipment, investment properties, investment in and advances to associates and joint venture and intangible assets and other noncurrent assets.

Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group. The carrying value of property and equipment, investment properties, investment in and advances to associates and joint venture and intangible assets and other noncurrent assets are disclosed in Notes 10, 11, 12, 13, 14 and 16, respectively.

The Group recognized a provision for impairment of investments in and advances to associates and joint venture amounting to ₱10.3 million for the year ended June 30, 2021. No impairment was recognized for the years ended June 30, 2023 and 2022. As at June 30, 2023 and 2022, the carrying value of the investments in and advances to associates and joint venture amounted to ₱20.7 million and ₱18.5 million, respectively (see Note 13).

Impairment of Goodwill and Intangible Assets with Indefinite Useful Life. Acquisition method requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date. It also requires the acquirer to recognize any goodwill as the excess of the acquisition cost over the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The Group's business acquisitions have resulted in goodwill and intangible assets with indefinite useful life which are subject to an annual impairment testing. This requires an estimation of the value in use of the CGUs to which the goodwill and intangible assets with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group also reviewed its business and operations to take into consideration the estimated impact and effects of the COVID-19 pandemic on its operations. Using the updated information and various scenarios of future financial performance and cash flows, an assessment of the recoverability of certain assets as at reporting date was conducted.

The recoverable amounts of CGUs have been determined based on value in use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. The significant assumptions used in the value in use calculations are forecasted revenue growth, long-term growth rate and discount rate.

Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a group having substantially the same risks and characteristics. Management used the weighted average cost of capital (WACC) 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 CGUs. A pre-tax discount rate ranging from 10.18% to 12.6% and from 12.9% to 13.9% were used as at June 30, 2023 and 2022, respectively. The growth rate used in extrapolating cash flows beyond the period covered by the CGUs' recent budgets was 5.00%.

Impairment testing showed that the CGUs' recoverable amounts were greater than their carrying amounts, except for STI Iloilo. The Group recognized a provision for impairment of goodwill amounting to ₱3.8 million for the year ended June 30, 2022. No impairment was recognized for the years ended June 30, 2023 and 2021. Goodwill amounted to ₱266.6 million and ₱243.6 million as at June 30, 2023 and 2022, respectively; while intangible assets with indefinite useful life amounted ₱32.7 million and ₱33.1 million as at June 30, 2023 and 2022, respectively (see Note 16).

Realizability of Deferred Tax Assets. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of NOLCO and MCIT to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of NOLCO and MCIT 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 tax assets recognized as at June 30, 2023 and 2022 are disclosed in Note 30 to the consolidated financial statements.

Measurement of Lease Liabilities. The Group's lease liabilities are measured based on the present value of lease payments over the lease term using the Group's IBR.

- *Determination of Lease Term*

  The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

  The Group determined that renewal periods of leases with longer periods are not included as part of the lease term as these are not reasonably certain to be exercised.

- *Estimating the Incremental Borrowing Rate*

  The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group's lease liabilities as at June 30, 2023 and 2022 are disclosed in Note 29 to the consolidated financial statements.

Determining Pension Liabilities. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions are described in Note 28 and include among others, discount rate and future salary increases. In accordance with Revised PAS 19, *Employee Benefits*, actual results that differ from the Group's assumptions are included in OCI and are not reclassified to profit or loss in subsequent periods. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other pension obligations.

The carrying value of net pension liabilities as at June 30, 2023 and 2022 are disclosed in Note 28 to the consolidated financial statements.

5. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	**₱909,786,970**	₱1,004,708,289
Cash equivalents	**1,048,980,583**	564,009,794
	₱1,958,767,553	₱1,568,718,083

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Interest earned from cash in banks and cash equivalents for the years ended June 30, 2023, 2022 and 2021 amounted to ₱16.7 million, ₱3.1 million and ₱4.6 million, respectively (see Note 23).

6. Receivables

	2023	2022
Tuition and other school fees	**₱650,156,822**	₱669,973,794
Rent, utilities and other related receivables (see Note 31)	**89,504,738**	41,693,700
Educational services (see Note 31)	**55,534,769**	75,476,227
Advances to officers and employees (see Note 31)	**31,742,292**	20,156,347
Receivable from STI Tanay	**–**	6,758,041
Others	**26,134,019**	29,334,574
	853,072,640	843,392,683
Less allowance for expected credit losses	**382,438,078**	312,384,497
	₱470,634,562	₱531,008,186

The terms and conditions of the receivables are as follows:

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

   On March 17, 2021, STI ESG executed a Memorandum of Agreement (MOA) with DBP for the implementation of the DBP Resources for Inclusive and Sustainable Education Program (DBP RISE). The program grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fees structure which is determined at the beginning of the first term of the course or program starting SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. STI ESG and DBP executed a similar MOA in November 2021 and May 2023 covering the implementation of DBP RISE for deserving students enrolled beginning SY 2021-2022 and SY 2022-2023, respectively. Receivables from DBP amounted to ₱1.6 million and ₱2.0 million as at June 30, 2023 and 2022, respectively.

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

b. Rent, utilities and other related receivables are normally collected within the next year (see Note 29).

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

Interest earned from past due accounts amounted to ₱5.8 million, ₱2.0 million and ₱0.9 million for the years ended June 30, 2023, 2022 and 2021, respectively (see Note 23).

d. Advances to officers and employees represent advances for official business expenses which are necessary and reasonable to carry out the operations of the entities within the Group. These advances are normally liquidated within one month from the date the advances are obtained.

e. Receivable from STI Tanay as at June 30, 2022 substantially represents the receivable for educational services rendered by STI ESG to the franchisee. Pursuant to the Memorandum of Agreement (the Agreement) dated July 29, 2022 between STI ESG and STI Tanay, the receivables of STI Tanay from DepEd arising from SHS vouchers which are unpaid as of the date of the Agreement have been assigned in favor of STI ESG as payment for this outstanding receivable (see Notes 10 and 12). STI ESG recognized a provision for doubtful accounts on receivable from STI Tanay amounting to ₱6.8 million for the year ended June 30, 2022. These receivables from DepEd have been collected in full as at June 30, 2023 resulting in the reversal of the equivalent allowance for ECL for the year ended June 30, 2023.

f. Others mainly include receivables from a former franchisee of STI ESG, vendors and contractor and receivables from Social Security System amounting to ₱1.6 million, ₱10.3 million and ₱5.4 million as at June 30, 2023, respectively, and ₱1.6 million, ₱10.5 million and ₱4.1 million as at June 30, 2022, respectively. These receivables are expected to be collected within the year.

The movements in allowance for expected credit losses are as follows:

	2023		
	Tuition and Other School Fees	**Others**	**Total**
Balance at beginning of year	**₱296,195,835**	**₱16,188,662**	**₱312,384,497**
Provisions (reversal) (see Note 26)	**89,733,241**	**(4,510,781)**	**85,222,460**
Effect of business combination (see Note 39)	**2,190,557**	**–**	**2,190,557**
Write-off	**(17,359,436)**	**–**	**(17,359,436)**
Balance at end of year	**₱370,760,197**	**₱11,677,881**	**₱382,438,078**

	2022		
	Tuition and Other School Fees	Others	Total
Balance at beginning of year	₱201,902,317	₱7,590,413	₱209,492,730
Provisions (see Note 26)	102,838,745	9,819,180	112,657,925
Write-off	(8,545,227)	(1,220,931)	(9,766,158)
Balance at end of year	₱296,195,835	₱16,188,662	₱312,384,497

Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱11.3 million, ₱9.7 million and ₱6.8 million for the years ended June 30, 2023, 2022 and 2021, respectively.

7. Inventories

	2023	2022
At cost:		
Educational materials:		
Uniforms	**₱98,227,803**	₱128,607,105
Textbooks and other education-related materials	**9,793,330**	10,694,553
	108,021,133	139,301,658
Promotional materials:		
Proware materials	**13,775,504**	13,436,142
Marketing materials	**428,244**	387,296
	14,203,748	13,823,438
School materials and supplies	**7,273,419**	5,060,658
	₱129,498,300	₱158,185,754

Inventories recognized as obsolete, substantially composed of old tertiary uniforms and textbooks, are fully provided with allowance for inventory obsolescence. Hence, the carrying value of inventories carried at net realizable value is nil as at June 30, 2023 and 2022. Allowance for inventory obsolescence amounted to ₱24.1 million and ₱18.5 million as at June 30, 2023 and 2022, respectively. Additional provision for inventory obsolescence resulting from the excess of cost over the net realizable value of these obsolete inventories recognized for the years ended June 30, 2023, 2022 and 2021 amounted to ₱5.6 million, ₱2.0 million and ₱0.8 million, respectively (see Note 26).

Inventories charged to cost of educational materials and supplies sold amounted to ₱90.6 million, ₱24.2 million and ₱20.1 million for the years ended June 30, 2023, 2022 and 2021, respectively (see Note 25).

8. Prepaid Expenses and Other Current Assets

	2023	2022
Prepaid taxes	**₱77,642,338**	₱57,161,045
Input VAT - net	**47,648,116**	23,007,435
Advances to suppliers	**32,598,735**	7,153,692
Prepaid subscriptions and licenses	**18,301,411**	13,849,894
Prepaid insurance	**6,049,277**	6,743,814
Software maintenance cost	**1,480,531**	1,743,610
Prepaid internet cost	**87,916**	126,227
Others	**9,144,373**	4,516,922
	₱192,952,697	₱114,302,639

Prepaid taxes represent excess prior year's credits and creditable withholding taxes which will be applied against income tax due of the following period. This account also includes prepayments for business taxes which will be recognized as expenses over the period covered.

Net input VAT represents the remaining balance after application against any output VAT and is recoverable in future periods. Input VAT as at June 30, 2023 is primarily from the acquisition of two parcels of land in Meycauayan City, Bulacan (see Note 12), the renovation of STI WNU's Engineering building and the construction of STI WNU's new SBE building. This account also includes input VAT recognized on the purchase of other goods and services.

Advances to suppliers as at June 30, 2023 pertains to payments to suppliers for the purchase of school uniforms and promotional materials in preparation for SY 2023-2024, down payment to suppliers for various school activities and programs including commencement exercises for SY 2022-2023, transportation equipment, and repairs and maintenance works for the school buildings. The balance as at June 30, 2022 pertains to advance payment for the renovation of STI WNU's Engineering building and other advances to suppliers for various repair works.

Prepaid subscriptions and licenses primarily pertain to Microsoft, Adobe Acrobat license, Adobe Creative Cloud, eLMS, Sophos Firewall, Toon Boom Harmony and Autodesk subscriptions which were paid in advance in preparation for the succeeding school year. These subscriptions are normally renewed annually and are recognized as expense in accordance with the terms of the respective agreements.

Prepaid insurance primarily represents vehicle insurance coverage, health insurance coverage of employees, and fire and other risks insurance on buildings, which were paid in advance and are recognized as expense over the period of coverage which is within the next reporting period.

Software maintenance cost includes annual support and maintenance charges for the use of the Group's accounting and enrollment systems which are amortized in accordance with the terms of the agreements.

Prepaid internet cost represents the remaining funds in the schools' load wallet for data connectivity and is primarily used for the schools' marketing activities.

Other prepaid expenses and other current assets as at June 30, 2023 represent advance rental payments of iACADEMY Cebu for its office space and billboard, prepaid accreditation expenses and membership fees in Negros Occidental Private Schools Sports Cultural Educational Association (NOPSSCEA). During SY 2021-2022, STI ESG purchased 4,000 COVID-19 vaccine doses amounting to ₱5.4 million in its continued commitment to the health and safety of its employees and in support of the government's national vaccination program. The unutilized portion amounting to ₱2.9 million is included in the balance as at June 30, 2022. The cost of these vaccines has been fully expensed as at June 30, 2023.

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

Equity instruments at FVPL represents the Group's investment in quoted equity shares of RL Commercial REIT, Inc. (RCR) held for trading amounting to ₱9.0 million and ₱9.6 million as at June 30, 2023 and 2022, respectively.

In September 2021, STI ESG acquired quoted equity shares of RCR amounting to ₱10.0 million for 1,550,000 shares at ₱6.45 per share. STI ESG recognized fair value loss on equity instruments at FVPL amounting to ₱0.6 million and ₱0.4 million for the years ended June 30, 2023 and 2022, respectively.

STI ESG recognized dividend income from RCR amounting to ₱0.6 million and ₱0.4 million for the years ended June 30, 2023 and 2022, respectively.

10. Noncurrent Asset Held for Sale

	2023	2022
Quezon City dacion properties (see Note 12)	**₱1,020,728,064**	₱1,020,728,064
Property acquired through extrajudicial foreclosure (see Note 12)	**–**	19,000,000
	₱1,020,728,064	₱1,039,728,064

Quezon City Dacion Properties

Noncurrent asset held for sale amounting to ₱1,020.7 million as at June 30, 2023 and 2022 represents the carrying value of the land, building and land improvements located in Quezon City ("Quezon City dacion properties") which were obtained by the Parent Company through the deeds of dacion in 2016 (see Notes 12 and 34).

On June 24, 2021, the Parent Company's BOD approved the sale of the Quezon City dacion properties to a potential buyer as these properties have not been used in business since its receipt. With the classification as noncurrent asset held for sale, the Parent Company carried the said properties at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognized for the years ended June 30, 2023, 2022 and 2021 as a result of such classification.

In May and June 2022, the Parent Company issued to certain brokers an authority to sell and to perform all efforts in connection with the sale of the Quezon City dacion properties to prospective buyers.

In 2023, the Company started its negotiation with a certain real estate group for the sale of the properties. As of June 30, 2023 and October 13, 2023, the negotiation is still ongoing.

Property Acquired through Extrajudicial Foreclosure

Pursuant to a deed of assignment executed by STI ESG and DBP in 2019, DBP assigned, transferred, and conveyed, without recourse, to STI ESG, all its collectibles from STI Tanay for a consideration of ₱75.5 million. DBP likewise granted to STI ESG all the rights, title and interest in and to the loan, the Promissory Notes and the underlying collaterals and security covering the loan and Promissory Notes, as well as full power and authority to demand, collect and receive payment on the said loan and Promissory Notes.

The receivable from STI Tanay is secured by real estate mortgages over the following properties: (a) land and building where STI Tanay is situated, including all improvements thereon, and registered in the name of STI Tanay (Tanay Property) (see Note 12); and (b) land and building including improvements thereon, located in Pasig City (Pasig Property). STI ESG started foreclosure proceedings after several demand/collection letters were sent to STI Tanay.

Fees aggregating to ₱8.8 million, representing legal and filing fees, publication, and other costs from the execution of the deed of assignment by and between DBP and STI ESG were incurred up to the dates of the extrajudicial foreclosure sale of the mortgaged real estate properties situated in Pasig City and Tanay, Rizal. STI ESG recognized as interest income the accrued interests and default charges on the assigned loans of STI Tanay aggregating to ₱33.0 million in 2022. This covers interests and penalty charges from the execution of the deed of assignment by and between DBP and STI ESG up to the date of the extrajudicial foreclosure sale of the real estate mortgaged as collateral on the loans.

On March 16, 2021, the extrajudicial foreclosure sale for the Pasig Property was completed and STI ESG was declared as the winning bidder. On July 14, 2021, the Clerk of Court and Ex-Officio Sheriff of Pasig City issued the certificate of sale to STI ESG and the same was annotated on August 5, 2021. Consequently, STI ESG recognized the said property as part of land and building under "Investment properties" at appraised values amounting to ₱44.2 million and ₱9.7 million, respectively. The difference between the fair value and derecognized receivable from STI Tanay amounting to ₱19.0 million was recognized as part of "Gain on settlement of receivable" for the year ended June 30, 2022.

STI Tanay and the mortgagors were given a one-year redemption period from the date the certificate of sale was annotated. On June 30, 2022, STI Tanay and the mortgagors sought the redemption of the Pasig Property for ₱19.0 million. STI ESG executed the Certificate of Redemption and the release and cancellation of the third-party mortgage of the Pasig Property. Pending the actual tender of the redemption price, STI ESG did not recognize the redemption and accordingly reclassified the Pasig Property from "Investment properties" to "Noncurrent asset held for sale" in view of the expected redemption upon actual receipt of the redemption price.

With the classification of noncurrent asset held for sale, STI ESG ceased the accounting for the Pasig Property as investment properties and the property was carried at the lower of its carrying amount or fair value less costs to sell. Consequently, STI ESG recognized a provision for impairment on the Pasig Property amounting to ₱34.3 million to bring the carrying value to its redemption price. The gain on settlement of receivable and the provision for impairment of noncurrent asset held for sale were presented as part of "Gain on settlement of receivables, net of provision for impairment of noncurrent asset held for sale" in the 2022 consolidated statement of comprehensive income.

As at June 30, 2022, noncurrent asset held for sale of ₱19.0 million represents the carrying value of the Pasig Property which was redeemed by STI Tanay/the mortgagors in July 2022.

On July 29, 2022, STI Tanay, the mortgagors and STI ESG entered into a Memorandum of Agreement (the "Agreement") for the settlement of the outstanding obligations of STI Tanay (including receivable for educational services rendered by STI ESG as discussed in Note 6) through the performance of the following terms and conditions as set forth in the Agreement: (1) assignment and conveyance by STI Tanay of the Tanay property to STI ESG; (2) payment of the ₱19.0 million for the redemption of the Pasig property (discussed above); (3) assignment of STI Tanay's rights to the unbilled or unclaimed DepEd SHS Vouchers for SYs 2019-2020, 2020-2021, and 2021-2022 to STI ESG (future collections to be applied to receivable for educational services from STI Tanay); (4) assignment of STI Tanay's rights to the use of the name of "STI College Tanay"; and (5) change of corporate name of STI Tanay. On the same day, STI ESG received the full payment of ₱19.0 million for the redemption of the Pasig Property. Accordingly, STI ESG derecognized noncurrent asset held for sale amounting to ₱19.0 million (see Notes 11 and 12).

<u>Maestro Holdings</u>
On June 27, 2017, STI ESG's BOD approved the disposal of its 20% stake in Maestro Holdings to enable STI ESG to focus on its core business of offering educational services. With the classification as noncurrent asset held for sale on June 30, 2017, STI ESG ceased the use of the equity method of accounting for its investment in Maestro Holdings and the investment was carried at the lower of its carrying amount or fair value less costs to sell. No provision for impairment was recognized prior to the sale.

On September 24, 2020, STI ESG's BOD approved the sale to a third-party investor for a consideration higher than its present carrying value, subject to completion of certain closing conditions.

On December 11, 2020, STI ESG's BOD approved the sale of STI ESG's 20% stake in Maestro Holdings to Chita SPC Limited for a purchase price of US$10.0 million, subject to such terms and conditions as are beneficial to the interest of STI ESG.

On December 15, 2020, STI ESG and Chita SPC Limited executed a deed of absolute sale wherein the latter offered to purchase all 1,281,484 shares of STI ESG in Maestro Holdings representing 20% ownership, for a total consideration of US$10.0 million, equivalent to ₱480.5 million. The amount of US$10.0 million has been fully received by STI ESG. The difference between the selling price of ₱480.5 million and the carrying value of STI ESG's 20% stake in Maestro Holdings of ₱419.1 million amounted to a gain of ₱61.4 million. The capital gains tax of ₱45.9 million represents 15.0% of ₱306.4 million, which is the difference between the selling price and the acquisition cost of investment amounting to ₱174.1 million. This transaction resulted in a gain amounting to ₱15.5 million (net of capital gains tax of ₱45.9 million) which is presented as "gain on sale of noncurrent asset held for sale, net of capital gains tax" in the consolidated statement of comprehensive income for the year ended June 30, 2022. The sale also resulted in the reclassification of other comprehensive income associated with noncurrent asset held for sale to retained earnings and other equity reserve amounting to ₱89.9 million and ₱0.7 million, respectively (see Note 21).

11. Property and Equipment

	2023												
	Land	Buildings	Office and School Equipment	Office and School Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Construction In-Progress	Right-of-use Asset – Land	Right-of-use Asset – Building	Right-of-use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization													
Balance at beginning of year	₱3,392,351,300	₱5,715,373,328	₱158,442,081	₱41,980,063	₱23,240,374	₱1,544,710	₱39,236,559	₱18,007,902	₱27,661,428	₱122,558,699	₱116,369,390	₱15,749,657	₱9,672,515,491
Additions	–	52,104,361	37,772,765	23,729,250	8,985,162	1,599,200	59,941,289	5,058,392	150,483,407	–	159,123,118	10,696,440	509,493,384
Reclassification from investment properties (see Note 12)	46,593,333	69,136,320	–	–	–	–	–	–	–	–	–	–	115,729,653
Reclassification to investment properties (see Note 12)	(40,497,071)	(20)	–	–	–	–	–	–	–	–	–	–	(40,497,091)
Reclassification of completed construction in-progress	–	28,167,727	141,000	2,450,560	37,492,453	(186,253)	–	(362,684)	(67,889,056)	–	–	186,253	–
Lease termination/modification (see Note 29)	–	–	–	–	–	–	–	–	–	–	(1,156,865)	(1,588,667)	(2,745,532)
Effect of business combination (see Note 39)	–	–	123,199	–	40,505	1	1,860,144	139,042	–	–	–	–	2,162,891
Disposal	–	–	(89)	(68)	–	–	(54)	(46)	–	–	–	–	(257)
Depreciation and amortization (see Notes 24 and 26)	–	(345,718,517)	(72,212,340)	(23,050,084)	(20,610,482)	(1,458,648)	(29,092,316)	(7,282,996)	–	(8,105,137)	(54,961,317)	(9,458,784)	(571,950,621)
Balance at end of year	₱3,398,447,562	₱5,519,063,199	₱124,266,616	₱45,109,721	₱49,148,012	₱1,499,010	₱71,945,622	₱15,559,610	₱110,255,779	₱114,453,562	₱219,374,326	₱15,584,899	₱9,684,707,918
At June 30, 2023:													
Cost	₱3,398,447,562	₱8,141,817,520	₱976,888,067	₱405,967,556	₱249,323,275	₱19,947,875	₱572,118,429	₱224,194,008	₱110,255,779	₱148,128,581	₱383,560,592	₱63,927,995	₱14,694,577,239
Accumulated depreciation and amortization	–	(2,622,754,321)	(852,621,451)	(360,857,835)	(200,175,263)	(18,448,865)	(500,172,807)	(208,634,398)	–	(33,675,019)	(164,186,266)	(48,343,096)	(5,009,869,321)
Net book value	₱3,398,447,562	₱5,519,063,199	₱124,266,616	₱45,109,721	₱49,148,012	₱1,499,010	₱71,945,622	₱15,559,610	₱110,255,779	₱114,453,562	₱219,374,326	₱15,584,899	₱9,684,707,918

	2022												
	Land	Buildings	Office and School Equipment	Office and School Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Construction In-Progress	Right-of-use Asset – Land	Right-of-use Asset – Building	Right-of-use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization													
Balance at beginning of year	₱3,390,832,629	₱5,714,244,874	₱202,978,925	₱60,017,828	₱41,202,838	₱2,935,971	₱44,921,630	₱21,024,608	₱288,328,328	₱124,820,876	₱135,347,715	₱14,623,268	₱10,041,279,490
Additions	1,518,671	52,824,346	34,045,542	5,974,074	3,682,573	–	22,775,670	3,738,518	22,207,186	–	29,634,248	8,660,582	185,061,410
Reclassification of completed construction in-progress	–	284,095,792	(1,997,425)	–	(1,221,706)	–	1,997,425	–	(282,874,086)	–	–	–	–
Lease termination/modification (see Note 29)	–	–	–	–	–	–	–	–	–	5,842,960	(1,606,850)	(117,605)	4,118,505
Disposal	–	–	(15)	(2)	–	–	–	(543)	–	–	–	–	(560)
Depreciation and amortization (see Notes 24 and 26)	–	(335,791,684)	(76,584,946)	(24,011,837)	(20,423,331)	(1,391,261)	(30,458,166)	(6,754,681)	–	(8,105,137)	(47,005,723)	(7,416,588)	(557,943,354)
Balance at end of year	₱3,392,351,300	₱5,715,373,328	₱158,442,081	₱41,980,063	₱23,240,374	₱1,544,710	₱39,236,559	₱18,007,902	₱27,661,428	₱122,558,699	₱116,369,390	₱15,749,657	₱9,672,515,491
At June 30, 2022:													
Cost	₱3,392,351,300	₱8,059,841,711	₱946,227,238	₱385,814,751	₱237,678,597	₱19,431,519	₱516,291,126	₱220,980,726	₱27,661,428	₱148,154,218	₱260,821,043	₱63,241,975	₱14,278,495,632
Accumulated depreciation and amortization	–	(2,344,468,383)	(787,785,157)	(343,834,688)	(214,438,223)	(17,886,809)	(477,054,567)	(202,972,824)	–	(25,595,519)	(144,451,653)	(47,492,318)	(4,605,980,141)
Net book value	₱3,392,351,300	₱5,715,373,328	₱158,442,081	₱41,980,063	₱23,240,374	₱1,544,710	₱39,236,559	₱18,007,902	₱27,661,428	₱122,558,699	₱116,369,390	₱15,749,657	₱9,672,515,491

The cost of fully depreciated property and equipment still used by the Group amounted to ₱1,687.5 million and ₱1,548.8 million as at June 30, 2023 and 2022, respectively. There were no idle property and equipment as at June 30, 2023 and 2022.

Additions

Reclassification from Investment Properties. As at June 30, 2023, property and equipment includes land and building, together with all improvements thereon (Tanay property), where STI Tanay was situated. The Tanay property, with a carrying value of ₱115.7 million as at the date of transfer of STI Quezon Avenue to Tanay, Rizal, has been reclassified from “Investment properties” to “Property and equipment” in September 2022 upon the transfer of STI Quezon Avenue’s operations to Tanay, Rizal starting SY 2022-2023 (see Notes 1, 10 and 12).

Property and Equipment under Construction. As at June 30, 2023, the remaining construction-in-progress primarily pertains to several exterior and interior renovation projects for certain wholly-owned schools of STI ESG. This is in preparation for SY 2023-2024. The related contract costs for these projects aggregated to ₱55.5 million. Majority of these projects were completed as at October 13, 2023 while the rest are expected to be completed within the first semester of SY 2023-2024.

As at June 30, 2023, property and equipment includes the construction/fit-out of iACADEMY’s campus in Cebu which is located at Filinvest Cyberzone Tower Two Building, Lahug, Cebu City. The total costs incurred as at June 30, 2023 for this project aggregated to ₱40.8 million, inclusive of materials, cost of labor and overhead and all other costs incurred for the completion of the project. Construction/fit-out work started in October 2022 and was completed in January 2023.

As at June 30, 2022, the remaining construction-in-progress amounting to ₱5.5 million pertains to the construction of a pedestrian overpass which aims to ensure the safety of the students of STI Las Piñas. The related contract cost is ₱7.0 million. This project remains in progress as at June 30, 2023 and is expected to be completed within the next school year .

The renovation works for STI Tanauan and STI Baguio were completed in January 2022, while the renovation works for STI Naga were completed in March 2022. The contract costs of these projects, which were recognized largely as part of the cost of building improvements under “Property and equipment”, aggregated to ₱20.1 million, inclusive of materials, cost of labor and overhead and all other costs necessary for the completion of the projects.

The construction of the new STI Academic Center Legazpi was completed in August 2021 with a total project cost amounting to ₱282.9 million, inclusive of materials, cost of labor and overhead and all other costs to put up the school. Located at Rizal St., Cabangan East in Legazpi City, the four-storey school building was built on a 4,149-square-meter property with an estimated capacity of 2,500 SHS and tertiary students. Similarly, the construction works for STI Training Academy’s assessment and training center were completed in October 2021. The related contract costs amounted to ₱15.3 million. The related construction costs for STI Legazpi and STI Training Academy were presented as part of “Property and equipment” as at June 30, 2022.

As at June 2023, the remaining construction-in-progress account includes the canteen and basketball court roofing project for STI Legazpi. The associated contract cost for this project is ₱25.7 million, inclusive of materials, cost of labor and overhead and all other costs required for the completion of this project. This project is expected to be completed by end of 2023.

As at June 30, 2023, the remaining construction-in-progress account also includes the costs of construction of STI WNU's new School of Basic Education (SBE) Building, rehabilitation of the main building and other repair works and the remaining ancillary works for the Engineering Building aggregating to ₱74.3 million. The balance as at June 30, 2022 in the amount of ₱22.2 million pertains to the renovation of the Engineering Building which was completed in February 2023 at a total cost of ₱28.8 million. The construction of the SBE building and other projects, including ancillary works in the Engineering building, are expected to be completed by February 2024.

Capitalized Borrowing Costs. Total borrowing costs capitalized as part of property and equipment amounted to ₱2.8 million for the year ended June 30, 2021 (nil for the years ended June 30, 2023 and 2022). The average interest capitalization rate was 5.62% for the year ended June 30, 2021, which was the effective rate of the borrowings.

Collaterals

iACADEMY's outstanding long-term loan is secured by a real estate mortgage on the Yakal land and building, and all other facilities, machineries, equipment and improvements therein (see Note 18). As at June 30, 2023 and 2022, the total carrying value of the mortgaged land, building, machineries and equipment amounted to ₱1,357.5 million and ₱1,396.8 million, respectively.

Transportation equipment, recognized as right-of-use assets, are pledged as security for the related lease liabilities as at June 30, 2023 and 2022 (see Note 29). The net book value of these equipment amounted to ₱15.6 million and ₱15.7 million as at June 30, 2023 and 2022, respectively.

12. Investment Properties

	2023				
	Land	**Condominium Units and Buildings**	**Right-of-Use Asset - Building**	**Construction In-Progress**	**Total**
Cost:					
Balance at beginning of year	**₱352,742,258**	**₱703,141,550**	**₱133,183,838**	**₱86,671,554**	**₱1,275,739,200**
Additions	**142,720,717**	**5,279,044**	**–**	**–**	**147,999,761**
Reclassification of completed construction-in-progress	**–**	**86,671,554**	**–**	**(86,671,554)**	**–**
Reclassification from property and equipment (see Note 11)	**40,497,071**	**55,298,011**	**–**	**–**	**95,795,082**
Reclassification to property and equipment (see Note 11)	**(46,593,333)**	**(70,825,763)**	**–**	**–**	**(117,419,096)**
Balance at end of year	**489,366,713**	**779,564,396**	**133,183,838**	**–**	**1,402,114,947**
Accumulated depreciation:					
Balance at beginning of year	**–**	**228,926,408**	**42,575,161**	**–**	**271,501,569**
Depreciation (see Note 26)	**–**	**26,517,445**	**12,949,230**	**–**	**39,466,675**
Reclassification from property and equipment (see Note 11)	**–**	**55,297,991**	**–**		**55,297,991**
Reclassification to property and equipment (see Note 11)	**–**	**(1,689,443)**	**–**	**–**	**(1,689,443)**
Balance at end of year	**–**	**309,052,401**	**55,524,391**	**–**	**364,576,792**
Net book value	**₱489,366,713**	**₱470,511,995**	**₱77,659,447**	**₱–**	**₱1,037,538,155**

	2022				
	Land	Condominium Units and Buildings	Right-of-Use Asset - Building	Construction In-Progress	Total
Cost:					
Balance at beginning of year	₱308,726,258	₱636,233,550	₱133,183,838	₱–	₱1,078,143,646
Additions	88,242,000	76,632,000	–	86,671,554	251,545,554
Disposal	(44,226,000)	(9,724,000)	–	–	(53,950,000)
Balance at end of year	352,742,258	703,141,550	133,183,838	86,671,554	1,275,739,200
Accumulated depreciation:					
Balance at beginning of year	–	202,596,069	29,475,112	–	232,071,181
Depreciation (see Note 26)	–	26,978,606	13,100,049	–	40,078,655
Disposal	–	(648,267)	–	–	(648,267)
Balance at end of year	–	228,926,408	42,575,161	–	271,501,569
Net book value	₱352,742,258	₱474,215,142	₱90,608,677	₱86,671,554	₱1,004,237,631

As at June 30, 2023 and 2022, investment properties primarily include buildings of the Group which are held for office or commercial lease.

Investment properties also include parcels of land and land improvements located in Davao City currently held by the Parent Company for capital appreciation and are not used in business. These properties (including the Quezon City dacion properties discussed in Note 10) were obtained by the Parent Company from Unlad through the Deeds of Dacion executed on March 31, 2016 (pursuant to a Memorandum of Agreement as discussed in Note 34) for a total dacion price of ₱911.0 million as settlement of the outstanding obligations of Unlad and PWU to the Parent Company, arising from the loans extended by the Parent Company to PWU and Unlad when the Parent Company acceded, in November 2011, to the Joint Venture Agreement and Shareholders' Agreement (the "Agreements") by and among PWU, Unlad, an Individual and Mr. Eusebio H. Tanco (EHT), STI Holdings' BOD Chairman, for the formation of a strategic arrangement with regard to the efficient management and operation of PWU (see Note 34). PWU is a private non-stock, non-profit educational institution, which provides basic, secondary, and tertiary education to its students while Unlad is a real estate company controlled by the Benitez Family and has some assets which are used to support the educational thrust of PWU. The properties were initially recognized as "Investment properties" at fair value amounting to ₱1,280.5 million at dacion date.

Description of valuation techniques used and key inputs to valuation of investment properties

The fair values of the Group's investment properties were determined by an independent professionally qualified appraiser accredited by the SEC. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Land

Level 3 fair value of land was derived using the market approach. The market approach is a comparative approach to value which considers the sale of similar or substitute properties and related market data and establishes a value estimate by a process involving comparison. Listings and offerings may also be considered. Sales price of comparable land in close proximity (external factor) are adjusted for differences in key attributes (internal factors) such as location and size.

Using the latest available valuation report as at June 30, 2023 and 2022, the following shows the valuation technique used in measuring the fair value of the land, as well as the significant unobservable inputs used:

Fair value of Davao property as at June 30, 2023 and 2022	₱421,932,000
Valuation date	September 2022
Valuation technique	Market approach
Unobservable input	External factors – net price per square meter Internal factors – location, size, depth, influence, and time element
Relationship of unobservable inputs to fair value	The higher the price per square meter, the higher the fair value

	2023	2022
Fair value of STI ESG's land	**₱484,056,385**	₱178,303,600
Valuation date	**June 2023/May 2022**	May 2022/March 2020
Valuation technique	**Market approach**	Market approach
Unobservable input	**Net price per square meter**	Net price per square meter
Relationship of unobservable inputs to fair value	**The higher the price per square meter, the higher the fair value**	The higher the price per square meter, the higher the fair value

Condominium Units and Buildings
Level 3 fair values of STI ESG's condominium units and buildings have also been derived using the market approach.

Using the latest available valuation report as at June 30, 2023 and 2022, the following table shows the valuation technique used in measuring the fair value of STI ESG's buildings, as well as the significant unobservable inputs used:

	2023	2022
Fair value	**₱1,597,923,000**	₱1,529,746,000
Valuation date	**June 2023/May 2022**	May 2022/March 2020
Valuation technique	**Market approach**	Market approach
Unobservable input	**Net price per square meter**	Net price per square meter
Relationship of unobservable inputs to fair value	**The higher the price per square meter, the higher fair value**	The higher the price per square meter, the higher fair value

The highest and best use of the Davao property is institutional land development, while the highest and best use of STI ESG's land, condominium units and buildings is commercial utility.

Land Acquired through Deed of Absolute Sale. On October 1, 2022, STI ESG acquired two parcels of land, together with all the improvements thereon, with a total area of 2,459 square meters, located in Meycauayan City, Bulacan for an aggregate amount of ₱140.1 million, inclusive of taxes and transfer fees, from which STI ESG recognized input VAT amounting to ₱16.2 million (see Note 8). This property is intended to be the future site of STI Academic Center Meycauayan. On the same date, Deeds of Assignment of Lease Agreements and Assumption of Rights and Obligations were executed and entered into by and among STI ESG, the seller of the aforementioned property, and the existing lessees on the purchased property agreeing that STI ESG will assume all rights and obligations under the lease contracts. The lease agreements have varying terms expiring in 2024 up to 2025.

Reclassification from Property and Equipment. In 2023, STI ESG reclassified the parcels of land, including the improvements thereon, located in Las Piñas City as part of "Investment properties". The carrying value at the time of reclassification is ₱40.5 million (see Note 11). These properties, a part of which being is used as warehouse, have existing leases with varying terms expiring in 2024 up to 2026.

Land and Buildings Acquired through Extrajudicial Foreclosure. As at June 30, 2022, investment properties include land and buildings acquired through extrajudicial foreclosure.

Pursuant to the deed of assignment executed by STI ESG and DBP (see Note 10), STI ESG started the foreclosure proceedings for the Tanay property after several demand/collection letters were sent to Tanay. On March 15, 2022, the extrajudicial foreclosure sale for the Tanay Property was completed and STI ESG was declared as the winning bidder. On April 11, 2022, the Office of the Clerk of Court and Ex-Officio Sheriff of Morong, Rizal issued the certificate of sale and the same was annotated on May 5, 2022. Consequently, STI ESG recognized the said property as part of land and building, under "Investment properties" at appraised values amounting to ₱44.1 million and ₱66.9 million, respectively. The difference between the fair value and derecognized receivable from STI Tanay amounting to ₱26.1 million was recognized as gain on settlement of receivables, presented as part of "Gain on settlement of receivables, net of provision for impairment of noncurrent held for sale" for the year ended June 30, 2022. On August 1, 2022, STI Tanay and STI ESG executed a Deed of Dacion En Pago to transfer, convey and assign, the mortgaged property located in Tanay, Rizal, free from all liens, encumbrances, claims and occupants. STI ESG released and discharged STI Tanay and the mortgagors of their obligations to the extent of the Dacion Price amounting to ₱81.2 million.

The Tanay property was subsequently reclassified from "Investment properties" to "Property and equipment" in September 2022 following the transfer of STI Quezon Avenue's operations to Tanay, Rizal starting SY 2022-2023 (see Notes 1, 10 and 11).

Right-of-use Asset – Building. On May 2, 2014, iACADEMY entered into a lease agreement with Metrobank Trust and Banking Group for a building along Sen. Gil J. Puyat Avenue for a period of fifteen (15) years and three (3) months subject to renewal upon mutual agreement. The annual rental is subject to 5.0% escalation every three (3) years or the average of the Consumer Price Index for the last three (3) years, whichever is higher. iACADEMY subleases the building to third parties.

On September 6, 2022, iACADEMY entered into a sublease agreement on this leased building, particularly the ground floor unit 1 and the entirety of the second floor up to and including the roof deck of the building, with a third party, for a period of five (5) years commencing on March 15, 2023 and ending on March 14, 2028.

Investment Property under Construction. As at June 30, 2022, the construction-in-progress account pertains substantially to the renovation of office condominium units owned by STI ESG. This includes mechanical and electrical set-up costs, structured cabling, plumbing, interior fit-out, and management services. The related contract costs amounted to ₱88.0 million, inclusive of materials, cost of labor and overhead and all other costs necessary for the completion of the project. This project is intended to complete the office fit-out requirements for a new lease agreement. The renovation works for the said office condominium units were completed in August 2022.

<u>Rental</u>
Rental income earned from investment properties amounted to ₱165.0 million, ₱66.1 million and ₱110.7 million for the years ended June 30, 2023, 2022 and 2021, respectively (see Note 29). Direct operating expenses, including real property taxes, insurance, janitorial, security services and repairs and maintenance, arising from investment properties for the years ended June 30, 2023, 2022 and 2021 amounted to ₱28.1 million, ₱15.0 million and ₱13.0 million, respectively.

13. Investments in and Advances to Associates and Joint Venture

	2023	2022
Investments		
Acquisition costs	**₱46,563,409**	₱46,563,409
Accumulated equity in net earnings (losses):		
Balance at beginning of year	**(28,401,837)**	(8,159,640)
Equity in net earnings (losses) of associates and joint venture	**2,258,739**	(20,242,197)
Balance at end of year	**(26,143,098)**	(28,401,837)
Accumulated share in associates' other comprehensive loss:		
Balance at beginning and end of year	**329,306**	329,306
	20,749,617	18,490,878
Advances (see Note 31)	**48,134,540**	48,134,540
Less allowance for impairment loss	**48,134,540**	48,134,540
	–	–
	₱20,749,617	₱18,490,878

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

	2023	2022
Associates:		
STI Accent*	**₱48,134,540**	₱48,134,540
GROW	**16,733,574**	14,289,422
Joint venture - PHEI (see Note 14)	**4,016,043**	4,201,456
	68,884,157	66,625,418
Allowance for impairment loss	**(48,134,540)**	(48,134,540)
	₱20,749,617	₱18,490,878

**The share in equity of STI Accent for the years ended June 30, 2023 and 2022 is not material to the consolidated financial statements.*

As at June 30, 2023 and 2022, the carrying amount of the investments in STI Marikina and STI Accent amounted to nil.

There were no movements in allowance for impairment in value of investments in and advances to associates and joint venture for the years ended June 30, 2023 and 2022. Provision for impairment for the year ended June 30, 2021 amounted to ₱10.3 million (see Note 26).

Information about the associates is discussed below:

STI Accent. STI Accent is engaged in providing medical and other related services. It ceased operations on June 20, 2012 after the contract of usufruct between STI Accent and Dr. Fe Del Mundo Medical Center Foundation Philippines, Inc. to operate the hospital and its related healthcare service businesses was rescinded in May 2012. As at June 30, 2023 and 2022, allowance for impairment loss on STI ESG's investment in STI Accent and related advances amounted to ₱48.1 million. STI ESG recognized provision for impairment in its advances to STI Accent amounting to ₱10.3 million for the year ended June 30, 2021 (nil for the years ended June 30, 2023 and 2022).

Others. The carrying amount of the Group's investments in STI Alabang (as of June 2022) and GROW represents the aggregate carrying values of individually immaterial associates.

The aggregate financial information of individually immaterial associates follows:

	2023	2022	2021
Current assets	**₱51,770,628**	₱192,276,126	₱194,050,957
Noncurrent assets	**62,726,577**	40,302,973	41,929,742
Current liabilities	**(68,142,818)**	(201,489,565)	(154,859,791)
Noncurrent liabilities	**(1,590,507)**	(16,855,871)	(17,953,621)
Equity	**₱44,763,880**	₱14,233,663	₱63,167,287

	2023	2022	2021
Revenues	**₱313,535,150**	₱286,407,241	₱172,522,598
Expenses	**299,621,317**	(316,911,622)	(186,048,513)
Total comprehensive income (loss)	**₱13,913,833**	(₱30,504,381)	(₱13,525,915)

Share in total comprehensive income (loss)	**₱2,258,739**	(₱20,242,197)	(₱4,603,590)

Terms and conditions relating to advances to associates and joint venture are disclosed in Note 31 to the consolidated financial statements.

14. Interest in Joint Venture

On March 19, 2004, STI ESG, together with the University of Makati (Umak) and another shareholder, incorporated PHEI in the Philippines. STI ESG and Umak each owns 40.0% of the equity of PHEI with the balance owned by another shareholder. PHEI is envisioned as the College of Nursing of Umak.

The following are certain key terms under the agreement signed in 2003 by STI ESG and Umak:

a. STI ESG shall be primarily responsible for the design of the curriculum for the Bachelor's Degree in Nursing (BSN) and Master's Degree in Nursing Informatics, with such curriculum duly approved by the University Council of Umak;

b. Umak will allow the use of its premises as the campus of BSN while the premises of iACADEMY will be the campus of the post graduate degree; and

c. STI ESG will recruit the nursing faculty while Umak will provide the faculty for basic courses that are non-technical in nature.

The cost of STI ESG's investment in PHEI amounted to ₱5.0 million while its carrying value amounted to ₱4.0 million and ₱4.2 million as at June 30, 2023 and 2022, respectively.

The Group's share in the net losses of its joint venture amounted to ₱0.2 million, ₱47.0 thousand and ₱0.1 million for the years ended June 30, 2023, 2022 and 2021, respectively, which are all individually immaterial to the consolidated financial statements.

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

	2023	2022
Quoted equity shares	**₱6,179,340**	₱4,800,312
Unquoted equity shares	**65,882,287**	65,388,463
	₱72,061,627	₱70,188,775

a. Quoted Equity Shares

The quoted equity shares above pertain to shares listed in the PSE, as well as traded club shares. These are carried at fair value with cumulative changes in fair values presented as a separate component in equity under the "Unrealized fair value adjustment on equity instruments at FVOCI" account in the consolidated statements of financial position. The fair values of these shares are based on the quoted market price as at the financial reporting date.

b. Unquoted Equity Shares

Unquoted equity shares pertain to shares which are not listed in a stock exchange.

STI ESG owns 57,971 shares of De Los Santos Medical Center, Inc. (DLSMC). The carrying value of the investment in DLSMC amounted to ₱31.0 million and ₱30.5 million as at June 30, 2023 and 2022, respectively.

STI ESG recognized dividend income from unquoted equity shares at FVOCI amounting to ₱1.8 million for the year ended June 30, 2023 and ₱0.8 million each year for the years ended June 30, 2022 and 2021.

The rollforward analysis of the "Unrealized fair value adjustment on equity instruments at FVOCI" account as shown in the equity section of the consolidated statements of financial position follows:

	2023	2022
Balance at beginning of year	**₱13,451,307**	₱12,310,264
Unrealized fair value adjustment on equity instruments at FVOCI	**1,872,852**	1,141,043
Balance at end of year (see Note 21)	**₱15,324,159**	₱13,451,307

16. Goodwill, Intangible and Other Noncurrent Assets

	2023	2022
Goodwill	**₱266,579,313**	₱243,555,353
Advances to suppliers	**71,594,233**	19,112,618
Intangible assets (see Note 39)	**48,483,245**	49,174,773
Rental and utility deposits (see Note 29)	**34,113,820**	34,500,378
Deferred input VAT	**10,824,959**	13,755,760
Others	**4,213,950**	4,823,112
	₱435,809,520	₱364,921,994

Goodwill

As at June 30, 2023 and 2022, the Group's goodwill acquired through business combinations have been allocated to certain schools which are considered as separate CGUs:

	2023	2022
STI Caloocan	**₱64,147,877**	₱64,147,877
STI Cubao	**28,327,670**	28,327,670
STI Alabang (see Note 39)	**23,023,960**	–
STI Pasay-EDSA	**22,292,630**	22,292,630
STI Novaliches	**21,803,322**	21,803,322
NAMEI	**21,231,234**	21,231,234
STI Bacolod	**15,681,232**	15,681,232
STI Global City	**11,360,085**	11,360,085
STI Sta. Mesa	**11,213,342**	11,213,342
STI Lipa	**8,857,790**	8,857,790
STI Ortigas-Cainta	**7,476,448**	7,476,448
STI Dagupan	**6,835,818**	6,835,818
STI Meycauayan	**5,460,587**	5,460,587
STI Tanauan	**4,873,058**	4,873,058
STI Las Piñas	**2,922,530**	2,922,530
STI Batangas	**2,585,492**	2,585,492
STI Kalibo	**2,474,216**	2,474,216
STI Naga	**2,305,368**	2,305,368
STI Sta. Maria	**1,776,696**	1,776,696
STI Calbayog (see Note 39)	**1,325,721**	1,325,721
STI Dumaguete (see Note 39)	**604,237**	604,237
	₱266,579,313	₱243,555,353

Management performs its impairment test at the end of each reporting period for all the CGUs. The recoverable amounts are computed based on value-in-use calculations using cash flow projections. Future cash flows are discounted using a pre-tax discount rate ranging from 10.18% to 12.6% and from 12.9% to 13.9% as at June 30, 2023 and 2022, respectively. The cash flow projections are based on a five-year financial planning period as approved by senior management. The management used forecasted revenue increase ranging from 0.02% to 66.10% and 6.83% to 13.32% in June 2023 and 2022, respectively, for the next five years. In 2022, the management forecasted revenue decrease ranging from 0.36% to 2.82% for certain CGUs. The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 5.00% in June 2023 and 2022. The Group recognized a provision for impairment on goodwill under general and administrative expenses amounting to ₱3.8 million for the year ended June 30, 2022 (see Note 26). No impairment was recognized for the years ended June 30, 2023 and 2021.

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 forecast of each CGU is primarily dependent on the number of students enrolled and tuition fee rates, which vary for each school.

- Long-term growth rate – Rates are based on published industry research.

- Discount rate – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its WACC. The Group used the WACC rate as affected by the beta of companies with similar activities and capital structure with the CGUs. WACC is also affected by costs of debt and capital based on average lending rates for a 10-year term due to assumption that the CGUs will exist beyond ten (10) years.

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.

<u>Advances to Suppliers</u>
Advances to suppliers relate to advance payments made for various transactions, including the (1) construction of canteen and basketball roofing projects at STI Legazpi (2) renovation project at STI Tanay, (3) acquisition of capital assets, (4) design and set-up of the new enrollment system, (5) various ongoing projects of the other schools owned and operated by STI ESG, and (6) construction of STI WNU's new School of Basic Education building and renovation of its Engineering building. The related costs of these projects will be recognized as "Property and equipment" when the goods are received, or the services are completely rendered.

<u>Intangible Assets</u>
Intangible assets substantially pertain to the license to operate a maritime school and related agreements which the Group identified as intangible assets for purposes of estimating the fair value of the net assets acquired by STI ESG. Such intangible assets with indefinite useful life, representing the fair value of the license and agreements, amounted to ₱27.6 million as at June 30, 2023 and 2022.

This account also includes the Group's accounting, school management and payroll software which are being amortized over their estimated useful lives.

The rollforward analyses of this account follow:

	2023	2022
Cost, net of accumulated amortization:		
Balance at beginning of year	**₱49,174,773**	₱47,476,586
Additions	**1,291,276**	3,133,013
Amortization (see Notes 24 and 26)	**(1,982,804)**	(1,434,826)
Balance at end of year	**₱48,483,245**	₱49,174,773
Cost	**₱113,842,179**	₱112,550,903
Accumulated amortization	**(65,358,934)**	(63,376,130)
Net carrying amount	**₱48,483,245**	₱49,174,773

<u>Rental and Utility Deposits</u>
This account includes security deposits paid to utility companies and for warehouse, school and office space rentals in accordance with the respective lease agreements.

<u>Deferred Input VAT</u>
This account represents input VAT which is expected to be recovered beyond one year (see Note 8).

17. **Accounts Payable and Other Current Liabilities**

	2023	2022
Accounts payable (see Note 31)	**₱457,352,866**	₱446,952,008
Dividends payable (see Note 21)	**27,411,219**	26,411,518
Nontrade payable (see Notes 1 and 34)	**17,000,000**	17,000,000
Accrued expenses:		
Contracted services	**55,619,790**	40,669,786
School-related expenses	**49,350,139**	48,064,848
Salaries, wages and benefits	**30,598,314**	33,329,119
Interest	**23,550,067**	26,583,874
Utilities	**9,176,207**	10,400,798
Advertising and promotion	**3,365,457**	7,624,460
Rent (see Note 29)	**2,366,145**	4,637,426
Others	**5,352,839**	5,441,782
Statutory payables	**31,788,805**	27,438,037
Student organization fund	**26,034,726**	14,012,993
Network events fund	**16,304,070**	12,785,275
Current portion of refundable deposits (see Note 20)	**5,663,137**	680,495
Current portion of advance rent (see Note 20)	**1,592,747**	346,370
Others	**10,701,940**	13,696,181
	₱773,228,468	₱736,074,970

The terms and conditions of the above liabilities are as follows:

a. Accounts payable are noninterest-bearing and are normally settled within a 30 to 60-day term.

b. Dividends payable pertains to dividends declared which are unclaimed as at reporting date and are due on demand.

c. Nontrade payable pertains to a contingent consideration in relation to the acquisition of STI WNU. The Parent Company and the Agustin family decided to amicably settle ₱50.0 million of the nontrade payable by (a) executing in counterparts the Compromise Agreement dated September 6, 2021 and September 10, 2021 and (b) filing a *Joint Motion for Judgment Based on Compromise Agreement* dated September 20, 2021. In the Compromise Agreement, the Parent Company agreed to pay the Agustin family the amount of ₱25.0 million as final and full settlement of the ₱50.0 million, which is the subject of the cases filed by the Agustin family (see Note 34). On September 14, 2021, the Parent Company paid ₱25.0 million to the Agustin family. Accordingly, the Parent Company recognized other income on derecognition of contingent consideration amounting to ₱25.0 million. As at June 30, 2023, the remaining balance of nontrade payable amounting to ₱17.0 million pertains to the portion of the contingent consideration to be released upon collection of STI WNU's trade receivables guaranteed as collectible by the Agustin family. As part of the Compromise Agreement, the parties also agreed to review the financial records of STI WNU to determine the status of collection (see Note 34).

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

e. Statutory payables primarily include taxes payable and other payables to government agencies which are normally settled within thirty (30) days.

f. Refundable deposits pertain to security deposits from existing lease agreements which are expected to be settled within the next financial year .

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

h. Terms and conditions of payables to related parties are disclosed in Note 31 to the consolidated financial statements.

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

	2023	2022
Term loan facilities[a]	**₱854,984,834**	₱1,272,392,785
Corporate Notes Facility[b]	**213,518,514**	245,666,028
Landbank ACADEME Program[I]	**3,042,276**	12,538,573
	1,071,545,624	1,530,597,386
Less current portion	**262,837,889**	239,135,979
Noncurrent portion	**₱808,707,735**	₱1,291,461,407

[a] Net of unamortized debt issuance costs of ₱4.8 million and ₱7.2 million as at June 30, 2023 and 2022, respectively.
[b] Inclusive of unamortized premium of ₱3.5 million and ₱5.7 million as at June 30, 2023 and 2022, respectively.
c) Net of unamortized debt issuance costs of ₱7.9 thousand and ₱56.4 thousand as at June 30, 2023 and June 30, 2022, respectively.

Term Loan Facilities
iACADEMY. On September 28, 2017, iACADEMY, as Borrower, and Neschester, as Third Party Mortgagor, entered into an Omnibus Loan and Security Agreement (Omnibus Agreement) with China Banking Corporation (China Bank) granting iACADEMY a Term Loan Facility amounting to ₱800.0 million to refinance the ₱200.0 million short-term loan and partially finance the cost of construction of iACADEMY's Yakal campus. The long-term loan is secured by a real estate mortgage on the Yakal land and the building constructed thereon, and all other facilities, machineries equipment and improvements therein (see Note 11). The long-term loan shall mature on the 10th year anniversary of the initial drawdown on the Term Loan Facility (the Loan Maturity Date). The maturity date of subsequent drawdowns made within the availability period shall coincide with the Loan Maturity Date.

iACADEMY made the following drawdowns:

	Amount	Interest at Drawdown Date
September 29, 2017	₱200,000,000	4.4025%
January 10, 2018	130,000,000	4.4057%
April 5, 2018	240,000,000	4.6932%
May 15, 2018	130,000,000	5.1928%
October 26, 2018	100,000,000	7.9266%
	₱800,000,000	

On September 28, 2018, the total drawdown amounting to ₱700.0 million was repriced at an interest rate of 6.8444% per annum. The loan facility has a term of 10 years, with a 3-year grace period on the principal repayment. The principal is payable semi-annually starting September 29, 2020, while the interest is payable semi-annually in arrears every March 29 and September 29 of each year. The interest rate shall be repriced one business day prior to each of the later interest payment date of the two relevant interest periods. Interest rate is determined based on the 1-year PHP Bloomberg Valuation Service

(BVAL) reference rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than the sum of the BSP Overnight Lending Facility Rate and one-half percent (0.50%) per annum.

On September 13, 2019, China Bank approved iACADEMY's request to partially prepay the term loan. iACADEMY paid ₱200.0 million on September 30, 2019. On September 27, 2019, the total loan balance of ₱600.0 million was repriced at an interest rate of 5.3030% per annum.

With the prepayment made on September 30, 2019, China Bank approved the future repayment of the loan principal as follows:

Fiscal year	Amount
2021	₱80,000,000
2022	80,000,000
2023	80,000,000
2024	80,000,000
2025	80,000,000
2026	80,000,000
2027	80,000,000
2028	40,000,000
	₱600,000,000

On September 29, 2020, iACADEMY paid the ₱40.0 million regular amortization. The ₱560 million loan balance was repriced at 3.3727% per annum on September 28, 2020.

On September 16, 2021, China Bank approved iACADEMY's request to allow a partial principal prepayment in the amount of ₱120.0 million and a waiver of the 3.0% prepayment penalty. On September 29, 2021, iACADEMY made a prepayment of ₱120.0 million plus ₱40.0 million regular amortization. The prepayment shall be applied in the inverse order of maturity according to the repayment schedule. The prepayment penalty was waived by China Bank.

With the prepayment made, China Bank approved the future repayment of the loan principal as follows:

Fiscal year	Amount
2022	₱40,000,000
2023	80,000,000
2024	80,000,000
2025	80,000,000
2026	80,000,000
	₱360,000,000

On March 9, 2023, China Bank approved iACADEMY's request to allow a partial principal prepayment in the amount of ₱100.0 million and a waiver of the 3% prepayment penalty.
On March 29, 2023, iACADEMY made a prepayment of ₱100.0 million plus the regular amortization of ₱40.0 million. The prepayment is applied in the inverse order of maturity according to the repayment schedule.

The revised repayment schedule, after the application of the principal prepayment in March 2023, are as follows:

Fiscal year	Amount
2024	₱80,000,000
2025	60,000,000
	₱140,000,000

Breakdown of iACADEMY's Term Loan follows:

	2023	2022
Balance at beginning of year	**₱320,000,000**	₱520,000,000
Payments	**(180,000,000)**	(200,000,000)
	140,000,000	320,000,000
Unamortized debt issuance costs	**(357,677)**	(1,635,095)
Balance at end of year	**139,642,323**	318,364,905
Less current portion	**79,795,613**	79,591,226
Noncurrent portion	**₱59,846,710**	₱238,773,679

Interest rates were repriced at the rates of 3.2068% and 5.6699% per annum effective September 28, 2021 and 2022, respectively. Starting September 28, 2023, the interest rate was adjusted to 8.0845% per annum.

Interest expense for the years ended June 30, 2023, 2022 and 2021 amounted to ₱12.6 million, ₱12.9 million and ₱22.1 million, respectively.

iACADEMY incurred costs related to the availment of the loan amounting to ₱8.2 million. These costs were capitalized and amortized using the EIR method. These are presented as a contra-liability account in the consolidated statements of financial position. The carrying value of the transaction costs amounted to ₱0.4 million and ₱1.6 million as at June 30, 2023 and 2022, respectively. Amortization of transaction costs recognized as interest expense amounted to ₱1.3 million, ₱1.0 million and ₱0.8 million for the years ended June 30, 2023, 2022 and 2021, respectively.

The Omnibus Agreement contains, among others, covenants regarding incurring additional debt and declaration of dividends, to the extent that such will result in a breach of the required debt service cover (DSCR) and debt-to-equity (D/E) ratios. The required financial ratios are:

(1) DSCR of a minimum of 1.05x, which is the ratio of EBITDA for the immediately preceding twelve (12) months to debt service due in the next 12 months.

(2) D/E ratio of not more than 2.0x, computed by dividing total liabilities (excluding unearned tuition and other school fees) by total equity.

As at June 30, 2023 and 2022, iACADEMY has complied with the above covenants.

STI ESG. On May 7, 2019, STI ESG and China Bank entered into a seven-year term loan agreement up to the amount of ₱1,200.0 million. The credit facility is unsecured and is available for a period of one year from May 7, 2019, the date of signing of the loan agreement. The proceeds of this loan shall be used for the (i) financing of campus expansion projects (ii) acquisition of schools (iii) refinancing of short-term loans incurred for projects and (iv) other general corporate purposes. The agreement provides for a grace period in principal repayments of two (2) years from the initial drawdown date.

Principal repayments shall be made in ten (10) equal semi-annual installments beginning six (6) months from the end of the grace period.

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

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

On July 3, 2020, STI ESG and China Bank executed the Amendment to the Term Loan Agreement dated May 7, 2019 to amend the availability period of the Term Loan Facility. The Term Loan Facility was made available to the Borrower on any business day for the period beginning on the date of the Term Loan Agreement and ending on the earliest of: (a) July 31, 2020; (b) the date the Term Loan Facility is fully drawn; or (c) the date the Lender's commitment to extend the Term Loan Facility to the Borrower is canceled or terminated in accordance with the Term Loan Agreement. At various dates during the year ended March 31, 2020, STI ESG availed of loans aggregating to ₱800.0 million subject to interest rates ranging from 5.81% to 6.31% per annum. In July 2020, STI ESG availed of loans aggregating to ₱400.0 million subject to an interest rate of 5.81% per annum. Interest rates for all drawdowns from the Term Loan Facility were repriced at a rate of 5.56% per annum effective September 20, 2020. As at July 31, 2020, the Term Loan Facility is fully drawn at ₱1,200.0 million. The proceeds from these loans were used for capital expenditures and working capital requirements. Interest rates for all drawdowns from the Term Loan Facility were repriced at the rates of 5.7895% and 6.5789% per annum effective September 19, 2021 and 2022, respectively. Starting from September 19, 2023, the interest rate was adjusted to 8.0472% per annum.

The Agreement prescribes that the following financial covenants shall be observed and computed based on STI ESG's consolidated financial statements as at and for the period ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year:

1. D/E ratio of not more than 1.50x, computed by dividing Total Liabilities by Total Equity. For purposes of this computation, Total Liabilities shall exclude Unearned Tuition and Other School Fees, and

2. DSCR of a minimum of 1.05x, which is the ratio of EBITDA to Debt Service.

STI ESG's D/E ratios and DSCRs, as defined in the Term Loan Agreement, as at June 30, 2023 and 2022 are as follows:

	2023	2022
Total liabilities [a]	**₱4,943,137,190**	₱5,166,220,433
Total equity	**6,295,193,602**	5,892,251,942
Debt-to-equity ratio	**0.79:1.00**	0.88:1.00

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

	2023	2022
EBITDA (see Note 3)[b]	**₱1,248,675,261**	₱868,421,984
Total interest-bearing liabilities[c]	**2,631,125,982**	483,122,324
Debt service cover ratio	**0.47:1.00**	1.80:1.00

[b] *EBITDA for the last twelve months*
[c] *Total principal and interests due in the next twelve months*

On August 15, 2022, China Bank approved the request of STI ESG for the waiver of the DSCR requirement for the periods ended June 30, 2023 and December 31, 2023. The total interest-bearing liabilities of the Group due in the next twelve months increased with the reclassification of the 7-year bonds of STI ESG maturing in March 2024 from noncurrent to current liabilities. With the waiver from China Bank, STI ESG is compliant with the above covenants as at June 30, 2023 and 2022.

Breakdown of STI ESG's Term Loan follows:

	2023	2022
Balance at beginning of year	**₱960,000,000**	₱1,200,000,000
Repayments	**(240,000,000)**	(240,000,000)
Balance at end of year	**720,000,000**	960,000,000
Unamortized debt issuance costs	**(4,657,489)**	(5,972,120)
Balance at end of year	**715,342,511**	954,027,880
Less current portion	**120,000,000**	120,000,000
Noncurrent portion	**₱595,342,511**	₱834,027,880

These loans are unsecured and are due based on the following original schedule:

Fiscal Year	Amount
2022	₱120,000,000
2023	240,000,000
2024	240,000,000
2025	240,000,000
2026	240,000,000
2027	120,000,000
	₱1,200,000,000

On September 16, 2021, China Bank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million. Further, China Bank reduced the prepayment penalty from 3.0% to 1.5% based on the amount to be prepaid. On September 20, 2021, STI ESG made a prepayment aggregating to ₱243.9 million, inclusive of the 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on amortizations due on March 19, 2022, and September 19, 2022.

The revised repayment schedule, after the application of the principal prepayment made in September 2021, are as follows:

Fiscal Year	Amount
2023	₱120,000,000
2024	240,000,000
2025	240,000,000
2026	240,000,000
2027	120,000,000
	₱960,000,000

On September 23, 2022, China Bank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 milion. On the same day, STI ESG made a prepayment aggregating to ₱244.5 million, inclusive of interests on the outstanding term loan facility covering September 19 to 23, 2022 and 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on amortizations due on March 19, 2023 and September 19, 2023.

The revised repayment schedule, after the application of the principal prepayment in September 2022, are as follows:

Fiscal Year	Amount
2024	₱120,000,000
2025	240,000,000
2026	240,000,000
2027	120,000,000
	₱720,000,000

Corporate Notes Facility

On March 20, 2014, STI ESG entered into a Corporate Notes Facility Agreement (Credit Facility Agreement) with China Bank granting STI ESG a credit facility amounting to ₱3,000.0 million with a term of either 5 or 7 years. The facility is available in two tranches of ₱1,500.0 million each. The net proceeds from the issuance of the notes were used for capital expenditures and other general corporate purposes.

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

An Accession Agreement to the Credit Facility Agreement was executed on December 16, 2014 among STI ESG, STI WNU and China Bank whereby STI WNU acceded to the Credit Facility entered into by STI ESG with China Bank in March 2014. In addition, an Amendment and Supplemental Agreement was also executed by the parties on the same date. The Amendment and Supplemental Agreement allowed STI WNU to draw up to ₱300.0 million from the facility.

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

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

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

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

a) change in interest rate of either (1) the 1-year benchmark rate (PDST-R2) plus a margin of 1.50% per annum which interest rate shall in no case be lower than 3.75% per annum or (2) the 3-month benchmark rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than 3.50% per annum.

b) amendments on the required financial ratios, whereby STI ESG shall maintain the following ratios which shall be computed based on the consolidated financial statements:

    (1) Debt-to-equity ratio of not more than 1.50x, computed by dividing total debt by total equity. For the purpose of this computation, total debt shall exclude unearned tuition and other school fees;
    (2) Debt service cover ratio of a minimum of 1.05x.

On January 29, 2021, STI ESG and China Bank executed a Third Amendment and Supplemental Agreement to the Corporate Notes Facility Agreement with an outstanding balance of ₱240.0 million. Significant changes to the terms and conditions of the Corporate Notes Facility Agreement of STI ESG are as follows:

a) amendment of the maturity date from July 31, 2021 to September 19, 2026, where semi-annual amortization of ₱30.0 million shall be every March 19 and September 19 of each year to commence from March 19, 2023;

b) amendment of the interest rate repricing date for the interest period commencing on January 31, 2021 while all succeeding interest rate repricing dates shall be on the interest payment date of the interest period ending on September 19 of every year, thereafter;

c) amendment of the interest period commencing on January 31, 2021 and each successive period of six months commencing from September 19, 2021 and ending on the relevant maturity date; and

d) amendment of the 1-year Benchmark Rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than 5.50% per annum for the interest period covering January 31, 2021 to September 18, 2021 and 6.25% per annum for each succeeding interest period thereafter.

The above modification of terms and conditions resulted in the recognition of premium on corporate notes facility amounting to ₱8.3 million. The premium on the interest-bearing loans and borrowings will be amortized and presented as a reduction of future interest expense. The impact of the loss on loan modification and loan premium amortization will be fully offset at the end of the loan period. The carrying value of the unamortized premium on corporate notes amounted to ₱3.5 million and ₱5.7 million as at June 30, 2023 and 2022, respectively. Amortization of loan premium amounting to ₱2.1 million, ₱2.5 million, and ₱0.2 million for the years ended June 30, 2023, 2022 and 2021, respectively, were recognized as a reduction of interest expense in the consolidated statements of comprehensive income. Interest rate for the Corporate Notes Facility was repriced at the rate of 6.5789% per annum effective September 20, 2022.

Breakdown of STI ESG's Credit Facility Agreement follows:

	2023	2022
Balance at beginning of year	**₱240,000,000**	₱240,000,000
Payments	**30,000,000**	–
	210,000,000	240,000,000
Add unamortized premium on corporate notes	**3,518,514**	5,666,028
Balance at end of year	**213,518,514**	245,666,028
Less current portion	**60,000,000**	30,000,000
Noncurrent portion	**₱153,518,514**	₱215,666,028

In January 2021, STI WNU fully paid its loan from the Corporate Notes Facility.

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

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

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

On September 19, 2023, STI ESG settled the principal payment due on its Corporate Notes Facility amounting to ₱30.0 million (nil for the year ended June 30, 2022). On the same day, STI ESG fully paid the remaining principal on the same facility amounting to ₱180.0 million. In view of this loan being fully paid, the unamortized premium amounting to ₱3.5 million associated with the Corporate Notes Facility was derecognized in September 2023.

Waivers of Certain Covenants

a. On June 23, 2020, STI ESG requested China Bank for waivers of certain covenants in its Term Loan Agreement and Corporate Notes Facility Agreement in connection with STI ESG's availment of the Land Bank of the Philippines (LandBank) ACcess to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Program.

b. On July 23, 2020, China Bank approved the waiver of the following covenants:

- Assignment of revenues/income. The Borrower/Issuer shall not assign, transfer or otherwise convey any right to receive any of its income or revenues except when such assignment, transfer, or conveyance: (i) is made on an arm's length basis under normal commercial terms; or (ii) is required by Law; and, in either case, does not result in a Material Adverse Effect and provided that the Borrower/Issuer shall notify the Lender/Note Holder in the event that any of the above transactions are entered into with related parties or any of the Subsidiaries or Affiliates of the Borrower/Issuer;
- Encumbrances. The Borrower/Issuer shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer in receiving income; and
- Ranking of Notes. The Borrower/Issuer shall ensure that for so long as any Note is outstanding, the Issuer shall not incur or permit to arise any Indebtedness which ranks ahead of the Notes whether it be by virtue of being evidenced by a public instrument as provided by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same may be amended from time to time, or otherwise.

c. On July 23, 2020, China Bank approved the temporary waiver of the DSCR requirement on both the Term Loan and the Corporate Notes Facility Agreements with STI ESG covering the period ended March 31, 2021. On December 18, 2020, China Bank approved the temporary waiver of the DSCR requirement covering the period ended December 31, 2020 and the period ending June 30, 2021.

d. On August 15, 2022, China Bank approved the request of STI ESG for the waiver of the DSCR requirement for the periods ending June 30, 2023 and December 31, 2023.

e. On August 7, 2020, STI WNU requested China Bank for consent to avail of LandBank's ACADEME Lending Program by way of participation to the extent of ₱10.0 million in the Term Loan/Rediscounting Facility approved by LandBank in favor of STI ESG and the waiver of certain covenants in the Corporate Notes Facility Agreement dated March 20, 2014 and the Accession Agreement dated December 16, 2014. On September 8, 2020, China Bank approved the waiver of the following covenants in relation to the availment of STI WNU of LandBank's ACADEME Lending Program.

- the waiver of Section 7.01(s) re: Ranking of Notes which requires STI WNU to ensure that for as long as any Note is outstanding, STI WNU shall not incur or permit to arise any Indebtedness which ranks ahead of the Notes insofar as the same relates to the availment by STI WNU of LandBank's ACADEME Lending Program, to be secured by the corporate surety of STI Education System Holdings, Inc. and the assignment of the sub-promissory notes to be executed by the parents or benefactors of STI WNU's students in favor of LandBank;

- the waiver of Section 7.02(g) of the Corporate Notes Facility Agreement re: Assignment of Revenues and Income which prohibits STI WNU from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of STI WNU's students in favor of LandBank as security for the ACADEME Lending Program;

- the waiver of Section 7.02(o) of the Corporate Notes Facility Agreement re: Encumbrances which prohibits STI WNU from permitting any Indebtedness to be secured by or to benefit from any Lien in favor of any creditor or class of creditors on or in respect of any present or future assets or revenues of STI WNU or the right of STI WNU in receiving income in relation to the requirement of LandBank to assign the sub promissory notes to be executed by the parents or benefactors of STI WNU's students in favor of LandBank as security for the ACADEME Lending Program; and

f. On August 7, 2020, iACADEMY requested China Bank for consent to avail of LandBank's ACADEME Lending Program by way of participation to the extent of ₱10.0 million in the Term Loan/Rediscounting Facility approved by LandBank in favor of STI ESG in the amount of ₱250.0 million and waiver of certain covenants in the Omnibus Loan and Security Agreement dated September 28, 2017. On September 8, 2020, China Bank approved the waiver of the following covenants in relation to the availment of iACADEMY of LandBank's ACADEME Lending Program:

   - the waiver of Section 16.01(u) of the Omnibus Agreement re: Ranking of Notes which requires iACADEMY to ensure that for as long as any Note is outstanding, iACADEMY shall not incur or permit to arise any Indebtedness which ranks ahead of the Notes insofar as the same relates to the availment by iACADEMY of LandBank's Academe Lending Program, to be secured by the corporate surety of STI Education System Holdings, Inc. and the assignment of the sub promissory notes to be executed by the parents or benefactors of iACADEMY's students in favor of LandBank;

   - the waiver of Section 16.02(k) of the Omnibus Agreement re: Encumbrances which prohibits iACADEMY from permitting any Indebtedness to be secured by or to benefit from any Lien in favor of any creditor or class of creditors on or in respect of any present or future assets or revenues of iACADEMY or the right of iACADEMY to receive income in relation to the requirement of LandBank to assign the sub promissory notes to be executed by the parents or benefactors of iACADEMY's students in favor of LandBank as security for the ACADEME Lending Program; and

   - the waiver of Section 16.02(m) of the Omnibus Agreement re: Assignment of Revenues and Income which prohibits iACADEMY from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub promissory notes to be executed by the parents or benefactors of iACADEMY's students in favor of LandBank as security for the ACADEME Lending Program.

<u>LandBank ACADEME Program</u>
On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its ACADEME Lending Program in favor of STI ESG to finance the 'study now, pay later' program of the government for students amid the financial difficulties facing families due to the COVID-19 pandemic. The LandBank ACADEME Program is a refinancing/rediscounting facility for Promissory Notes issued by the parents or benefactors of students to enable said students to enroll, continue and complete their studies. The school can borrow up to 70.0% of the amount stated in the Promissory Note issued by the parents/benefactors of the students. This loan from LandBank is subject to 3.0% interest per annum. Interest and principal are payable annually in arrears. The term of the borrowing is coterminous with the promissory note to be issued by the parents/benefactors of the students, which in no case shall exceed three (3) years. The loans covered by these promissory notes to be issued by the parents/benefactors of students are interest-free.

The ₱250.00 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by STI Holdings.

On September 16, 2020, the Rediscounting Agreement with LandBank was executed by STI ESG in relation to this loan arrangement. Further, on the same date, the Comprehensive Surety Agreement was executed by STI Holdings in favor of LandBank. STI ESG has drawn from its Term Loan/Rediscounting Line Facility with LandBank an aggregate amount of ₱22.1 million in 2021. The term of the borrowing is coterminous with the promissory notes executed by the parents/benefactors of the students. STI ESG paid ₱9.5 million during the year ended June 30, 2023. Total payments made to date is ₱19.1 million.

The carrying value of the loan amounted to ₱3.0 million and ₱12.5 million as at June 30, 2023 and 2022, respectively. Of the ₱3.0 million outstanding loan, ₱2.1 million has been settled in August 2023 while the balance is maturing in January 2024.

Short-term Loans
On January 22, 2021, STI ESG availed of a loan from Security Bank Corporation amounting to ₱100.0 million subject to an interest rate of 4.75% per annum. The loan was fully settled in March 2021. The credit line is on a clean basis. The proceeds from this loan were used for working capital requirements.

On August 24, 2020, STI ESG made a loan drawdown from its short-term credit line with Bank of the Philippine Islands (BPI) amounting to ₱300.0 million with a term of one year. The interest rate is 4.25% per annum subject to quarterly repricing. The credit line is on a clean basis. This loan was fully settled in February 2021. The proceeds from this loan were used for working capital requirements.

Interest Expense
Except for the LandBank loan, the benchmark rate for the loans of STI ESG, STI WNU, and iACADEMY is the BVAL reference rate for one-year tenor.

Interest incurred on the loans (including amortization of debt issuance costs and premium) for the years ended June 30, 2023, 2022 and 2021 amounted to ₱82.3 million, ₱89.8 million and ₱110.3 million, respectively (see Note 23).

19. **Bonds Payable**

	2023	2022
Principal:		
Fixed-rate bonds due 2024	**₱2,180,000,000**	₱2,180,000,000
Fixed-rate bonds due 2027	**820,000,000**	820,000,000
	3,000,000,000	3,000,000,000
Less unamortized debt issuance costs	**11,577,016**	19,484,936
Balance at end of year	**2,988,422,984**	2,980,515,064
Less current portion	**2,175,083,335**	–
Noncurrent portion	**₱813,339,649**	₱2,980,515,064

On March 23, 2017, STI ESG issued the first tranche of its ₱5,000.0 million fixed-rate bonds program under its 3-year shelf registration with the SEC which ended on March 9, 2020. The bonds, amounting to an aggregate of ₱3,000.0 million were listed through the PDEx, with interest payable quarterly and were issued with a fixed rate 5.8085% for the 7-year series, due 2024, and 6.3756% for the 10-year series, due 2027. The bonds were rated ‘PRS Aa’ by the Philippine Rating Services Corporation (PhilRatings) in 2017. In January 2021, PhilRatings changed the Issue Credit Rating for STI ESG’s outstanding bond issuance to PRS A plus, with a Negative Outlook, from PRS Aa, with a Stable

Outlook. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, STI ESG's capacity to meet its financial commitments on the obligation is still strong. A 'plus' or 'minus' sign may be added to further qualify ratings. A Negative Outlook, on the other hand, indicates that there is a potential for the present credit rating to be downgraded in the next twelve (12) months.

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

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

A summary of the terms of STI ESG's issued bonds follows:

	Interest		Interest	Principal	**Carrying Value**		
Issued	Payable	Term	Rate	Amount	**2023**	2022	Features
2017	Quarterly	7 years	5.8085%	₱2,180,000,000	**₱2,175,083,335**	₱2,168,699,028	Callable on the 3rd month after the 5th anniversary of Issue Date and on the 6th anniversary of Issue Date
2017	Quarterly	10 years	6.3756%	820,000,000	**813,339,649**	811,816,036	Callable from the 7th anniversary issue and every year thereafter until the 9th anniversary issue date
				₱3,000,000,000	**₱2,988,422,984**	₱2,980,515,064	

Covenants

The bonds provide certain restrictions and requirements with respect to, among others, change in majority ownership and management, merger or consolidation with other corporation resulting in loss of control over the overall resulting entity and sale, lease, transfer or otherwise disposal of all or substantially all of its assets. The bonds' trust agreement also contains, among others, covenants regarding incurring additional debt and declaration of dividends. STI ESG is required to maintain a debt-to-equity ratio of not more than 1.50:1.00 and debt service cover ratio of not less than 1.05:1.00 computed based on the consolidated financial statements.

STI ESG's D/E ratios and DSCRs as defined in the bond trust agreement, as at June 30, 2023 and 2022 are as follows:

	2023	2022
Total liabilities[a]	**₱4,943,137,190**	₱5,166,220,433
Total equity	**6,295,193,602**	5,892,251,942
Debt-to-equity ratio	**0.79:1.00**	0.88:1.00

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

	2023	2022
EBITDA[b]	**₱1,248,675,261**	₱868,421,984
Total interest-bearing liabilities[c]	**528,177,322**	510,221,990
Debt service cover ratio	**2.36:1.00**	1.70:1.00

[b] *EBITDA for the last twelve months*
[c] *Total principal and interest due in the preceding twelve months*

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

As at June 30, 2023 and 2022, STI ESG has complied with the above covenants.

Amendments to the Trust Agreement
On July 20, 2020, STI ESG delivered to China Banking Corporation – Trust and Asset Management Group, in its capacity as trustee (the "Trustee") for the Series 7Y Bonds due 2024 and the Series 10Y Bonds due 2027 (collectively, the "Bonds") a Consent Solicitation Statement (the "Consent Solicitation Statement") and the annexed Consent Form (the "Consent Form") in connection with the proposed amendments to the Trust Agreement dated March 10, 2017 (the "Trust Agreement") governing the Bonds issued by STI ESG. Pursuant to the Consent Solicitation Statement, STI ESG sought the consent of the Record Bondholders to certain proposed amendments to the Trust Agreement. The Proposed Amendments are (1) the waiver of Section 7.02(a) of the Trust Agreement which prohibits the Issuer from incurring or suffering to exist any Lien upon any assets or revenues, present and future, of the Issuer in relation to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of the Issuer's students in favor of LandBank as security for the ACADEME Lending Program (2) the waiver of Section 7.02(b) of the Trust Agreement which prohibits the Issuer from incurring Indebtedness or entering into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer, unless the Issuer has made or will make effective provisions, satisfactory to the Record Bondholders in the latter's absolute discretion, whereby the Lien thereby created will secure, on an equal first ranking and ratable basis, any and all obligations of the Issuer under the Trust Agreement and such other Indebtedness which the Lien purports to secure; (3) the waiver of Section 7.02(f) of the Trust Agreement which prohibits the Issuer from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of STI ESG's students in favor of LandBank as security for the ACADEME Lending Program; and (4) the waiver of the DSCR up to June 30, 2023, as provided under Section 7.01(k) of the Trust Agreement. The Proposed Amendments will not alter the interest rate or maturity date of the Bonds, the Issuer's obligation to make principal and interest payments on the Bonds, or the substantive effect of any other covenant or provision of the Bonds. The Trustee certified as of August 15, 2020, that it has obtained the required consent of the Record Bondholders holding or representing at least fifty percent (50.0%) plus one peso (Php1.00) of the aggregate principal amount of the Bonds to the Proposed Amendments to the Trust Agreement governing the Bonds. On August 19, 2020, pursuant to the Consent Solicitation Statement, STI ESG and the Trustee executed the Supplemental Trust Agreement incorporating the Proposed Amendments, as follows:

- Amendments Relating to Negative Covenants Waiver

  Effective as of Execution Date, the following amendments shall be deemed to have been made to Section 7.02 (Negative Covenants of the Issuer) of the Trust Agreement:

(a) Section 7.02(a) of the Trust Agreement is hereby amended to read as follows:
"directly or indirectly, incur or suffer to exist, or permit any Subsidiary to directly or indirectly incur or suffer to exist, any Lien other than Permitted Liens upon any assets and revenues, present and future, of the Issuer and its Subsidiaries, as the case may be, except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer's students as security for the ACADEME Lending Program of LandBank";

(b) Section 7.02(b) of the Trust Agreement is hereby amended to read as follows:
"incur Indebtedness or enter into, or permit any Subsidiary to enter into, any loan facility agreement secured by or to be secured by a Lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer or any Subsidiary, as the case may be, xxx except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer's students as security for the ACADEME Lending Program of LandBank";

- Amendment Relating to DSCR Waiver

  Effective as of the date stated in the Majority Bondholders' Consent, the following amendment shall be deemed to have been made to Section 7.01(k) of the Trust Agreement:

  (k) maintain and observe the following financial ratios:

  (i) DSCR of not less than 1.05:1, provided that this DSCR shall be waived up to June 30, 2023.

Bond Issuance Costs
STI ESG incurred costs related to the issuance of the bonds in 2017 amounting to ₱53.9 million. These costs were capitalized and amortized using the EIR method. The carrying value of the unamortized bond issuance costs amounted to ₱11.6 million and ₱19.5 million at June 30, 2023 and 2022, respectively. Amortization of bond issuance costs amounting to ₱7.9 million, ₱7.4 million and ₱7.0 million for the years ended June 30, 2023, 2022 and 2021, respectively, were recognized as part of "Interest expense" account in the consolidated statements of comprehensive income (see Note 23).

Interest Expense
Interest expense (including amortization of bond issuance costs) associated with the bonds payable recognized in the consolidated statements of comprehensive income amounted to ₱186.8 million, ₱186.3million and ₱185.9 million for the years ended June 30, 2023, 2022 and 2021, respectively (see Note 23).

20. **Other Noncurrent Liabilities**

	2023	2022
Advance rent - net of current portion (see Notes 17 and 29)	**₱57,809,767**	₱11,498,775
Refundable deposits - net of current portion (see Notes 17 and 29)	**49,331,720**	10,399,880
Deferred lease liability	**4,410,235**	1,295,273
Deferred output VAT	**532,282**	162,108
	₱112,084,004	₱23,356,036

Current portion of advance rent and refundable deposits are presented and disclosed in Note 17.

Advance rent pertains to amount received by the Group which will be earned and applied to future rentals for periods more than one year after the reporting date.

Refundable deposits are held by the Group throughout the term of the lease and are refunded in full to the lessee at the end of the lease term if the lessee has performed fully and observed all of the conditions and provisions in the lease. Refundable deposits are presented in the consolidated statements of financial position at amortized cost. The difference between the fair value at initial recognition and the notional amount of the refundable deposit is charged to “Deferred lease liability” and amortized on a straight-line basis over the respective lease term.

21. **Equity**

Capital Stock

Details as at June 30, 2023 and 2022 are as follows:

	Shares	Amount
Common stock - ₱0.50 par value per share		
Authorized	10,000,000,000	₱5,000,000,000
Issued and outstanding	9,904,806,924	4,952,403,462

Set out below is the Parent Company’s track record of registration of its securities:

	Number of Shares		Issue/
Date of Approval	Authorized	Issued	Offer Price
December 4, 2007*	1,103,000,000	307,182,211	₱0.50
November 25, 2011**	1,103,000,000	795,817,789	0.60
September 28, 2012***	10,000,000,000	5,901,806,924	2.22
November 7, 2012	10,000,000,000	2,627,000,000	0.90
November 28, 2012	10,000,000,000	273,000,000	0.90

* *Date when the registration statement covering such securities was rendered effective by the SEC.*

** *Date when the Parent Company filed SEC form 10-1(k) (Notice of Exempt Transaction) with the SEC in accordance with the Securities Regulation Code and its Implementing Rules and Regulations.*

*** *Date when the SEC approved the increase in authorized capital stock.*

As at June 30, 2023 and 2022, the Parent Company has a total number of shareholders on record of 1,264 and 1,262, respectively.

Cost of Shares Held by a Subsidiary

This account represents 500,433,895 STI Holdings shares owned by STI ESG as at June 30, 2023 and 2022 amounting to ₱498.1 million which are treated as treasury shares in the consolidated statements of financial position.

Dividends received by STI ESG related to these shares amounting to ₱7.5 million, ₱5.0 million and ₱1.9 million million for the years ended June 30, 2023, 2022 and 2021, respectively, were offset against the dividends declared as shown in the consolidated statements of changes in equity.

Other Comprehensive Income and Non-controlling Interests

	2023		
	Attributable to Equity Holders of the Parent Company	**Non-controlling interests**	**Total**
Cumulative actuarial gain (loss) (see Note 28)	**₱5,481,945**	**(₱421,787)**	**₱5,060,158**
Fair value changes in equity instruments at FVOCI (see Note 15)	**15,104,760**	**219,399**	**15,324,159**
Share in associates' cumulative actuarial gain (see Note 13)	**321,569**	**7,853**	**329,422**
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 13)	**(114)**	**(2)**	**(116)**
	₱20,908,160	**(₱194,537)**	**₱20,713,623**

	2022		
	Attributable to Equity Holders of the Parent Company	Non-controlling interests	Total
Cumulative actuarial gain (loss) (see Note 28)	₱27,664,542	(₱290,829)	₱27,373,713
Fair value changes in equity instruments at FVOCI (see Note 15)	13,255,113	196,194	13,451,307
Share in associates' cumulative actuarial gain (see Note 13)	321,569	7,853	329,422
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 13)	(114)	(2)	(116)
	₱41,241,110	(₱86,784)	₱41,154,326

	2021		
	Attributable to Equity Holders of the Parent Company	Non-controlling interests	Total
Cumulative actuarial gain (loss) (see Note 28)	₱19,277,239	(₱360,105)	₱18,917,134
Fair value changes in equity instruments at FVOCI (see Note 15)	12,149,020	161,244	12,310,264
Share in associates' cumulative actuarial gain (see Note 13)	321,569	7,853	329,422
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 13)	(114)	(2)	(116)
	₱31,747,714	(₱191,010)	₱31,556,704

Dividends declared by subsidiaries to non-controlling interest owners amounted to ₱2.9 million, ₱2.0 million and ₱0.5 million for the years ended June 30, 2023, 2022 and 2021, respectively.

Other Comprehensive Income and Other Equity Reserves associated with Noncurrent Asset Held for Sale

As at June 30, 2022, the cumulative balance of other comprehensive income associated with noncurrent asset held for sale was reclassified to retained earnings and other equity reserve amounting to ₱89.9 million and ₱0.7 million, respectively, following the disposal of STI ESG's 20% share in the ownership of Maestro Holdings (see Note 10).

As of June 30, 2020, the cumulative balance of other comprehensive income associated with noncurrent asset held for sale consists of:

	Attributable to Equity Holders of the Parent Company	Non-controlling Interests	Total
Share in associates':			
Fair value change in equity instruments at FVOCI	₱107,103,936	₱1,454,685	₱108,558,621
Remeasurement loss on life insurance reserves	(17,854,179)	(242,495)	(18,096,674)
Cumulative actuarial gain	676,660	9,190	685,850
Other equity reserve	718,885	9,764	728,649
	₱90,645,302	₱1,231,144	₱91,876,446

Retained Earnings

a) On December 19, 2022, cash dividends amounting to ₱0.015 per share or the aggregate amount of ₱148.6 million were declared by the Parent Company's BOD in favor of all stockholders of record as at January 6, 2023, paid on January 31, 2023.

   On December 3, 2021, cash dividends amounting to ₱0.01 per share or the aggregate amount of ₱99.0 million were declared by the Parent Company's BOD in favor of all stockholders of record as at January 6, 2022, paid on January 31, 2022.

   On November 20, 2020, cash dividends amounting to ₱0.0037 per share or the aggregate amount of ₱36.6 million were declared by the Parent Company's BOD in favor of all stockholders of record as at December 29, 2020, paid on January 26, 2021.

   As at June 30, 2023 and 2022, unclaimed dividends amounted to ₱12.2 million are recognized as "Dividends payable" under "Accounts payable and other current liabilities" account in the consolidated statements of financial position (see Note 17).

b) Consolidated retained earnings include retained earnings of subsidiaries amounting to ₱3,653.5 million and ₱2,953.5 million as at June 30, 2023 and 2022, respectively, which are not available for dividend declaration. The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in the SEC Memorandum Circular No. 11, amounted to ₱1,667.4 million and ₱1,616.3 million as at June 30, 2023 and 2022, respectively.

   Policy on Dividends Declaration. On September 29, 2017, the Parent Company's BOD adopted a policy on the declaration of dividends starting with Fiscal Year 2017-2018.

   The BOD approved a dividend declaration policy of not less than 25.0% of the core income of STI Holdings from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on STI Holdings by lenders or other financial institutions, and its investment plans and financial condition.

   Core income is defined as consolidated net income after income tax derived from STI Holdings' main business which is education, and other recurring income.

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

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

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

Other Equity Reserve
Other equity reserve primarily consists of equity adjustment amounting to ₱1.7 billion resulting from the share swap transaction of the Parent Company with the shareholders of STI ESG, as discussed in Note 1.

On August 4, 2021, the minority shareholders of De Los Santos-STI College and STI ESG entered into deeds of absolute sale wherein STI ESG purchased shares aggregating 480,000, representing 48.0% of the issued and outstanding capital stock of De Los Santos-STI College, for a total consideration of ₱16.0 million. As a result, De Los Santos-STI College became a wholly-owned subsidiary of STI ESG effective August 4, 2021. Consequently, the carrying value of the equity attributable to non-controlling interest in De Los Santos-STI College amounting to ₱ 74.4 thousand was derecognized and other equity reserve, amounting to ₱ 15.9 million, representing the difference between the consideration paid by STI ESG and the carrying value of non-controlling interest in De Los Santos-STI College, was recognized in the consolidated financial statements.

22. **Revenues**

Disaggregated Revenue Information
The table below shows the disaggregation of revenues of the Group by type of services or goods:

	2023	2022	2021
Tuition and other school fees	**₱3,073,613,413**	₱2,436,975,046	₱1,882,717,358
Educational services	**149,075,492**	125,387,103	107,311,098
Royalty fees	**14,736,299**	12,386,738	10,560,747
Sale of educational materials and supplies	**114,976,012**	29,334,526	24,904,944
Other revenues	**53,066,737**	73,548,480	58,569,796
Total consolidated revenues	**₱3,405,467,953**	₱2,677,631,893	₱2,084,063,943

Timing of Revenue Recognition

	2023	2022	2021
Services transferred over time	**₱3,237,425,204**	₱2,574,748,887	₱2,000,589,203
Goods and services transferred at a point in time	**168,042,749**	102,883,006	83,474,740
	₱3,405,467,953	₱2,677,631,893	₱2,084,063,943

Contract Balances
The Group's receivables are disclosed in Note 6 while the contract liabilities are presented as "Unearned tuition and other school fees" in the consolidated statements of financial position. Significant changes in the contract liabilities include the conduct of online classes in May 2020 up to July 2020 to complete the SY 2019-2020 that extended collection of tuition and other school fees after June 30, 2020 and the shift in the school calendar of SHS and tertiary students from June 2019 to March 2020 and from July 2019 to April 2020, respectively, to September 2020 to June 2021 for SY 2020-2021 for both STI ESG and STI WNU, while in the case of iACADEMY, the school calendars for SY 2019-2020 for SHS and tertiary levels were from August 2019 to May 2020 and July 2019 to June 2020, respectively, to August 2020 to up to May 2021 and August 2020 to July 2021 in SY 2020-2021 for SHS and tertiary levels, respectively, that resulted to the change in the timing of revenue recognition (see Note 2). There is no significant change in the contract liabilities and the timing of revenue recognition for SY 2021-2022 and SY 2022-2023.

Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱116.8 million, ₱101.8 million and ₱117.7 million for the years ended June 30, 2023, 2022 and 2021, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the years ended June 30, 2023, 2022, and 2021.

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

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

On the other hand, the performance obligations related to the sale of educational materials and supplies and other revenues are satisfied upon receipt by the customers since the control of the goods and products is transferred at this point. The payment for the sale of educational materials and supplies is generally due within 30 days from delivery.

As at June 30, 2023 and 2022, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) which are expected to be satisfied within one year amounted to ₱141.1 million and ₱116.8 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 the related school term(s). On the other hand, the Group does not have any performance obligations that are expected to be satisfied in more than one year.

23. Interest Income and Interest Expense

Sources of interest income are as follows:

	2023	2022	2021
Cash and cash equivalents (see Note 5)	**₱16,711,920**	₱3,108,065	₱4,569,663
Past due receivables (see Notes 6 and 10)	**5,820,824**	34,952,813	946,940
Others	**62,594**	–	175,106
	₱22,595,338	₱38,060,878	₱5,691,709

Sources of interest expense are as follows:

	2023	2022	2021
Bonds payable (see Note 19)	**₱186,813,143**	₱186,337,411	₱185,890,324
Interest-bearing loans and borrowings (see Note 18)	**82,281,389**	89,839,830	110,332,251
Lease liabilities (see Note 29)	**33,139,748**	31,373,303	35,529,424
Others	**8,784,844**	5,789,039	5,313,916
	₱311,019,124	₱313,339,583	₱337,065,915

24. Cost of Educational Services

	2023	2022	2021
Faculty salaries and benefits (see Notes 27 and 28)	**₱434,472,779**	₱359,442,565	₱286,086,335
Depreciation and amortization (see Notes 11, 12 and 16)	**384,604,355**	372,600,174	382,310,903
Student activities and programs	**141,439,488**	88,514,478	57,094,748
Software maintenance	**32,904,196**	25,828,391	19,774,986
Rental (see Note 29)	**24,713,816**	20,894,547	23,469,936
School materials and supplies	**9,807,567**	5,069,829	3,581,520
Courseware development costs	**3,727,475**	997,224	1,818,376
Internet connectivity assistance	**–**	69,967,107	66,389,266
Others	**8,340,923**	12,195,277	11,675,735
	₱1,040,010,599	₱955,509,592	₱852,201,805

25. Cost of Educational Materials and Supplies Sold

	2023	2022	2021
Educational materials and supplies	**₱83,025,948**	₱21,025,868	₱18,060,810
Promotional materials	**7,577,876**	3,145,198	2,013,287
	₱90,603,824	₱24,171,066	₱20,074,097

26. **General and Administrative Expenses**

	2023	2022	2021
Salaries, wages and benefits (see Notes 27 and 28)	**₱378,969,060**	₱317,771,243	₱309,025,450
Depreciation and amortization (see Notes 11, 12 and 16)	**228,795,745**	226,856,661	232,088,162
Light and water	**162,612,112**	75,314,030	51,736,303
Outside services	**123,792,905**	82,208,118	71,003,211
Provision for:			
Expected credit losses (see Note 6)	**85,222,460**	112,657,925	41,784,612
Inventory obsolescence (see Note 7)	**₱5,601,458**	₱2,018,596	₱790,579
Impairment of goodwill (see Note 16)	**–**	3,806,174	–
Impairment of investments in and advances to associates and joint venture (see Note 13)	**–**	–	10,265,554
Professional fees	**82,160,272**	83,929,578	80,430,921
Advertising and promotions	**41,129,952**	38,044,909	53,110,317
Repairs and maintenance	**40,917,234**	24,587,811	17,007,289
Taxes and licenses	**37,647,631**	32,598,434	33,404,656
Transportation	**33,810,126**	28,992,570	26,360,918
Meetings and conferences	**21,942,686**	18,493,792	16,594,573
Insurance	**17,066,209**	17,694,309	18,830,946
Entertainment, amusement and recreation	**13,095,556**	11,797,222	11,783,780
Office supplies	**11,598,032**	7,125,420	6,628,701
Communication	**11,499,109**	11,383,618	12,635,668
Rental (see Note 29)	**10,577,723**	10,382,988	11,742,923
Software maintenance	**5,313,857**	5,696,056	3,706,757
Association dues	**2,094,983**	1,907,658	1,438,254
Others	**16,960,916**	16,073,729	14,714,561
	₱1,330,808,026	₱1,129,340,841	₱1,025,084,135

27. **Personnel Costs**

	2023	2022	2021
Salaries and wages (see Notes 24 and 26)	**₱702,369,984**	₱589,063,558	₱516,256,441
Pension expense (see Note 28)	**18,219,693**	16,772,554	15,835,887
Other employee benefits	**92,852,162**	71,377,696	63,019,457
	₱813,441,839	₱677,213,808	₱595,111,785

28. **Pension Plans**

Defined Benefit Plans

The Group (except iACADEMY, De Los Santos-STI College and STI Quezon Avenue) has a separate, funded, noncontributory, defined benefit pension plans covering substantially all of its faculty and regular employees. The benefits are based on the faculties' and employees' salaries and length of service.

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

Retirement benefits are payable in the event of termination of employment due to: (i) early, normal, or late retirement; (ii) physical disability; (iii) voluntary resignation; or (iv) involuntary separation from service. For plan members retiring under normal, early or late terms, the retirement benefit is equal to a percentage of final monthly salary for every year of credited service.

In case of involuntary separation from service, the benefit is determined in accordance with the Termination Pay provision under the Philippine Labor Code or similar legislation on involuntary termination.

The funds are administered by the trustee banks under the supervision of the Board of Trustees of the plan. The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (Investment policy). The Board of Trustees implements the Investment policy in accordance with the investment strategy as well as various principles and objectives.

The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of comprehensive income for the years ended June 30, 2023, 2022 and 2021 and the net pension assets/liabilities recognized in the consolidated statements of financial position as at June 30, 2023 and 2022:

	2023	2022	2021
Pension expense (recognized under "Salaries, wages and benefits" account):			
Current service cost	**₱11,360,639**	₱12,121,771	₱11,699,365
Net interest cost	**6,859,054**	4,650,783	4,136,522
	₱18,219,693	₱16,772,554	₱15,835,887

	2023	2022	2021
Net pension liabilities (recognized in the consolidated statements of financial position):			
Present value of defined benefit obligations	**₱219,785,836**	₱186,297,728	₱186,305,635
Fair value of plan assets	**(79,986,514)**	(77,642,301)	(80,896,171)
	₱139,799,322	₱108,655,427	₱105,409,464

The Group offsets its pension assets and pension liabilities on a per company basis for presentation in the consolidated statements of financial position since pension assets are restricted for the settlement of pension liabilities only.

	2023	2022	2021
Changes in the present value of defined benefit obligations:			
Balance at beginning of period	**₱186,297,728**	₱186,305,635	₱208,183,187
Current service cost	**11,360,639**	12,121,771	11,699,365
Interest cost	**11,901,428**	8,170,086	7,805,168
Settlement gain	**–**	–	(549,826)
Benefits paid	**(9,179,694)**	(9,172,562)	(26,822,868)
Actuarial loss (gain) on obligations:			
Deviations of experience from assumptions	**9,154,667**	2,477,632	(4,326,241)
Financial assumptions	**10,251,068**	(13,604,834)	(8,982,910)
Demographic assumptions	**–**	–	(700,240)
Balance at end of period	**₱219,785,836**	₱186,297,728	₱186,305,635
Changes in the fair value of plan assets:			
Balance at beginning of period	**₱77,642,301**	₱80,896,171	₱92,780,346
Interest income	**5,042,374**	3,519,303	–
Contributions	**5,869,249**	2,492,754	8,346,028
Benefits paid	**(9,179,694)**	(9,093,156)	(26,960,112)
Net transfer	**–**	2,315,225	–
Actuarial gain (losses) on plan assets	**612,284**	(2,487,996)	3,061,264
Actual returns on plan assets	**–**	–	3,668,645
Balance at end of period	**₱79,986,514**	₱77,642,301	₱80,896,171

The principal assumptions used in determining pension liabilities are shown below:

	2023	2022	2021
Discount rate	**6.21%-6.22%**	5.03%-6.52%	4.29%-5.03%
Future salary increases	**4.00%-8.00%**	4.00%-5.00%	3.00%-5.00%

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

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

	2023	2022	2021
Cash and cash equivalents	**0%**	8%	2%
Short-term fixed income	**61%**	55%	58%
Investments in equity securities	**33%**	31%	34%
Investments in debt securities	**6%**	6%	6%
	100%	100%	100%

The plan assets of the Group are maintained by the respective Trust Departments of the Union Bank of the Philippines, Land Bank of the Philippines and Rizal Commercial Banking Corporation Trust and Investments Group.

Details of the Group’s net assets available for plan benefits and their related market values are as follows:

	2023	2022
Cash	**₱265,939**	₱6,371,560
Short-term fixed income	**49,143,130**	42,651,127
Investments in:		
Equity securities	**26,748,450**	23,887,726
Government securities	**3,828,671**	4,733,879
Others	**324**	(1,991)
	₱79,986,514	₱77,642,301

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

Investments in Equity Securities. Investments in equity securities pertain to STI ESG’s Retirement Fund investment in the shares of the Parent Company which has a fair value of ₱0.38 and ₱0.34 per share as at June 30, 2023 and 2022, respectively.

Total unrealized losses from investments in equity securities of related parties amounted to ₱8.4 million and ₱11.2 million as at June 30, 2023 and 2022, respectively.

Investments in Government Securities. Investments in government securities include treasury bills and fixed-term treasury notes with maturities ranging from 1 to 14 years and bear interest rates ranging from 2.38% to 6.25%. These securities are fully guaranteed by the Government of the Republic of the Philippines.

Management performs Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group’s defined benefit plans are guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans. The Group’s current strategic investment strategy consists of 55.0% of short-term fixed income, 31.0% of equity instruments, 6.0% of debt securities and 8.0% of cash and cash equivalents.

The average duration of the defined benefit obligation of the entities in the Group as at June 30, 2023 ranges from 7 to 25 years.

Shown below is the maturity analysis of the undiscounted benefit payments as at June 30, 2023 and 2022:

	2023	2022
Less than one year	**₱55,907,643**	₱6,983,586
More than one year to five years	**73,749,876**	104,380,465
More than five years to ten years	**115,724,353**	98,089,566
More than ten years to fifteen years	**156,198,950**	113,177,988
More than fifteen years to twenty years	**192,146,488**	180,076,470
More than twenty years	**243,397,179**	220,447,413

The expected contribution of the Group in 2024 is ₱8.9 million.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions are held constant:

	Effect on Present Value of Define Benefit Obligation		
	2023	2022	2021
Discount rates			
Increase by 1%	**(₱13,703,195)**	(₱9,340,032)	(₱13,440,669)
Decrease by 1%	**16,309,156**	14,089,707	15,915,189
Future salary increases			
Increase by 1%	**16,291,595**	14,345,858	15,972,824
Decrease by 1%	**(14,065,887)**	(12,594,429)	(13,964,240)
Employee turnover			
Increase by 10%	**2,625,302**	1,528,582	(1,163,092)
Decrease by 10%	**(2,625,302)**	(1,528,582)	1,163,092

<u>Defined Contribution Plans</u>

Up to May 2022, De Los Santos-STI College and STI Quezon Avenue had a funded, noncontributory defined contribution plan (De Los Santos Plan) covering all regular and permanent employees and had been a participating employer in CEAP Retirement Plan. The De Los Santos Plan had a defined contribution format wherein the obligation is limited to specified contributions to the De Los Santos Plan and the employee’s contribution was optional.

De Los Santos-STI College and STI Quezon Avenue’s contributions consist of future service cost and past service cost. Future service cost was equal to 4.00% of employee’s monthly salary from the date an employee becomes a member of CEAP. Past service cost was equal to 5.00% of the employees’ average monthly salary for a 12 month period, immediately preceding the date of De Los Santos-STI College and STI Quezon Avenue’s participation in CEAP, multiplied by the number of years of past service amortized over ten (10) years. Future service referred to the periods of covered employment on or after the date of De Los Santos-STI College and STI Quezon Avenue’s participation in CEAP. Past service referred to the continuous service of an employee from the date the employee met the requirements for membership in the retirement plan to the date of acceptance of De Los Santos-STI College and STI Quezon Avenue as a Participating Employer in CEAP Retirement Plan. In addition, De Los Santos-STI College and STI Quezon Avenue had given the employee an option to make a personal contribution to the fund at an amount not to exceed 4.00% of his monthly salary. De Los Santos-STI College and STI Quezon Avenue then provided an additional contribution of 1.00% of the employee’s contribution based on the latter’s years of tenure. Although the De Los Santos Plan has a defined contribution format, the Group regularly monitored compliance with RA No. 7641. As at June 30, 2021, the Group is in compliance with the requirements of RA No. 7641.

Philippine Interpretations Committee Q&A No. 2013-03 had required De Los Santos-STI College’s defined contribution plan to be accounted for as defined benefit plan due to the minimum retirement benefits mandated under RA No. 7641. Actuarial valuation of De Los Santos-STI College’s pension had been performed every year-end. Based on the last actuarial valuation, the minimum retirement benefit provided under RA No. 7641 exceeded the accumulated contribution and earnings under the Plan. However, the amount was not significant.

In May 2022, after settling the retirement obligations to its employees, the retirement funds from CEAP aggregating to ₱6.1 million have been transferred to one of the trustee banks that administers the retirement funds of the Group.

Total pension expense recognized in profit or loss follows:

	2023	2022	2021
Defined benefit plans	**₱18,219,693**	₱16,772,554	₱15,825,755
Defined contribution plans	**–**	–	10,132
	₱18,219,693	₱16,772,554	₱15,835,887

29. **Leases**

As Lessor

The Group entered into several lease agreements, as lessors, on their buildings and condominium units under operating lease agreements with varying terms and periods ranging from 2 to 10 years. Certain leases are subject to annual repricing based on a pre-agreed rate.

The Group also earns rental income from concessionaires and for the occasional use of the Group's properties primarily used for school operations such as auditorium, classrooms and gymnasiums.

Total rental income for the years ended June 30, 2023, 2022 and 2021 amounted to ₱178.1 million, ₱71.0 million and ₱116.8 million, respectively (see Notes 12 and 31).

The Group receives refundable deposits as security for its observance and faithful compliance with the terms and conditions of the lease agreements and advanced rental payment which will be applied on the last months of the lease. The current and noncurrent portion of advance rent and deposit liabilities are recorded under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" account, respectively, in the consolidated statements of financial position. These pertain to the advances and refundable deposits made by the lessees to iACADEMY and STI ESG (see Notes 17 and 20).

Future minimum rental receivable for the remaining lease terms as at June 30, 2023 and 2022 follows:

	2023	2022
Within one year	**₱189,514,903**	₱162,295,861
After one year but not more than five years	**539,402,118**	289,339,409
Total	**₱728,917,021**	₱451,635,270

In September 2022, STI ESG has agreed to lease to a third party a segment of its STI Academic Center Pasay EDSA property comprising a total area of 610 square meters. STI ESG has advanced the costs to complete the fit-out requirements which the third party will reimburse with an additional 7.5% to cover the cost of money. The related contract costs aggregated to ₱41.7 million, inclusive of materials, cost of labor and overhead, and cost of money as at report date (see Note 6).

As Lessee

The Group leases land and building spaces, where the corporate office and schools are located, under operating lease agreements with varying terms and periods ranging from 1 to 25 years. The lease rates are subject to annual repricing based on a pre-agreed rate. Certain transportation equipment were acquired under lease agreements with varying terms and periods ranging from 3 to 5 years.

Total rental expense charged to operations for the years ended June 30, 2023, 2022 and 2021 amounted to ₱35.3 million, ₱31.3 million and ₱35.2 million, respectively (see Notes 24 and 26).

The Group paid the lessors refundable deposits equivalent to several months of rental payments as security for their observance and faithful compliance with the terms and conditions of the agreement (see Note 16).

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2023	2022	2021
Depreciation expense of right-of-use assets included in property and equipment and investment properties (see Notes 11 and 12)	**₱85,474,468**	₱75,627,498	₱77,290,816
Interest expense on lease liabilities (see Note 23)	**33,139,748**	31,373,303	35,529,424
Expenses relating to short-term leases (see Notes 24 and 26)	**32,729,999**	29,903,826	34,031,392
Variable lease payments (see Notes 24 and 26)	**2,561,540**	1,373,709	1,181,467
	₱153,905,755	₱138,278,336	₱148,033,099

As a consequence of the COVID-19 pandemic, some lessors of the Group provided rent concessions for the years ended June 30, 2022 and 2021 such as discounts ranging from 25.0% to 50.0% of rental payments, waiver of rent for a certain month, or deferral of rental over six to twelve months, among others. The Group applied the practical expedient provided by the amendments to PFRS 16 for rent concessions granted to the Group that meet the aforementioned criteria resulting in recognition of income from rent concessions aggregating to ₱6.1 million and ₱39.7 million recognized under “Other income (expenses) - net” for the years ended June 30, 2022 and 2021 in the consolidated statements of comprehensive income.

The Group had negotiated several rent concessions with the lessors that affected payments and were accounted as lease modifications, as they were not eligible for the application of practical expedient. Lease modification amounted to ₱1.7 million and ₱4.2 million during the years ended June 30, 2023 and 2022, respectively.

For the year ended June 30, 2021, the Group exercised termination options for some operating leases resulting in the reversal of the ROU assets and lease liabilities amounting to ₱22.8 million and ₱24.0 million, respectively. The net effect of the reversal amounting to ₱1.2 million was recognized as other income under “Other income (expenses) - net” in the June 30, 2021 consolidated statement of comprehensive income.

The rollforward analysis of lease liabilities as at June 30, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of year	**₱473,316,566**	₱484,817,384
Additions (see Note 11)	**165,482,070**	37,329,614
Lease termination/modification	**(1,742,210)**	4,236,109
Rent concessions (see Note 2)	**–**	(6,054,606)
Interest expense (see Note 23)	**33,139,748**	31,337,880
Payments	**(133,436,395)**	(78,349,815)
Balance at end of year	**536,759,779**	473,316,566
Less current portion	**98,513,595**	109,244,620
Non-current portion	**₱438,246,184**	₱364,071,946

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Within one year	**₱112,348,981**	₱104,087,437
After one year but not more than five years	**356,600,903**	288,414,103
More than five years	**242,361,406**	222,078,041
Total	**₱711,311,290**	₱614,579,581

30. Income Tax

All domestic subsidiaries qualifying as private educational institutions are subject to tax under RA No. 8424, "An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes" which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporations - Sec 27(B) of the said Act defines and provides that: a "Proprietary Educational Institution" is any private school maintained and administered by private individuals or groups with an issued permit to operate from DepEd, CHED, or TESDA, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of ten percent (10.0%) on its taxable income.

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act which seeks to develop the national economy towards global competitiveness by implementing tax policies such as lowering the corporate income tax rate and widening the tax base, and by rationalizing the current fiscal incentives by making them time-bound, targeted and performance-based. This was done in an attempt to revitalize the slowing economy, as it is predicted that the measures will attract more investments resulting in productivity enhancement, employment generation, countrywide development, and a more inclusive economic growth, while at the same time maintaining fiscal prudence and stability.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Preferential income tax rate for proprietary educational institutions which is reduced from 10.0% to 1.0% effective July 1, 2020 to June 30, 2023.

- Corporate income tax rate is reduced from 30.0% to 20.0% for domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million. All other domestic corporations and resident foreign corporations are subject to 25.0% income tax. Said reductions are effective July 1, 2020.

- MCIT rate is reduced from 2.0% to 1.0% effective July 1, 2020 to June 30, 2023.

- Exemption from the determination of gain or loss from any exchange of property for stocks in corporations under certain conditions amending Section 40, Subsection C of the National Internal Revenue Code of 1997 which includes among others the merger and consolidation.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Pursuant to the provisions of the CREATE Act, the Group adopted the 1.0% income tax rate for all its subsidiaries which are proprietay educational institutions while the Parent Company adopted the 25.0% income tax rate effective on July 1, 2020.

On December 10, 2021, President Rodrigo R. Duterte signed into law RA No. 11635 entitled, “An Act Amending Section 27(B) of the National Internal Revenue Code (NIRC) of 1997, as amended, and for other purposes”. The law clarifies the entitlement of proprietary educational institutions to the preferential tax rate of 10.0% under the NIRC and the 1.0% income tax rate beginning July 1, 2020 until June 30, 2023, by virtue of the CREATE Act which was published on March 27, 2021 and took effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The components of recognized net deferred tax assets and net deferred tax liabilities are as follows:

	2023	2022
Deferred tax assets:		
Lease liabilities	**₱49,876,344**	₱39,804,933
Allowance for expected credit losses	**29,176,207**	10,264,656
Pension liabilities	**10,451,930**	6,857,435
Unearned tuition and other school fees	**6,764,521**	761,032
Advance rent	**2,484,479**	938,736
NOLCO	**2,414,755**	1,199,522
Excess of cost over net realizable value of inventories	**2,412,171**	1,728,277
Impairment of noncurrent asset held for sale	**1,596,663**	159,666
Unamortized loan premium	**351,851**	182,281
	105,528,921	61,896,538
Deferred tax liabilities:		
Right-of-use assets	**(42,615,932)**	(29,079,013)
Unrealized foreign exchange gain	**(4,618,621)**	(445,651)
Intangible assets	**(2,762,187)**	(2,762,187)
Excess of fair value over derecognized STI Tanay receivables	**(2,036,577)**	(2,565,139)
Unamortized debt issue costs	**(803,676)**	(626,835)
Excess of rental under operating lease computed on a straight-line basis	**(971,059)**	(341,267)
Security deposit	**(729,924)**	–
Accrued rent income under PFRS 16	**(208,020)**	(20,803)
Unamortized deposit discount	**(39,635)**	(39,635)
	(54,785,631)	(35,880,530)
Net deferred tax assets	**₱50,743,290**	₱26,016,008

	2023	2022
Deferred tax liabilities:		
Excess of fair values over carrying values of net assets acquired in business combination	**(₱120,802,485)**	(₱120,879,944)
Right-of-use assets	**(4,022,343)**	–
Deferred tax assets:		
Allowance for expected credit losses	**8,985,415**	5,105,119
Pension liabilities	**3,472,212**	1,991,367
Unearned tuition and other school fees	**2,127,876**	202,317
Unamortized past service cost	**932,451**	531,545
Net deferred tax liabilities	**(₱109,306,874)**	(₱113,049,596)

Certain deferred tax assets of the Group were not recognized as at June 30, 2023 and 2022 as it is not probable that future taxable profits will be sufficient against which these can be utilized.

The following are the deductible temporary differences and unused NOLCO and MCIT for which no deferred tax assets were recognized:

	2023	2022
NOLCO	**₱326,492,189**	₱262,285,346
Allowance for impairment of advances to associates	**48,134,540**	48,134,540
Lease liabilities	**16,397,611**	–
MCIT	**583,714**	895,355
	₱391,608,054	₱311,315,241

The Group has incurred NOLCO before the taxable year 2020 and taxable year 2023 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years as follows:

Year	Availment Period	Amount	Applied	Expired	Amount
2023	2024-2026	₱64,491,853	₱–	₱–	₱64,491,853
2020	2021-2023	42,358,081	(4,360,823)	(37,997,258)	–
		₱106,849,934	(₱4,360,823)	(₱37,997,258)	₱64,491,853

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The Group has incurred NOLCO for the years ended June 30, 2022 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act as follows:

Year	Availment Period	Amount	Applied	Expired	Amount
2022	2023-2027	₱104,684,005	₱–	₱–	₱104,684,005
2021	2022-2026	188,603,944	(7,643,279)	–	180,960,665
2020	2021-2025	503,216	–	–	503,216
		₱293,791,165	(₱7,643,279)	₱–	₱286,147,886

The Parent Company’s MCIT which can be claimed as deduction from future regular income tax due follows:

Year Incurred	Expiry Date	Amount
2023	2026	₱193,500
2022	2025	193,518
2021	2024	196,696
2020	2023	505,141
		1,088,855
Less expired		505,141
		₱583,714

The reconciliation of the provision for (benefit from) income tax on income (loss) before income tax computed at the effect of the applicable statutory income tax rate to the provision for (benefit from) income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2023	2022	2021
Provision for (benefit from) income tax at statutory income tax rate	**₱214,527,655**	₱106,760,911	₱6,213,223
Income tax effects of:			
Interest income already subjected to final tax	**(4,177,980)**	(777,016)	(1,422,927)
Royalty fees subjected to final tax	**(3,684,075)**	(3,096,685)	(2,640,187)
Dividend income	**(623,761)**	(301,707)	(199,631)
Equity in net losses (earnings) of associates and joint venture	**(564,685)**	5,060,549	1,150,898
Nondeductible expenses	**6,392,400**	1,617,450	7,268,238
Income on derecognition of contingent consideration	**–**	(6,250,000)	–
Gain on sale of noncurrent asset held for sale	**–**	–	(3,865,200)
Difference in income tax rates and others	**(227,593,218)**	(92,213,253)	(83,381,994)
Provision for (benefit from) income tax	**(₱15,723,664)**	₱10,800,249	(₱76,877,580)

Others include income tax effect of change in unrecognized deferred tax assets and expired NOLCO and MCIT.

31. Related Party Transactions

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

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

	Amount of Transactions during the Year			**Outstanding Receivable (Payable)**			
Related Party	**2023**	2022	2021	**2023**	2022	**Terms**	**Conditions**
Associates							
STI Accent							
Reimbursement for various expenses and other charges	**₱–**	₱–	₱10,265,554	**₱48,134,540**	₱48,134,540	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for ECL
GROW							
Rental income and other charges	**1,084,704**	984,918	1,099,024	**10,657,720**	10,023,871	30 days upon receipt of billings	Unsecured; no impairment
Refundable deposits	–	–	–	**(98,217)**	(98,217)	Refundable upon end of contract	Unsecured

(Forward)

Related Party	Amount of Transactions during the Year 2023	2022	2021	Outstanding Receivable (Payable) 2023	2022	Terms	Conditions
STI Alabang**							
Educational services and sale of educational materials and supplies	**₱7,668,672**	₱9,757,814	₱8,815,844	**₱–**	₱21,729,896	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Marikina							
Educational services and sale of educational materials and supplies	**10,461,238**	7,733,087	7,883,912	**248,242**	280,544	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Affiliates*							
PhilCare							
Facility sharing and other charges	**13,926,146**	12,871,190	11,089,313	**455,516**	1,389,786	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
HMO coverage	**13,622,909**	5,647,342	10,104,806	**(4,911)**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposits	**–**	129,496	–	**(1,950,480)**	(1,950,480)	Refundable upon end of contract	Unsecured
Reimbursement for various expenses	–	–	80,715	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Phils First Insurance Co., Inc.							
Rental and other charges	**4,842,840**	4,646,051	4,680,365	**–**	10,741	30 days upon receipt of billings; noninterest-bearing	Unsecured
Insurance	**16,997,815**	15,642,703	17,730,944	**(237,996)**	(752,170)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Philippines First Condominium Corporation							
Association dues and other charges	**13,879,981**	10,030,475	8,860,618	**(20,941)**	(268,641)	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilLife							
Facility sharing, utilities other charges	**13,075,942**	12,785,210	13,079,571	**300,368**	2,450,756	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Insurance	**370,925**	558,035	395,232	**–**	(2,627)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposit	–	129,496	–	**(1,950,480)**	(1,950,480)	Refundable upon end of contract	Unsecured
GROW VITE Staffing Services							
Rental income and other charges	**1,597,514**	1,619,958	–	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Janitorial and staffing services	**28,791,006**	16,740,546	1,870,624	**(2,104,323)**	(246,746)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	**932,996**	145,938	–	**182,738**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Officers and employees							
Advances for various expenses	**58,855,408**	19,976,405	16,003,768	**31,748,600**	20,156,504	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
Others							
Facility sharing and other charges	**643,051**	313,181	300,000	**965,550**	1,350,565	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Advertising and promotion charges	**400,000**	772,581	767,366	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
				₱86,325,926	₱100,257,842		

**Affiliates are entities under common control of a majority Shareholder*
***Became a wholly-owned subsidiary effective March 16, 2023*

Related party receivables and payables are generally settled in cash.

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

	2023	2022
Advances to associates and joint venture (see Note 13)	**₱48,134,540**	₱48,134,540
Advances to officers and employees (see Note 6)	**31,748,600**	20,156,504
Rent, utilities and other related receivables (see Note 6)	**12,561,892**	15,225,719
Educational services and sale of educational materials and supplies (see Note 6)	**248,242**	22,010,440
Accounts payable (see Note 17)	**(6,367,348)**	(5,269,361)
	₱86,325,926	₱100,257,842

Outstanding balances of transactions with subsidiaries which were eliminated at the consolidated financial statements follow:

	Amount of Transactions during the Year			**Outstanding Receivable (Payable)**			
Category	**2023**	2022	2021	**2023**	2022	**Terms**	**Conditions**
Subsidiaries							
STI ESG							
Advisory fee	**₱14,400,000**	₱14,400,000	₱14,400,000	**₱–**	₱–	30 days upon receipt of billings; Noninterest-bearing	Unsecured; no impairment
Reimbursements	**95,732**	27,879	16,938	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Dividends paid	**7,506,493**	5,004,328	1,851,602	**–**	–	Due and demandable; noninterest-bearing	Unsecured
Dividend received	**212,843,613**	152,031,152	39,464,558	**–**	–	Due and demandable; noninterest-bearing	Unsecured
STI WNU							
Advisory fee	**3,600,000**	3,600,000	3,600,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Dividend received	**–**	24,964,635	–	**–**	–	Due and demandable; noninterest-bearing	Unsecured
AHC							
Payable to AHC	**–**	–	–	**(63,778,000)**	(63,778,000)	Payable upon demand; noninterest-bearing	Unsecured
Subscription payable	**–**	–	–	**(64,000,000)**	(64,000,000)	Noninterest-bearing	Unsecured
iACADEMY							
Advisory fee	**510,000**	510,000	722,500	**–**	–	30 days upon receipt of billings; Noninterest-bearing	Unsecured

The Parent Company executed a Surety Agreement in relation to its subsidiaries' loan facilities with LandBank (see Notes 18 and 34).

Compensation and Benefits of Key Management Personnel

Compensation and benefits of key management personnel of the Group are as follows:

	2023	2022	2021
Short-term employee benefits	**₱73,010,947**	₱64,417,303	₱63,364,230
Post-employment benefits	**3,382,213**	5,453,649	3,992,478
	₱76,393,160	₱69,870,952	₱67,356,708

Material Related Party Transactions Policy
The Parent Company's BOD shall approve all material related party transactions before their commencement. Transactions amounting to the materiality threshold of ten percent (10.0%) or more of the consolidated total assets that were entered into with an unrelated party that subsequently becomes a related party are excluded from the limits and approval process requirements. The Parent Company may set a lower threshold upon determination by the BOD of the risk of the related party transactions to cause damage to the Parent Company and its stockholders.

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

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

	2023	2022	2021
Net income attributable to equity holders of STI Holdings (a)	**₱870,268,404**	₱414,028,434	₱102,820,252
Common shares outstanding at beginning and end of period (b) (see Note 21)	**9,904,806,924**	9,904,806,924	9,904,806,924
Basic and diluted earnings per share on net income attributable to equity holders of STI Holdings (a)/(b)	**₱0.088**	₱0.042	₱0.010

The basic and diluted earnings per share are the same for the years ended June 30, 2023, 2022, and 2021 as there are no dilutive potential common shares.

33. STI Gift of Knowledge Certificates (GOKs)

On December 9, 2002, the BOD of STI ESG approved the offer for sale and issue of up to ₱2.0 billion worth of GOKs.

The STI GOKs are noninterest-bearing certificates that entitle the holders or any designated scholars to redeem academic units in any member of the STI Group or equivalent academic units in any STI school on certain designated redemption dates or, to require STI ESG to pay in cash the par value of the outstanding STI GOKs on designated graduation dates. The redemption dates range from the SY 2004-2005 to six years from date of issue of the STI GOKs. The graduation dates range from four to ten years from issue date. A total offer size of 2,409,600 academic units for the entire STI Group or its equivalent units in any STI school will be offered at serial redemption dates at their corresponding par values.

In 2003, the SEC issued an Order of Registration and a Certificate of Permit to Sell Securities for the said STI GOKs.

STI ESG is planning to amend the terms of the GOKs to conform with future business strategies.
As at October 13, 2023, there has been no sale nor issuance of GOKs. Hence, pursuant to Section 17.2 (a) of the Securities Regulation Code (SRC), STI ESG is not required to file the reports required under Section 17 of the SRC.

34. **Contingencies and Commitments**

Contingencies

a. *Agreements with PWU and Unlad.* On various dates in 2011, 2012 and 2013, the Parent Company and AHC extended loans and advances to PWU and Unlad by virtue of several agreements (collectively, "Loan Documents"), which were secured by mortgages over PWU and Unlad properties, entered into among the Parent Company, AHC, PWU and Unlad in the total principal amount of ₱513.0 million. Upon the non-adherence to the terms and conditions stated in the agreements, the Parent Company and AHC served notices of default to PWU and Unlad in December 2014, and demanded the payment of the total combined amount of approximately ₱926.0 million, inclusive of interests, penalties, fees and taxes.

   Upon failure to pay the aforesaid loan, the Parent Company and AHC enforced its rights under the aforesaid agreements and mortgages and filed several Petitions for Extra-Judicial Foreclosure of Real Estate Mortgage on (a) PWU Indiana and Taft Properties with the Office of the Clerk of Court and Ex-Officio Sheriff of the Regional Trial Court (RTC) of Manila, (b) Unlad's properties in Quezon City and (c) Davao Property with the Office of the Clerk of Court and Ex-Officio Sheriff of the RTC of Quezon City and Davao, respectively, in February 2015.

   On March 13, 2015, Dr. Helena Z. Benitez (HZB) filed a Creditor-Initiated Petition for Rehabilitation of PWU (PWU Rehabilitation Case) in RTC Manila (Rehabilitation Court). The Rehabilitation Case was dismissed by the Rehabilitation Court. The Motion for Reconsideration and responsive pleadings thereto subsequently filed by HZB and PWU were likewise denied by the Rehabilitation Court on January 21, 2016.

   Extra-judicial foreclosure sales were conducted in various dates in 2015 and 2016 for the above mentioned properties and the Parent Company was declared as the winning bidder for all extra-judicial foreclosure sales held.

   On March 1, 2016, the Parent Company and AHC executed a Deed of Assignment wherein AHC assigned its loan to Unlad, including capitalized foreclosure expenses, amounting to ₱66.7 million for a cash consideration of ₱73.8 million. The Deed of Assignment provides that the cash consideration will be payable in cash of ₱10.0 million upon execution of the Deed of Assignment and the remaining balance of ₱63.8 million upon demand. Accordingly, AHC recognized a receivable from the Parent Company amounting to ₱63.8 million. Further, all the rights related to the receivable from Unlad have been transferred to STI Holdings.

   On March 22, 2016, the Parent Company, PWU, Unlad, and HZB entered into a MOA for the extinguishment and settlement of the outstanding obligations of PWU and Unlad to the Parent Company. The MOA includes, among others, the execution of the following on March 31, 2016:

   - Deed of Dacion en pago of Quezon City Properties and Davao Property (collectively referred to as the "Deeds") in favor of the Parent Company
   - Release and cancellation of mortgages over the Manila Properties to be executed by the Parent Company

   The MOA also provided that the Parent Company would be committed to fund and advance all taxes, expenses and fees to the extent of ₱150.0 million in order to obtain the CAR and the issuance of new TCT and TD in favor of the Parent Company. In the event that such expenses would be less than ₱ 150.0 million, the excess would be given to Unlad. However, if the

₱150.0 million would be insufficient to cover the expenses, the Parent Company would provide the deficiency without any right of reimbursement from Unlad.

Consequently, the Parent Company recognized the Quezon City properties and the Davao property as “Investment properties”. On June 24, 2021, the Parent Company’s BOD approved the sale of the Quezon City dacion properties to a potential buyer and reclassified these as noncurrent asset held for sale as these properties have not been used in business since its receipt (see Notes 10 and 12). The Davao property remained as investment property.

Relative to the above, the following cases have been filed:

(i). *Arbitration Case and Derivative Suit filed by Mr. Conrado Benitez II.*

a. Mr. Conrado L. Benitez II (the Claimant) filed on June 28, 2016 a Request for Arbitration, with the Philippine Dispute Resolution Center, Inc. (PDRCI), for and on behalf of PWU and Unlad, wherein he requested that the directors/trustees and stockholders/members of Unlad and PWU, EHT, the Parent Company, Mr. Alfredo Abelardo B. Benitez (ABB) and AHC (collectively, the “Respondents”) submit the alleged dispute over the settlement of the loan obligations of PWU and Unlad as provided in the arbitration clause of the Joint Venture Agreement and Omnibus Agreement (the “Loan Documents”).

   In the said Arbitration Case, the Claimant asserted that PWU and Unlad are not in default in their obligations under the Loan Documents. The obligations provided therein, specifically obtaining a tax-free ruling for Property for Share Swap Transaction from the BIR, is an impossible condition. Consequently, the foreclosures on the securities of the Loan Documents, real properties of PWU and Unlad, were null and void because (a) failure to submit the case for arbitration and (b) PWU and Unlad are not in default. Based on such circumstances, the Claimant sought, among others, the (a) renegotiation, or (b) rescission of the Loan Documents. Should the Loan Documents be rescinded, the Claimant also sought that PWU and Unlad shall be allowed twelve months to sell the Davao and Quezon City Properties to return the alleged investments made by the Parent Company, EHT, ABB and AHC. Lastly, the Claimant sought the payment of attorney’s fees of not less than ₱5.0 million, ₱0.5 million of which is for expenses and reimbursement of cost of suit, expenses, and other fees.

   After receiving the Notice of Arbitration and being informed that the required fees have not been paid by the Claimant, the Parent Company, AHC, and EHT filed an Entry of Appearance with Manifestation (Manifestation). In the Manifestation, they informed the PDRCI that the Claimant should be compelled to pay said fees before the arbitration proceedings can proceed.

   The PDRCI issued a Notice dated August 26, 2016, which informed the parties to the instant case that the proceedings are suspended until the Claimant settles the outstanding provisional advance on cost for filing the instant case.

   The Parent Company sent a letter dated July 2, 2020 addressed to the Office of the Secretariat-General of PDRCI. In the said letter, the Parent Company informed the PDRCI about the death of the Claimant. The Parent Company also moved for the PDRCI to dismiss and/or consider the case withdrawn due to the non-payment of the provisional advance on cost for more than three (3) years.

   As at October 13, 2023, the PDRCI has not issued any response to said letter.

b. After filing the Request for Arbitration, Mr. Conrado L. Benitez II (the "Petitioner") then filed on June 29, 2016 a derivative suit for himself and on behalf of Unlad and PWU against directors/trustees and stockholders/members of Unlad and PWU, EHT, the Parent Company, ABB and AHC (collectively, the "Defendants") docketed as Civil Case No. 16-136130 in the RTC of Manila (the "Derivative Suit").

In the Derivative Suit, the Petitioner primarily asserts that the Parent Company, EHT, ABB and AHC should submit themselves to the arbitration proceedings filed with the PDRCI because the Loan Documents required any alleged dispute over the same to be resolved through arbitration. Consequently, the Petitioner alleges that the foreclosure proceedings and settlement of the obligations of PWU and Unlad as evidenced by the MOA dated March 22, 2016 executed by PWU and Unlad with the Parent Company and AHC are null and void for not complying with the aforesaid arbitration clause. Likewise, the Petitioner sought the payment of attorney's fees not less than ₱1.0 million and ₱0.1 million for expenses and cost of suit.

On July 26, 2016, the Parent Company and AHC filed their Joint Answer with Compulsory Counterclaim (Joint Answer). In the Joint Answer, the Parent Company and AHC asserted that the instant case is a mere harassment and nuisance suit, and a deliberate form of forum shopping when the Petitioner filed the Arbitration Case for the same purpose. Likewise, the Petitioner cannot compel the corporations to submit themselves to arbitration because (a) the parties to the Loan Documents have already settled any disputes, and (b) the said corporations are not stockholders and members of PWU and Unlad. Lastly, the relevant laws allow the Parent Company and AHC to institute foreclosure proceedings even if there is an arbitration clause.

Simultaneously, EHT filed his Answer wherein he asserted that the Petitioner cannot compel him to submit himself to arbitration when he is not a party to the Loan Documents.

Meanwhile, the other co-defendants, namely (a) ABB, and (b) Dr. Jose Francisco and Marco Benitez, filed their respective Answer(s) to the Complaint.

After the termination of Court-Annexed Mediation and pre-trial conference, the Petitioner manifested that the Trial Court should proceed to resolve the case based on the pleadings and affidavits already filed by the parties in accordance with the Interim Rules Governing Intra-Corporate Controversies.

The Trial Court issued an Order dated June 23, 2017 requiring the parties to file their respective Memoranda within twenty (20) days from receipt thereof in order for the Trial Court to proceed to render judgment, full or otherwise, based on all of the pleadings and evidence submitted by the parties in relation and pursuant to Rule 4, Section 4 of the Interim Rules of Procedure Governing Intra-Corporate Controversies under RA No. 8799 (Interim Rules). All of the parties filed their respective Memoranda on July 25, 2017.

On February 9, 2018, the Parent Company received the Decision dated January 19, 2018, which dismissed the case. In the Decision, the Trial Court deemed that Petitioner failed to establish fraud or bad faith on the part of the Defendants. Consequently, the Trial Court cannot contravene in the agreement among the Parent Company, Unlad, PWU and AHC to amicably settle the outstanding obligations of PWU and Unlad to AHC and the Parent Company.

On February 28, 2018, the Parent Company, AHC and EHT received the Plaintiffs' Petition for Review of the aforesaid Decision filed with the Court of Appeals – Manila and docketed as C.A. G.R. No. 154654.

While the said Petition for Review is pending, the Parent Company discovered that the Petitioner was able to cause the annotation of lis pendens on the titles of the three (3) Quezon City properties subject of the amicable settlement with PWU and Unlad.

Consequently, the Parent Company filed a Motion to Cancel Lis Pendens with the Court of Appeals where the case was pending. In the Motion, the Parent Company sought for the cancellation of said lis pendens due to impropriety and/or invalidity of the same.

The Court of Appeals issued a Resolution requiring all of the parties to file their respective Memoranda. On May 9, 2019, the Parent Company, AHC and EHT filed their Joint-Memorandum.

While the appeal of the Petitioner is pending, the Parent Company filed a Manifestation and Motion dated July 29, 2020. In the said Manifestation and Motion, the Parent Company informed the Court of Appeals about the death of the Petitioner on March 28, 2020. Consequently, the Parent Company moved for the resolution and dismissal of the said appeal.

The Petitioner's counsel filed a Notice and Motion dated August 14, 2020, which also informed the Court of Appeals about the death of the Petitioner. Consequently, said counsel moved that the Petitioner be substituted by his wife and children.

In response thereto, the Parent Company filed its Comment/Opposition dated August 24, 2020. In the Comment/Opposition, the Parent Company argued that the Petitioner cannot be substituted because he can only be substituted by a member of PWU and stockholder of Unlad. The wife and children of the Petitioner cannot be members of PWU because membership in PWU is non-transferable.

In the Resolution dated October 28, 2021, the Court of Appeals granted the Motion for Substitution.

In the Resolution dated February 11, 2022, the Court of Appeals dismissed the Petition filed by the Plaintiffs. The Court of Appeals also granted the Motion to Cancel the Lis Pendens annotated on the Quezon City Properties.

On March 23, 2022, the Parent Company received the Motion for Reconsideration filed by the Heirs of Plaintiff Conrado Benitez II on the aforesaid Resolution dated February 11, 2022.

After the Court of Appeals required the parties to file their respective Comment to the said Motion for Reconsideration, the Parent Company filed its Comment/Opposition on May 23, 2022.

On April 11, 2023, the Court of Appeals declared that the Motion for Reconsideration filed by the Heirs of Plaintiff Benitez II is submitted for resolution.

As at October 13, 2023, the Court of Appeals has not issued its decision on the said Motion for Reconsideration.

(ii) *Ejectment Case against Philippine Women's College of Davao, Inc. involving Unlad's Davao Property*. On March 11, 2019, the Parent Company filed the Complaint for Unlawful Detainer against Philippine Women's College of Davao, Inc. (PWC-Davao), initially filed against Philippine Women's University of Davao, to recover possession of a portion of the parcel of land covered by Transfer Certificate of Title (TCT) No. T-129545 registered under the name of the former situated along University Ave and Richardo, Matina, Davao City being used as a parking area (the "Subject Premises") by the latter.

The Subject Premises formed part of the 40,184 sq.m., more or less, (the "Property") parcel of land formerly registered under the name of "Unlad". After Unlad transferred ownership of the Property to the Parent Company, the Parent Company demanded from PWC-Davao to vacate the Subject Premises.

Despite said demands, PWC-Davao refused to vacate the Subject Premises.

On May 28, 2019, the Parent Company received the Answer with Compulsory Counterclaim dated May 14, 2019.

After a failed Court-Annexed Mediation, the parties continued the discussion on the possibility of an amicable settlement.

On July 1, 2022, the parties filed the Joint Motion for Approval of Compromise Agreement. Based on the Compromise Agreement, the Parent Company allowed PWC-Davao to use the Subject Premises for one (1) year or until June 29, 2023. In the event that the Parent Company needs to proceed with its plans over the Subject Premises, it will serve a written notice to vacate and/or turn-over of the Subject Premises to PWC-Davao sixty (60) calendar days before the intended day to vacate or turn-over.

On September 30, 2022, the Parent Company received the Decision dated July 4, 2022 issued by the Trial Court adopting the Compromise Agreement as the decision in this case.

With the issuance of said Decision, the case is deemed terminated.

b. *Specific Performance Case filed by the Agustin family*. The Agustin family filed a Specific Performance case against the Parent Company for the payment by the latter of the remaining balance of the purchase price for the sale of the Agustin family's shares in STI WNU.

The Agustin family alleges in their Complaint that based on the Share Purchase Agreement and Deed of Absolute Sale they executed with the Parent Company, the price of their shares in STI WNU has been pegged at ₱400.0 million. Despite these two agreements, the Parent Company refuses to pay the full purchase price for the STI WNU shares they acquired from the Agustin family.

In its Answer, the Parent Company stated that the Agustin family is not entitled to the full purchase price of their STI WNU shares because they have not complied with all the requirements for its release. In particular, the Agustin family has not been able to deliver the Commission on Higher Education permits for the operation of STI WNU's Maritime Program as provided in the MOA, and the Share Purchase Agreement. In addition, there are other trade receivables in favor of STI WNU wherein full satisfaction of the same entitles the Agustin family to a portion of the balance of the purchase price.

In order to expedite the proceedings, the Agustin family was able to submit the case for summary judgment by the Trial Court. Despite the opposition thereto, the Trial Court rendered its Decision dated April 4, 2018 (the "Summary Judgment"). In the Summary Judgment, the Trial Court ordered the Parent Company to pay the Agustin family the amount of ₱50.0 million with legal interest from the filing of the case until full payment only.

On September 11, 2018, the Parent Company filed and paid the corresponding docket fees for its Notice of Appeal Ex Abudanti Ad Cautelam (Notice of Appeal) on the said Summary Judgment

Upon motion by the Agustin family, the Trial Court granted their Motion for Execution Pending Appeal dated September 5, 2018.

While the record of the case was still with the Trial Court, the Parent Company immediately filed the Urgent Motion for Reconsideration with alternative prayer for Motion to Stay Discretionary Execution Pending Appeal dated December 14, 2018.

After due hearing by the Trial Court on the Motion(s), the Trial Court (a) denied the Urgent Motion for Reconsideration but (b) granted the Motion to Stay Discretionary Execution Pending Appeal upon posting of a supersedeas bond amounting to ₱100.0 million (the "Stay Order").

After the Agustin family filed a Motion for Reconsideration on the Stay Order, the Trial Court denied the same in its Order dated March 14, 2019.

Both parties sought their respective remedies before the Court of Appeals - Cebu to question (a) the Summary Judgment against the Company (CA G.R. CV No. 07140) and (b) the Stay Order against the execution of the Summary Judgment in favor of the Agustin family (CA G.R. CV No. 12663) (collectively, the "CA Cases").

While the aforesaid CA Cases were pending, the parties decided to amicably settle and terminated said cases by executing in counterparts the Compromise Agreement dated September 6, 2021, and September 10, 2021 and filing a *Joint Motion for Judgment Based on Compromise Agreement* dated September 20, 2021. In the Compromise Agreement, the Company agreed to pay the Agustin family the amount of ₱25.0 million as final and full settlement of the latter's claim against the former in the aforementioned cases (see Note 16).

In addition, the parties agreed to review the financial records of STI WNU to determine the status of the Agustin family guarantee on the collectability of the trade receivables, and the release, if any, of the ₱27.3 million to the Agustin family as provided in the *Share Purchase Agreement.*

Considering the aforesaid settlement and the Amended Decision, all cases and issues related thereto are deemed terminated.

c. *Labor Cases.*

(i) A former employee filed a Petition with the Supreme Court after the Court of Appeals affirmed the dismissal by the National Labor Relations Commission (NLRC) of the former employee's claims of illegal dismissal against STI ESG (illegal Dismissal Case).

On August 13, 2014, STI ESG received the Supreme Court's Decision dated July 9, 2014 which (a) annulled the decision of the Court of Appeals and (b) ordered STI ESG to reinstate the former employee to her former position, and pay (i) the exact salary, benefits, privileges and emoluments which the current holder of the position was receiving, (ii) damages and (iii) backwages from the date of the former employee's dismissal until fully paid, with legal interest (the SC Decision).

On November 17, 2014, the Supreme Court issued a resolution which denied with finality STI ESG's Motion for Reconsideration.

The parties participated in the pre-execution conference of the said SC Decision before a Labor Arbiter in order to determine the total monetary judgment award in favor of the former employee. During the same conference, both parties agreed that the former employee should receive separation pay in lieu of reinstatement. Consequently, the former employee would receive only a monetary award arising from the SC Decision.

Pursuant to STI ESG' s computation of said award, STI ESG paid the former employee a total amount of ₱4.2 million, exclusive of withholding taxes. Based on said payment, STI ESG moved for the Labor Arbiter to issue a resolution that STI ESG has fully paid the judgment award of the former employee.

The former employee maintains that the computation of STI ESG is incorrect because the latter deemed that the former's alleged waiver of reinstatement pending appeal by STI ESG on the Illegal Dismissal Case in October 2006 interrupted the running of backwages until present day. The former employee refused to acknowledge that there was such valid waiver on reinstatement pending appeal. Consequently, the former employee averred that she should receive the amount of ₱11.0 million, less payments already made by STI ESG.

On September 9, 2020, the Labor Arbiter issued the Order, wherein he affirmed that the former employee's refusal to report to work in October 2006 interrupted the running of backwages. Consequently, the former employee was entitled to receive backwages from May 2004 until October 2006. The Labor Arbiter further determined that the attorney's fees of 10% should be computed from the total monetary award of the former employee, including the separation pay in lieu of reinstatement.

Based on said findings, the Labor Arbiter determined that the former employee's total monetary award amounted to around ₱4.4 million. Considering the prior payments made by STI ESG to the former employee, STI ESG is ordered to pay the former employee the balance of ₱0.2 million.

The former employee sought to appeal said findings by filing a Notice of Appeal with attached Memorandum instead of a Verified Petition under Rule XII of the NLRC Rules.

After STI ESG opposed said appeal on the ground of improper remedy, the Labor Arbiter issued an Order dated November 5, 2020. In the Order, the Labor Arbiter "noted without action" said appeal considering that the same is a prohibited pleading. The Labor Arbiter further stated that no other pleading and/or motion in relation to said appeal shall be entertained by the NLRC.

The former employee filed a Petition seeking for the NLRC to consider/allow her erroneous appeal as a Petition filed under Rule XII of the NLRC Rules in resolving the correct computation on the monetary award of the former employee.

After STI ESG filed its Comment to the Petition, the NLRC denied the Petition filed by the former employee. The NLRC affirmed that the former employee failed to comply with the required mode of appeal on an order for execution issued by the Labor Arbiter.

On May 14, 2021, STI ESG received a Petition for Certiorari filed by the former employee with the Court of Appeals.

Upon order of the Court of Appeals, STI ESG filed its Comment to the Petition for Certiorari on December 31, 2021. In the said Comment, STI ESG emphasized that the former employee not only failed to comply with the procedural rules in the NLRC but also did not follow the rules in filing a Petition for Certiorari before the Court of Appeals.

After the Court of Appeals required the parties to file their respective Memoranda, STI ESG filed its Memorandum on August 30, 2022.

On October 14, 2022, the Court of Appeals issued the Decision. In the Decision, the Court of Appeals reversed and set aside the NLRC's denial of the former employee's Petition. The Court of Appeals applied the rule of liberality to excuse the procedural defects of the former employee's appeal on the Labor Arbiter's computation of her judgment award.

Consequently, the Court of Appeals directed the NLRC to resolve the appeal on the computation of the judgment award of the former employee.

Based on the CA Decision, STI ESG will proceed to defend the computation of the Labor Arbiter before the NLRC.

(ii) A former IT Instructor who eventually became the IT Program Head of STI College Cagayan de Oro, a school owned by STI ESG, filed an illegal dismissal case against STI College Cagayan de Oro on the ground that she was constructively dismissed upon returning from preventive suspension. She allegedly no longer had any work to go back to because the STI ESG-owned company purportedly removed her workplace from the school premises. STI ESG countered the complainant's claim that she was dismissed by presenting the complainant's one-liner resignation letter.

The labor arbiter decided that there was neither an illegal dismissal nor resignation to speak of in this case, hence, the parties were ordered to return to status quo which meant reinstatement of the complainant to her former position but without backwages, separation pay, or similar benefits. Nevertheless, STI ESG was ordered to pay complainant the amount of ₱7.4 thousand representing her unpaid salary for the period March 10-30, 2014. However, the NLRC overturned the labor arbiter's decision upon a dubious motion for partial reconsideration declaring complainant to have been illegally dismissed and ordering STI ESG not only to reinstate her but also to pay her full backwages computed from the time compensation was withheld up to the date of actual reinstatement. STI ESG moved to reconsider the NLRC's decision but to no avail. STI ESG subsequently filed with the Court of Appeals a Petition for Certiorari questioning the decision of the NLRC.

On May 12, 2017, STI ESG received a copy of a Motion for Execution with Prayer for Payment of Separation Pay in Lieu of Reinstatement filed by Complainant-Appellant seeking the issuance of a writ of execution for the implementation of the Resolution dated June 30, 2016 issued by the Honorable Eight Division, National Labor Relations Commission, Cagayan de Oro City. On May 22, 2017, STI ESG filed its Opposition to the Motion for Execution.

In the June 5, 2017 hearing on the motion for execution, STI ESG reiterated that it is amenable to reinstating complainant but as a Part-time Full Load faculty member. The complainant countered that she is not interested in reinstatement but would rather be paid her backwages and separation pay. STI ESG manifested that it already filed its opposition thereto and that there is still a need for the official computation of the backwages and separation pay. The complainant manifested that she will file her reply to STI ESG's opposition.

On June 2, 2017, STI ESG received a copy of the Minute Resolution of the Court of Appeals dated January 12, 2017 dismissing its Petition for Certiorari. STI ESG filed its Motion for Reconsideration on June 21, 2017.

Meanwhile, on July 12, 2017, STI ESG received an Order from the Office of the Labor Arbiter granting the Motion for Execution filed by complainant. STI ESG also received on July 21, 2017 a copy of the Writ of Execution issued by the Office of the Labor Arbiter directing the payment of ₱0.5 million to complainant and her immediate reinstatement. In compliance with the Writ of Execution, the complainant was paid the amount of ₱0.5 million and was reinstated to her former position.

On September 25, 2017, the Court of Appeals resolved to grant STI ESG's motion for reconsideration and reinstated STI ESG's petition for certiorari. The complainant was then directed to file her comment to the petition while STI ESG was directed to file its reply to complainant's comment.

On January 15, 2018, the Court of Appeals resolved that the complainant is deemed to have waived her filing of a comment to the petition for certiorari and directed the parties to file their respective memorandum. Consequently, with the filing of the parties' respective memorandum, the Court declared the petition submitted for decision.

On July 11, 2018, STI ESG received a copy of the Decision of the 21st Division, Court of Appeals, CDO, setting aside the resolution of the NLRC declaring complainant to have been illegally dismissed and awarding the payment of backwages. In the same decision, the Court of Appeals dismissed the charge of illegal dismissal for lack of merit. However, STI College CDO was directed to pay complainant the sum of ₱7.4 thousand representing her unpaid salary for the period March 10-30, 2014.

On September 5, 2018, STI ESG received a copy of the Motion for Reconsideration filed by the complainant with the Court of Appeals. STI ESG filed its Comment to the Motion for Reconsideration of the complainant on November 12, 2018.

On January 24, 2019, STI ESG received a copy of the Resolution of the Court of Appeals (Special Former Twenty-First [21st] Division) denying the Motion for Reconsideration filed by the complainant. On April 22, 2019, STI ESG received a copy of the Entry of Judgment of the Decision dated June 29, 2018.

On July 2, 2019, STI ESG sent a demand letter to recover the amount previously awarded to the complainant.

As October 13, 2023, STI ESG is preparing the necessary motion for the recovery of the ₱0.5 million.

(iii) This is a case for constructive illegal dismissal filed by a former probationary faculty member of STI College Legazpi. In a decision dated July 18, 2020, the Labor Arbiter dismissed the complaint for lack of merit. However, the Labor Arbiter directed the payment of holiday pay covering complainant's period of employment, salary and other benefits covering the period of November 18, 2019 up to date of the decision as backwages during the period of preventive suspension beyond the 30-day period and 10% of the total monetary award as attorney's fees, amounting to a total of ₱0.2 million.

STI ESG filed a partial appeal of the decision of the Labor Arbiter with the NLRC and in the Decision dated 10 March 2021, the NLRC granted the partial appeal of STI ESG and modified the Decision of the Labor Arbiter by deleting the monetary award in the total amount of ₱0.2 million. Thereafter, the complainant filed a petition for certiorari with the Court of Appeals.

In a Resolution dated July 29, 2022 received on August 17, 2022, the Court of Appeals directed STI ESG to file its Comment to the Petition for Certiorari of the complainant within ten (10) days from notice without necessarily giving due course to the said petition. On August 30, 2022, STI ESG filed its Comment to the Petition for Certiorari of complainant.

On September 23, 2022, STI ESG received a copy of a motion for extension of time to file comment on the petition for certiorari and compliance of the Public Attorney's Office, legal counsel for the complainant. However, such motion is erroneous as what is required of the complainant is the filing of a reply to STI ESG's comment to the petition for certiorari. On October 10, 2022, the complainant's legal counsel filed a manifestation (in lieu of reply) stating that the complainant does not intend to file a reply to STI ESG's comment anymore.

On April 18, 2023, STI ESG received a copy of the Decision of the Court of Appeals dismissing the petition for certiorari filed by complainant for lack of evidence. On May 31, 2023, STI ESG received a copy of the motion for reconsideration filed by complainant.

As October 13, 2023, STI ESG has yet to receive any order from the Court of Appeals directing it to file any responsive pleading to the motion for reconsideration filed by complainant.

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

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

After the parties completed the presentation of evidence and filed their respective Memoranda, the Defendants received the Decision of the Trial Court on June 22, 2021.

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

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

Lastly, the Trial Court ordered STI ESG to return the amount of ₱0.3 million it received from the Plaintiffs as "earnest money" with interest rate of six percent (6.0%) per annum from receipt thereof on March 30, 2011 until latter's tender of the same to the Plaintiffs on July 2, 2015.

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

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

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

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

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

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

Upon order of the Court of Appeals, STI ESG filed its Opposition dated July 14, 2023.

On August 29, 2023, STI ESG received the Plaintiff's Motion for Leave to file a Reply to the Opposition.

On September 28, 2023, STI ESG, through counsel, received the Resolution of the Court of Appeals, which submitted the Motion for Reconsideration filed by the Plaintiffs for resolution. Insofar as the Reply filed by the Plaintiffs, the same was merely noted by the Court of Appeals.

As at report date, STI ESG is awaiting the resolution from the Court of Appeals.

e. *Complaint for Damages filed by GATE (formerly STI-College Santiago, Inc.).* Global Academy of Technology and Entrepreneurship, Inc. (GATE) filed a complaint for Damages against STI ESG for its non-renewal of the Licensing Agreement despite the former's alleged compliance of the latter's audit recommendations. On the basis of such alleged invalid non-renewal of the Licensing Agreement, GATE seeks for (a) moral damages in the amount of ₱ 0.5 million, (b) exemplary damages in the amount of ₱0.5 million and (c) attorney's fees in the amount of 15.0% of the amount to be awarded and ₱3.0 thousand per court appearance.

On June 9, 2017, STI ESG filed its Answer to the Complaint. In the Answer, STI ESG reiterated its position that GATE has no cause of action against it because its decision not to renew the Licensing Agreement is in accordance with contractual stipulations therein that its renewal is upon mutual agreement of both parties. Considering the effectivity period of the Licensing Agreement expired on March 31, 2016 without being renewed by both parties, GATE cannot claim any damages for STI ESG's lawful exercise of its rights under the Licensing Agreement.

After the parties completed the presentation of their respective evidence, STI ESG received the Decision of the Trial Court on February 4, 2020.

In the Decision dated January 16, 2020, the Trial Court dismissed the instant case because the Plaintiffs failed to establish that STI ESG acted in abuse of rights when it refused to renew the Licensing Agreement with the Plaintiffs. The Trial Court confirmed that said Agreement clearly provided that the same can only be renewed by mutual agreement of the parties.

The Trial Court also ordered the payment by the Plaintiffs of STI ESG's counterclaim in the amount of ₱0.3 million as attorney's fees plus cost of suit.

Despite filing a Motion for Reconsideration, the Trial Court affirmed its dismissal of the Plaintiff's claim and the award of litigation cost in favor of STI ESG in an Order dated July 6, 2020.

On August 3, 2020, STI ESG received the Notice of Appeal filed by the Plaintiff.

After the parties filed their respective briefs, the Court of Appeals promulgated its Decision on July 12, 2022. In the Decision, the Court of Appeals affirmed the order of the Trial Court.

After the Plaintiff filed its Motion for Reconsideration on the said Decision, STI ESG filed its Comment and Opposition on September 5, 2022. The Court of Appeals affirmed its decision when it denied the Motion for Reconsideration filed by the Plaintiff.

On January 11, 2023, STI ESG, through counsel, received the Petition for Certiorari on Review (Petition) filed by the Plaintiff before the Supreme Court.

On September 14, 2023, STI ESG, through counsel, received the Resolution issued by the Supreme Court. In the Resolution, the Supreme Court denied the Petition filed by the Plaintiff.

Under the Rules of Court, the Plaintiff may file a Motion for Reconsideration. Otherwise, the dismissal of Plaintiff's claim against STI ESG and award of damages in favor of STI ESG will become final and executory.

f. *Criminal Case.* A complaint for qualified theft was filed by STI ESG against its former school accounting supervisor and acting school accountant (former supervisor/accountant). In the complaint, STI ESG alleged that said former supervisor/accountant manipulated the payroll registers of STI College Global City by including the name of a former faculty member of STI College Global City in the payroll registers and placing a corresponding salary and 13th month pay beside said faculty member's name. The salary of said former faculty member was deposited in a bank account belonging to the former supervisor/accountant. The total amount deposited to the bank account of the former supervisor/accountant through this scheme amounted to ₱0.2 million.

The complaint for qualified theft was filed with the Office of the City Prosecutor of Taguig City. Summons to the former supervisor/accountant was returned undelivered despite STI ESG providing additional addresses of the former supervisor/accountant where the summons could be served.

After the former supervisor/accountant failed to appear on two preliminary investigations, the complaint was submitted for resolution.

On September 8, 2016, STI ESG filed an Ex-Parte Motion for Early Resolution to resolve the case pointing out that more than 16 months have elapsed since the matter was submitted for resolution.

On August 4, 2022, the City Prosecutor of Taguig City issued the Resolution, which recommended the filing of Information against the former supervisor/accountant for qualified theft.

Based on the records of the case, the Information for Qualified Theft was filed before Branch 153-RTC Pasig (Taguig Hall of Justice).

While Warrant of Arrest was issued for the case, the former Supervising Accountant has not been apprehended.

Consequently, the Court, in its Order dated October 27, 2022, ordered the case to be archived without prejudice to prosecute the same as soon as the accused is apprehended.

g. *Breach of Contract.* STI ESG engaged the services of Mobeelity Innovations, Inc. (MOBEELITY) to deploy its digital classroom pilot, also known as e-Learning Management System (eLMS) and MOBEELITY committed to provide the necessary applications suite of the intended learning management system of STI ESG.

MOBEELITY undertook to provide STI ESG with access to the EDU 2.0 LMS (now known as NEO) and iMEET virtual classroom. MOBEELITY committed to provide STI ESG with online and on-site technical support for the implementation of the EDU 2.0 LMS and iMEET virtual classroom. Furthermore, MOBEELITY committed to provide STI ESG with all updates and modifications to EDU 2.0 LMS and iMEET virtual classroom free of charge. Out of these 2 platforms, STI ESG was only able to avail of and utilize the EDU 2.0 LMS under the agreement.

MOBEELITY provided STI ESG access to the EDU 2.0 LMS. EDU 2.0 LMS is a product of Cypher Learning, and MOBEELITY was an authorized reseller of this product. In accordance with the terms of the Agreement, STI ESG paid MOBEELITY the sum of ₱3.3 million as downpayment for services to be rendered by MOBEELITY for the First Semester of SY 2016-2017 or from June to November 2016.

On June 12, 2016, it came to the attention of STI ESG that Cypher Learning had terminated its relationship with MOBEELITY due to the fraudulent acts committed by MOBEELITY against Cypher Learning.

Pursuant to the arbitration clause of the Memorandum dated September 8, 2014 (Memorandum) executed by STI ESG and MOBEELITY, STI ESG initiated the instant ad hoc arbitration to settle a dispute involving the reimbursement of ₱3.3 million by MOBEELITY due to a breach of its obligations under the Memorandum.

After due proceedings, the Arbitral Tribunal issued the arbitral award dated August 9, 2018 wherein MOBEELITY is required to pay STI ESG the amount of ₱3.3 million and arbitration cost of ₱0.7 million.

STI ESG, through counsel, will file the appropriate petition before the Regional Trial Court of Makati City for the execution of the aforesaid arbitral award as required by law. However, STI ESG needs to identify any assets of MOBEELITY in order for the motion for execution to be effective.

The total receivables of STI ESG from MOBEELITY amounted to ₱ 4.0 million. As at June 30, 2023, STI ESG has recognized an allowance corresponding to its estimated credit losses.

h. *Syndicated Estafa.* This is a complaint filed against STI ESG and its director by the president of a franchisee of STI ESG with the Provincial Prosecution Office of Rizal.

In the complaint, said officer alleged that STI ESG illegally took over the operations of STI Tanay, and used the tuition fees it collected for its benefit. Based on his estimation, said alleged tuition fees was around ₱12.0 million.

On December 29, 2020, STI ESG, through its representative, filed its Counter-Affidavit and presented evidence/documents showing that STI ESG managed STI Tanay (a) when said officer initially allowed the same while there was an ongoing negotiation for the purchase of STI Tanay, and (b) the take-over provisions of the Licensing Agreement triggered by the violations committed by the franchisee on said agreement.

Moreover, STI ESG further asserted that the complaint should be dismissed because the aforesaid president failed to attach/present a written authority from STI Tanay, which allowed him to file the complaint, and represent said corporation in the proceedings.

Lastly, said president included as a respondent a director who was not involved in the operations and management of STI Tanay during the take-over of STI ESG.

On September 28, 2021, STI ESG received the Resolution dated February 4, 2021 which dismissed the complaint.

No Motion for Reconsideration was filed by the complainant.

Pursuant to the Memorandum of Agreement dated July 29, 2022 executed by the parties in a related case, this case is deemed terminated.

i. *Extra-Judicial Foreclosure*

  i. STI ESG filed two (2) Petition(s) for Extra-Judicial Foreclosure of Real Estate Mortgage under Act No. 3135, as amended (Petitions) over properties located in (a) Pasig and (b) Tanay, Rizal.

  On November 4, 2019, DBP and STI ESG executed a Deed of Assignment, wherein the latter acquired all rights and obligations arising from the following:

    a. Term Loan Agreement dated February 10, 2014 between DBP and STI Tanay for a loan amounting to ₱51.0 million, which is supported by four (4) Promissory Notes (Subject Loan);
    b. Term Loan Agreement dated April 5, 2016 between DBP and STI Tanay for a loan amounting to ₱24.5 million, which is supported by five (5) Promissory Notes (Subject Loan);
    c. Credit Line Agreement dated June 7, 2018 wherein DBP extended a credit line to STI Tanay up to a maximum amount of ₱6.0 million (Credit Line);
    d. Real Estate Mortgage dated May 5, 2014 executed by STI Tanay in favor of DBP over a parcel of land and improvements with an area of 5,502 sq.m. located in Tanay, Rizal, which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage); and
    e. Additional Real Estate Mortgage dated April 8, 2016 executed by STI Tanay, and Alejandro J. Bernardo married to Loretta Jabson Bernardo (Third Party Mortgagor) in favor of DBP over a parcel of land with an area of 567 sq.m. located

in Pasig City (Subject Property), which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage).

Said Deed of Assignment includes other loans obtained by STI Tanay from DBP (collectively, the "Loans").

Due to STI Tanay's failure to pay the Loans, STI ESG sent a Notice of Default dated February 14, 2020 to STI Tanay and Third Party Mortgagor. In the said Notice, STI ESG declared that the loans of STI Tanay amounting to ₱ 80.3 million as of December 31, 2019 to be immediately due and demandable, and STI ESG demanded full payment thereof.

Due to STI Tanay's failure to pay said Loans, STI ESG filed the instant Petition to foreclose the property covered by the Mortgage for the satisfaction of the former's outstanding obligation in the subject Loan and Credit Line amounting to ₱99.0 million as of November 30, 2020.

The Extrajudicial Foreclosure Sale for the property located in Pasig City was conducted on March 16, 2021 and declared STI ESG as the winning bidder. A Certificate of Sale was annotated on the title on August 5, 2021. Within the one (1) year redemption period, Mr. Alejandro Bernardo, through counsel, manifested his intention to redeem the Pasig Property.

On November 17, 2021, STI ESG submitted the Statement of Account, which will be used to compute the redemption price for the Subject Property.

With respect to the Tanay Property, the Extrajudicial Foreclosure Sale was conducted on March 15, 2022. At the conclusion of Extrajudicial Foreclosure Sale, STI ESG was also declared as the winning bidder. STI ESG obtained the Certificate of Sale covering the Tanay Property dated April 11, 2022. STI ESG submitted the requirements for the annotation of the Certificate of Sale with the Registry of Deeds of Rizal, Morong Branch on May 5, 2022.

Pursuant to the Memorandum of Agreement dated July 29, 2022 executed by the parties in the Complaint for annulment of Extrajudicial Foreclosure Proceedings, the Tanay Property was conveyed/assigned to STI ESG while the Pasig Property was redeemed by the Plaintiffs.

This case is deemed terminated.

ii. *Complaint for Annulment of Extrajudicial Foreclosure Proceedings.* This is a Complaint for annulment of Extrajudicial Foreclosure Proceedings with application for 72-hour and 20-day Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction (Complaint) filed by STI Tanay and Spouses Alejandro J. Bernardo and Loretta Jabson Bernardo (Mortgagors) (collectively, the "Plaintiffs") against the named Defendants.

On June 22, 2021, STI ESG received the Complaint.

Based on the Complaint, the Plaintiffs alleged that STI ESG, as the assignee of the loan of STI Tanay with DBP, foreclosed on the Mortgagors' parcel of land with an area of 567 sq.m. located in Pasig City (Subject Property).

While the Complaint did not allege any procedural and/or substantive defects in the foreclosure proceedings, the Plaintiffs attempted to use the alleged illegal take-over of the operations of STI Tanay to support the instant case.

Based on the said allegations in the Complaint, the Plaintiffs sought for the issuance of restraining orders to enjoin the registration of the Certificate of Sale and the alleged take-over of STI Tanay.

After the due proceedings on the TRO, the Trial Court denied the issuance of the TRO and/or Writ of Preliminary Injunction on July 12, 2021.

On November 12, 2021, STI ESG and a director defendant (Defendants) filed a Joint Answer Ad Cautelam. In the Joint Answer, the Defendants asserted the dismissal of the Complaint because the Plaintiffs did not raise any valid grounds to annul the foreclosure of mortgage. Moreover, the Plaintiffs have manifested their intention to redeem the subject Property, which further affirms the validity of the foreclosure proceedings.

The pre-trial conference for the case was originally scheduled on January 18, 2022. However, the same was cancelled in light of the Supreme Court's directives to physically close all courts in areas under Alert Level 3 due to the surge of COVID-19 cases. The National Capital Region (NCR) and the province of Rizal were under Alert Level 3 until January 31, 2022.

After the pre-trial conference, the case was referred to Judicial Dispute Resolution upon motion by the parties.

After several negotiations for settlement, the parties entered into a Memorandum of Agreement on July 29, 2022. Based on the Memorandum of Agreement, the parties agreed to settle all liabilities by (a) assigning and conveyance of the Tanay Property and (b) redemption of the Pasig Property by the Plaintiffs. Other commercial terms and conditions were agreed upon by the parties to terminate all pending cases and release of any other claims against each other.

Upon motion by the parties, the aforesaid Agreement was submitted for approval by the parties.

Considering the foregoing circumstances, the case is deemed terminated due to the amicable settlement by the parties.

j. *Criminal Case.* On January 30, 2020, iACADEMY filed a complaint against its former Cashier for qualified theft for the total amount of ₱1.7 million for the period of January 24, 2018 until July 2, 2019 from the cash collections of iACADEMY.

Based on the complaint, the former Cashier manipulated the Daily Cash Collection Summary Reports submitted to iACADEMY by tampering (a) deposit slips; (b) official receipts and (c) other documents and making it appear that the payments received for rental payments on the use of iACADEMY's Auditorium were from other collections of iACADEMY, which she received as its Cashier. Considering said rental payments should have been recorded as part of the collection, the cash collection from other transactions reported by the former Cashier to have been received and deposited in the bank accounts of iACADEMY, is understated. Through this scheme, the former Cashier stole the corresponding amount appearing in the said tampered documents from the cash collection, which should have been deposited in iACADEMY's bank accounts.

Despite receipt of summons, the former Cashier failed to appear at the preliminary investigation hearings.

After due proceedings, an Information for twenty-seven (27) counts of qualified theft was filed by the City Prosecutor of Makati City against the former Cashier before the Regional Trial Court of Makati City.

During arraignment on June 18, 2021, the former Cashier pleaded “not guilty” of the charges.

Before the case proceeded to trial proper, the parties have entered into an amicable settlement on, among others, the civil aspect of the case. Pursuant to the Compromise Agreement dated October 24, 2022, the former Cashier agreed to pay the civil aspect of the case and other liabilities and damages. In return, iACADEMY agreed not to actively pursue the case and allow the same to be provisionally dismissed.

The said agreement was implemented when (a) the former Cashier partially paid the outstanding obligation to iACADEMY and (b) iACADEMY did not actively participate in the prosecution of the case. Consequently, the Court caused the provisional dismissal of the case.

iACADEMY may revive the case or file a new case if the former Cashier fails to pay the balance of the said obligation as provided in the agreement. Based on the agreement, the former Cashier should fully settle her obligation within two (2) years from execution of the Compromise Agreement.

k. Due to the nature of their business, STI ESG, STI WNU and iACADEMY are 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 STI ESG and STI WNU by reason of their faculty contract and/or employment contracts. STI ESG, STI WNU and iACADEMY are not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and their respective BOD have no knowledge of any proceedings pending or threatened against STI ESG, STI WNU and iACADEMY or any facts likely to give rise to any litigation, claims or proceedings which might materially affect their financial position or business. Management and their legal counsels believe that STI ESG, STI WNU and iACADEMY have substantial legal and factual bases for their position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group’s consolidated financial position as well as in the results of their operations.

<u>Commitments</u>

a. Financial Commitments

The ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by the Parent Company in favor of LandBank executed on September 16, 2020. STI ESG has drawn from this Term Loan/Rediscounting Line Facility an aggregate amount of ₱22.1 million, of which ₱3.0 million is due within the next twelve months. The term of the borrowing is coterminous with the promissory notes executed by the parents/benefactors of the students. Of the ₱3.0 million outstanding loan, ₱2.1 million has been settled in August 2023 while the balance is maturing in January 2024.

STI ESG has a ₱65.0 million domestic bills purchase lines from various local banks as at June 30, 2023, specifically for the purchase of local and regional clearing checks. Interest on drawdown from such facility is waived except when drawn against returned checks, to which the interest shall be the prevailing lending rate of such local bank. This facility is on a clean basis. As at June 30, 2023 and 2022, there is no outstanding availment from these lines.

b. Capital Commitments

As at June 30, 2023 and June 30, 2022, STI ESG has contractual commitments for (1) the renovation of its office condominium units. (2) construction of the STI Training Academy Center (3) renovation works for STI Naga and STI Baguio (4) construction of STI Academic Center Legazpi (5) canteen and basketball roofing project for STI Legazpi, and (6) various renovation projects in select STI schools owned and operated by STI ESG.

The total contract costs for the renovation of STI ESG's office condominium aggregated to ₱88.0 million of which ₱80.2 million and ₱78.7 million have been paid as at June 30, 2023 and 2022, respectively.

The construction works for the STI Training Academy Center has a total project cost of ₱15.3 million of which ₱14.8 million and ₱14.4 million have been paid as at June 30, 2023 and 2022, respectively.

The renovation works for STI Naga and STI Baguio have total project costs of ₱8.6 million and ₱7.4 million, respectively. STI ESG has paid an aggregate of ₱8.4 million for the renovation works in STI Naga as at June 30, 2023 and 2022, while an aggregate of ₱6.4 million and ₱6.1 million has been settled for the renovation works in STI Baguio as at June 30, 2023 and 2022, respectively.

The construction of STI Academic Center Legazpi has an aggregate project cost of ₱251.8 million of which ₱239.4 million and ₱238.3 million have been paid as at June 30, 2023 and 2022, respectively. The canteen and basketball roofing project for STI Legazpi has an aggregate project cost of ₱25.7 million of which ₱7.7 million, representing 30.0% down payment, has been paid as at June 30, 2023.

As at June 30, 2023, the Group likewise has various renovation projects in select STI schools owned and operated by STI ESG with aggregate project cost of ₱55.5 million, of which ₱34.1 million has been settled as at June 30, 2023.

STI WNU likewise has contractual commitments and obligations for the construction of school buildings and upgrade of its facilities aggregating to ₱274.7 million and ₱38.9 million as at June 30, 2023 and 2022, respectively. Of these, ₱175.2 million and ₱28.8 million have been paid as at June 30, 2023 and 2022, respectively.

iACADEMY has contractual commitments and obligations for the construction of its Yakal and Cebu Campus totaling ₱1,100.7 million and ₱1,059.6 million as at June 30, 2023 and 2022, respectively. Of these, ₱1,029.3 million and ₱982.9 million have been paid as at June 30, 2023 and 2022, respectively.

c. Others

i. On April 21, 2017, STI ESG, Mr. Tony Tan Caktiong (TTC), STI Tanauan, and Injap Investments, Inc. (Injap), referred collectively as the Joint Venture Parties, entered into an agreement to transform STI Tanauan into a Joint Venture Company which shall operate a farm-to-table school that offers courses ranging from farm production to food services.

The Joint Venture Parties also agreed to increase STI Tanauan's authorized capital stock to an amount that will be agreed by the Joint Venture Parties in a separate agreement. As agreed by the Joint Venture Parties, the increase in the authorized capital stock will be made through STI Tanauan's declaration of stock dividends to STI ESG based on STI Tanauan's unrestricted retained earnings as of March 31, 2017 and cash payments by the Joint Venture Parties.

The equity sharing in the Joint Venture Company would be 60.0%, 25.0% and 15.0% for STI ESG, TTC and Injap, respectively.

On June 21, 2017, in separate meetings, the stockholders and the BOD of STI Tanauan approved the increase in the authorized capital stock of the corporation from ₱1.0 million divided into 10,000 shares with a par value of ₱100 to ₱75.0 million divided into 750,000 shares with a par value of ₱100. The increase will be funded through the declaration of stock dividends and cash subscriptions by the shareholders. In the same meeting, the stockholders and the BOD approved the declaration of 150,000 shares as stock dividends with an aggregate par value of ₱15.0 million to be distributed to stockholders of record as of March 31, 2017 based on the unrestricted retained earnings of STI Tanauan as shown in its audited financial statements as of March 31, 2017.

On January 24, 2018, STI ESG subscribed to and fully paid for 35,000 shares at a subscription price of ₱495.0 per share for a total of ₱17.3 million.

On February 26, 2018, STI Tanauan applied with the SEC to increase its authorized capital stock from ₱1.0 million to ₱75.0 million.

On March 2, 2018, the SEC approved the increase and issued the Certificate of Approval on Increase of Capital Stock.

On March 3, 2018, STI Tanauan issued to STI ESG stock dividends of 150,000 shares and 35,000 shares as subscribed by the latter.

Considering the pandemic and its effects in the economy, the parties decided to hold the project in abeyance. In the meantime, STI Tanauan remains as a wholly-owned subsidiary of STI ESG and is continuing its operations.

ii. On December 17, 2018, the CHED, Unified Student Financial Assistance System for Tertiary Education Board (UniFAST) and STI ESG signed a memorandum of agreement to avail of the Tertiary Education Subsidy (TES) and Student Loan Program (SLP) for its students under the Universal Access to Quality Tertiary Education Act (UAQTEA) and its Implementing Rules and Regulations (IRR). The RA No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of private HEIs. Accordingly, the TES and the SLP shall be administered by the UniFAST Board. The annual TES for students, subject to guidelines and implementing rules and regulations on the release of TES, enrolled in SUCs or CHED recognized LUCs is ₱40.0 thousand. Students enrolled in select HEIs who are qualified to receive the TES, are entitled to ₱60.0 thousand. The TES sharing agreement states that ₱40.0 thousand shall go to the TES student grantee and ₱20.0 thousand to the private HEI. The subsidy is for Tuition and other related school fees and should cover the living allowance, books, supplies, transportation and miscellaneous expense. Additional benefits are likewise given to Persons with Disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand per annum and ₱10.0 thousand, respectively. Under this TES Program, CHED pays directly the schools where these students enrolled.

iii. On October 21, 2019, STI ESG, acting on its own and in behalf of NAMEI Polytechnic Institute Inc. (collectively referred to as STI) and Raft Shore People, Inc. (RAFT), entered into a Cooperation Agreement (the Agreement) to work together to ensure that the seafarers of the Philippines continue to be the preferred employees of international shipping companies. In summary, the parties agree as follows:

  a. Establish a culinary school offering modular culinary courses which shall prepare the students to work on board cruise vessels and to jointly oversee the preparation and implementation of modular culinary and catering courses.

  b. To jointly oversee the preparation and implementation of the curriculum for courses such as Bachelor of Science in Marine Transportation, Bachelor of Science in Marine Engineering, Senior High School Maritime track and Maritime Information Technology Programs. The parties likewise endeavor to enhance the curriculum with electives or additional modular courses in keeping with the requirements of the international shipping industry and the International Convention on STCW.

  c. To engage the Dean and other administrators as well as the members of the faculty who are professionals and are highly qualified to provide the students with the requisite education and training which will prepare them for work on board vessels.

The parties recognize that RAFT has already incurred expenses, including faculty costs in preparation for this cooperation agreement. As such, STI will reimburse RAFT US$150,000, with 50.0% payable upon signing of the agreement while the remaining 50.0% will be payable within calendar year 2020. Additionally, and as compensation for jointly overseeing and providing academic governance, selection and management of faculty, as well as curriculum and courseware preparation and implementation for the courses agreed upon, STI shall pay RAFT the sum of US$10,000 per month beginning January 2020. The parties also agreed that a variable compensation of 5.00% of the tuition fee shall be paid to RAFT when the student population reaches 2,000 plus an additional 1.00% variable compensation for every 1,000 enrollees while RAFT shall receive 5.00% of tuition fee for the culinary/hospitality programs upon reaching a student population of 2,000 plus 1.00% variable compensation for every 1,000 enrollees. Said variable compensation may be increased from year to year at the discretion of the governing board.

STI ESG and RAFT have agreed to terminate this agreement effective January 31, 2023. In lieu of this agreement, STI ESG/NAMEI will draft an onboarding agreement where RAFT will get cadets from STI ESG/NAMEI as long as they meet the selection criteria, and the school passes an annual audit.

35. **Financial Risk Management Objectives and Policies**

The principal financial instruments of the Group comprise cash and cash equivalents and interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group’s operations. The Group has various other financial assets and liabilities such as receivables, accounts payable and other current liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group's BOD and management reviews and agrees on the policies for managing each of these risks as summarized below.

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

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

The Group's current liabilities are mostly made up of trade liabilities with 30 to 60-day payment terms, current portion of interest-bearing loans and borrowings that are expected to mature within one year after reporting date and the 7-year bonds issued by STI ESG maturing in March 2024. On the other hand, the biggest components of the Group's current assets are cash and cash equivalents, receivables from students and franchisees and advances to associates and joint venture of thirty (30) to one hundred eighty (180) days.

As at June 30, 2023 and 2022, the Group's current assets amounted to ₱3,781.6 million and ₱3,421.6 million, respectively, while current liabilities amounted to ₱3,451.9 million and ₱1,201.8 million, respectively.

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

STI ESG has obtained preliminary approvals from various local banks for the refinancing of its bonds maturing in March 2024. Negotiation and documentation of the said credit facilities are ongoing as at October 13, 2023.

In relation to the Group's interest-bearing loans and borrowings from a local bank, the debt service cover ratio, based on the consolidated financial statements of the Group, is also monitored on a regular basis. The debt service cover ratio is equivalent to the consolidated EBITDA divided by total principal and interests due for the next twelve months. The Group monitors its debt service cover ratio to keep it at a level acceptable to the Group, the lender bank, and the STI ESG bondholders. The Group's policy is to keep the debt service cover ratio not lower than 1.05:1.00. DSCR, as defined in the loan agreement, as at June 30, 2023 and 2022 is 0.60:1.00 and 1.95:1.00, respectively. The local bank has granted the request of STI ESG for the waiver of the mandated DSCR as discussed in Note 18. STI ESG has been compliant with the DSCR imposed under the bond trust agreement governing its bonds issue. iACADEMY is compliant with the DSCR required by the local lender bank.

The tables below summarize the maturity profile of the Group's financial assets held for liquidity purposes and other financial liabilities as at financial reporting date based on undiscounted contractual payments.

	2023				
	Due and Demandable	**Less than 3 Months**	**3 to 12 Months**	**More than 1 Year**	**Total**
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	**₱1,958,767,553**	**₱–**	**₱–**	**₱–**	**₱1,958,767,553**
Receivables*	**151,344,394**	**53,165,148**	**148,157,864**	**86,224,864**	**438,892,270**
Deposits (included as part of "Prepaid expenses and other current assets" and "Goodwill, intangible and other noncurrent assets" accounts)	**–**	**–**	**1,097,372**	**34,113,820**	**35,211,192**
Equity instruments at FVPL	**8,990,000**	**–**	**–**	**–**	**8,990,000**
Equity investments designated at FVOCI	**–**	**–**	**–**	**72,061,627**	**72,061,627**
	₱2,119,101,947	**₱53,165,148**	**₱149,255,236**	**₱192,400,311**	**₱2,513,922,642**
Financial Liabilities					
Other financial liabilities:					
Accounts payable and other current liabilities**	**₱614,191,398**	**₱9,711,502**	**₱72,880,168**	**₱29,652,982**	**₱726,436,050**
Nontrade payable	**17,000,000**	**–**	**–**	**–**	**17,000,000**
Bonds payable:					
Principal	**–**	**–**	**2,180,000,000**	**820,000,000**	**3,000,000,000**
Interest	**–**	**–**	**147,253,896**	**188,491,085**	**335,744,981**
Interest-bearing loans and borrowings:					
Principal	**–**	**39,795,613**	**223,042,276**	**810,000,000**	**1,072,837,889**
Interest	**–**	**33,307,108**	**41,342,217**	**93,256,159**	**167,905,484**
Lease liabilities	**–**	**39,076,921**	**70,912,433**	**601,321,936**	**711,311,290**
Other noncurrent liabilities***	**–**	**–**	**–**	**49,331,720**	**49,331,720**
	₱631,191,398	**₱121,891,144**	**₱2,735,430,990**	**₱2,592,053,882**	**₱6,080,567,414**

	2022				
	Due and Demandable	2 to 3 Months	3 to 12 Months	More than 1 Year	Total
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	₱1,568,718,083	₱–	₱–	₱–	₱1,568,718,083
Receivables*	220,457,833	17,924,264	136,491,591	135,978,151	510,851,839
Deposits (included as part of "Prepaid expenses and other current assets" and "Goodwill, intangible and other noncurrent assets" accounts)	–	–	806,459	34,076,497	34,882,956
Equity instruments at FVPL	9,610,000	–	–	–	9,610,000
Equity investments designated at FVOCI	–			70,188,775	70,188,775
	₱1,798,785,916	₱17,924,264	₱137,298,050	₱240,243,423	₱2,194,251,653
Financial Liabilities					
Other financial liabilities:					
Accounts payable and other current liabilities**	₱598,095,703	₱10,536,614	₱80,870,459	₱2,134,158	₱691,636,934
Nontrade payable	17,000,000	–	–	–	17,000,000
Bonds payable:					
Principal	–	–	–	3,000,000,000	3,000,000,000
Interest	–	–	178,905,220	335,744,980	514,650,200
Interest-bearing loans and borrowings:					
Principal	–	39,591,226	199,544,753	1,293,050,204	1,532,186,183
Interest	–	38,156,988	49,558,869	136,728,869	224,444,726
Lease liabilities	11,025,000	36,616,881	56,250,779	510,686,921	614,579,581
Other noncurrent liabilities***	–	–	–	10,399,880	10,399,880
	₱626,120,703	₱124,901,709	₱565,130,080	₱5,288,745,012	₱6,604,897,504

**Excluding advances to officers and employees amounting to ₱31.7 million and ₱20.2 million as at June 30, 2023 and 2022, respectively.*
*** Excluding taxes payable, SSS, Philhealth, Pag-ibig benefits payable and advance rent amounting to ₱29.8 million and ₱25.6 million as at June 30, 2023 and 2022, respectively.*
****Excluding advance rent, deferred lease liability and deferred output VAT amounting to ₱62.7 million and ₱13.0 million as at June 30, 2023 and 2022, respectively.*

As at June 30, 2023 and 2022, the Group's current ratios are as follows:

	2023	2022
Current assets	**₱3,781,571,176**	₱3,421,552,726
Current liabilities	**3,451,887,036**	1,201,849,386
Current ratios	**1.10:1.00**	2.85:1.00

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from students, franchisees or other counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring expenses in relation to such limits.

It is the Group's policy to require the students to pay all their tuition and other school fees before they can get their report cards and other credentials. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and equity instruments at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As at June 30, 2023 and 2022, there is no significant concentration of credit risk.

Credit Risk Exposures. The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position:

	2023		2022	
	Gross Maximum Exposure(1)	**Net Maximum Exposure(2)**	Gross Maximum Exposure(1)	Net Maximum Exposure(2)
Financial Assets				
Loans and receivables:				
Cash and cash equivalents (excluding cash on hand)	**₱1,946,365,998**	**₱1,918,365,998**	₱1,566,560,371	₱1,538,060,371
Receivables*	**821,320,349**	**821,320,349**	823,226,336	823,226,336
Rental deposits (included as part of the "Goodwill, intangible and other noncurrent assets" account)	**34,113,820**	**34,113,820**	34,500,377	34,500,377
	₱2,801,800,167	**₱2,773,800,167**	₱2,424,287,084	₱2,395,787,084

* *Excluding advances to officers and employees amounting to ₱31.7 million and ₱20.2 million as at June 30, 2023 and 2022, respectively.*

(1) *Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.*

(2) *Gross financial assets after taking into account any collateral held or other credit enhancements or offsetting arrangements or insurance in case of bank deposits.*

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on the Group's credit rating system as at June 30, 2023 and 2022:

	2023			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**
Class A	**₱1,908,980,849**	**₱373,936,361**	**₱–**	**₱2,282,917,210**
Class B	**–**	**286,504,522**	**–**	**286,504,522**
Class C	**–**	**209,154,198**	**11,677,882**	**220,832,080**
Gross carrying amount	**1,908,980,849**	**869,595,081**	**11,677,882**	**2,790,253,812**
ECL	**–**	**(191,051,900)**	**(11,677,882)**	**(202,729,782)**
Carrying amount	**₱1,908,980,849**	**₱678,543,181**	**₱–**	**₱2,587,524,030**

	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Class A	₱1,552,164,948	₱402,560,402	₱–	₱1,954,725,350
Class B	–	240,651,380	–	240,651,380
Class C	–	228,560,935	16,188,663	244,749,598
Gross carrying amount	1,552,164,948	871,772,717	16,188,663	2,440,126,328
ECL	(1,220,931)	(296,195,834)	(14,967,732)	(312,384,497)
Carrying amount	₱1,550,944,017	₱575,576,883	₱1,220,931	₱2,127,741,831

The following credit quality categories of financial assets are managed by the Group as internal credit ratings. The credit quality of the financial assets was determined as follows:

- Class A – *Cash and cash equivalent* and *Rental and utility deposits* are classified as “Class A” based on the good credit standing or rating of the counterparty. *Receivables* classified as “Class A” are those with high probability of collection and/or customer or counterparties who possess strong to very strong capacity to meet its obligations.

- Class B – *Receivables* from customers who settle their obligations within tolerable delays.

- Class C – *Receivables* from customers with payment behavior normally extending beyond the credit terms and have a high probability of becoming impaired.

The table below shows the aging analysis of receivables from students on which the amount of allowance was based on lifetime expected credit loss:

	Current	Within the Semester	After the Semester but within the School Year	After the School Year	ECL	Total
2023	**₱205,578,839**	**₱77,319,724**	**₱13,454,443**	**₱299,608,347**	**(₱368,524,991)**	**₱227,436,362**
2022	222,970,790	67,117,208	12,768,069	310,606,268	(296,195,834)	317,266,501

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. The Group’s interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group’s interest-bearing loans and bonds. While the Group’s long term debt has a floating interest rate, the Group elected to have the interest rate repriced every year, thus minimizing the exposure to market changes in interest rates. The interest rates for the STI ESG’s bonds are, however, fixed for the 7-year and the 10-year tenors.

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

The following table demonstrates the sensitivity, to a reasonably possible change in interest rates, with all other variables held constant, of the consolidated statements of comprehensive income and statements of changes in equity for the years ended June 30, 2023, 2022 and 2021:

	Effect on Income Before Income Tax		
Increase/decrease in Basis Points (bps)	**2023**	2022	2021
+100 bps	**(₱40,849,483)**	(₱45,495,216)	(₱46,282,060)
-100 bps	**40,849,483**	45,495,216	46,282,060

Capital Risk Management Policy

The Group aims to achieve an optimal capital structure to reduce its cost of capital in pursuit of its business objectives, which include maintaining healthy capital ratios and strong credit ratings, maximizing shareholder value and providing benefits to other stakeholders. The Group likewise aims to ensure that cash is available to support its operations and all other projects undertaken by the Group and to maintain funds on a long-term basis.

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

The Group monitors capital using the debt-to-equity ratio which is computed as the total of current and noncurrent liabilities, net of unearned tuition and other school fees, divided by total equity. The Group monitors its debt-to-equity ratio to keep it at a level acceptable to the Group, the lender bank and the STI ESG bondholders. The Group's policy is to keep the debt-to-equity ratio at a level not exceeding 1.50:1.00.

The Group considers its equity contributed by stockholders, net of cost of shares held by a subsidiary, as capital.

	2023	2022
Capital stock	**₱4,952,403,462**	₱4,952,403,462
Additional paid-in capital	**1,119,127,301**	1,119,127,301
Cost of shares held by a subsidiary	**(498,142,921)**	(498,142,921)
Retained earnings	**5,219,942,618**	4,485,334,148
	₱10,793,330,460	₱10,058,721,990

The Group's debt-to-equity ratios are as follows:

	2023	2022
Total liabilities*	**₱5,732,233,601**	₱5,966,116,544
Total equity	**9,209,810,499**	8,494,964,642
Debt-to-equity ratio	**0.62:1.00**	0.70:1.00

**Excluding unearned tuition and other school fees of ₱141.1 million and ₱116.8 million as at June 30, 2023 and 2022, respectively.*

The Group's asset-to-equity ratios are as follows:

	2023	2022
Total assets	**₱15,083,181,303**	₱14,577,923,503
Total equity	**9,209,810,499**	8,494,964,642
Asset-to-equity ratio	**1.64:1.00**	1.72:1.00

No changes were made in the objectives, policies or processes for the years ended June 30, 2023, 2022 and 2021.

36. Fair Value Information of Financial Instruments

The following tables set forth the carrying amounts and estimated fair values of financial assets and liabilities recognized as at June 30, 2023 and 2022. There are no material unrecognized financial assets and liabilities as at June 30, 2023 and 2022.

	2023				
	Carrying Amount	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets					
At amortized cost -					
Rental and utility deposits	**₱35,211,192**	**₱35,211,192**	**₱–**	**₱–**	**₱35,211,192**
Equity instruments designated at FVOCI	**72,061,627**	**71,708,707**	**6,179,340**	**55,155,229**	**10,374,138**
	₱107,272,819	**₱106,919,899**	**₱6,179,340**	**₱55,155,229**	**₱45,585,330**
Financial Liabilities					
Other financial liabilities at amortized cost -					
Refundable deposits	**₱54,994,857**	**₱40,934,497**	**₱–**	**₱–**	**₱40,934,497**

	2022				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
At amortized cost -					
Rental and utility deposits	₱34,882,956	₱34,882,956	₱–	₱–	₱34,882,956
Equity instruments designated at FVOCI	70,188,775	70,188,775	4,900,312	54,661,405	10,627,058
	₱105,071,731	₱105,171,731	₱4,900,312	₱54,661,405	₱45,610,014
Financial Liabilities					
Other financial liabilities at amortized cost -					
Refundable deposits	₱11,080,375	₱10,157,541	₱–	₱–	₱10,157,541

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

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

Rental and Utility Deposits. The fair values of these instruments are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates ranging from 1.43% to 6.68% and 1.61% to 4.97% as at June 30, 2023 and 2022, respectively that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Equity Instruments at FVOCI. The fair values of publicly-traded equity instruments designated at FVOCI, classified under Level 1, are determined by reference to market bid quotes as at financial reporting date. The fair values of unquoted shares under are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument which is substantially the same.

Interest-bearing Loans and Borrowings. The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows were 6.58% and 5.79% as of June 30, 2023 and 2022, respectively.

Refundable Deposits. The fair values of the refundable deposits are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates ranging from 5.73% to 6.32% and 1.90% to 5.11% as at June 30, 2023 and 2022, respectively adjusted for 2.0% credit spread rate that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

In June 30, 2023 and 2022, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

37. Note to Consolidated Statements of Cash Flows

The Group's material non-cash investing and financing activities follow:

a. Recognition of right-of-use assets presented under "Property and equipment" at initial recognition of the lease at commencement date amounting to ₱169.8 million, ₱38.3 million and ₱36.7 million for the years ended June 30, 2023, 2022 and 2021, respectively (see Note 11).

b. Unpaid progress billing for construction-in-progress presented under "Property and equipment" amounting to ₱3.6 million, ₱4.3 million and ₱16.9 million as at June 30, 2023, 2022 and 2021, respectively. Unpaid progress billing for construction-in-progress presented under "Investment properties" amounted to ₱52.4 million as at June 30, 2022 (nil as at June 30, 2023 and 2021) (see Notes 11 and 12).

c. Additions to land and buildings under "Investment properties" upon foreclosure of mortgaged properties for STI Tanay receivables amounted to ₱164.9 million for the year ended June 30, 2022 (nil for the year ended June 30, 2023 and 2021) (see Note 12).

d. Reclassification from investment properties to noncurrent asset held for sale amounted to ₱53.3 million in view of the expected redemption upon actual receipt of the redemption price (see Notes 10 and 12).

e. Reclassifications from property and equipment to investment properties and from investment properties to property and equipment amounting to ₱40.5 million and ₱115.7 million, respectively, in 2023.

f. Reclassification from "Other noncurrent assets", pertaining to advances to suppliers, to "Property and equipment" amounting to ₱4.2 million, ₱28.4 million and ₱183.1 million for the years ended June 30, 2023, 2022 and 2021, respectively.

38. Changes in Liabilities Arising from Financing Activities

			Noncash Movements									
	July 1, 2022	**Cash Flows**	**Unamortized Loan Premium**	**Income on Rent Concessions**	**Reclassified as Current (see Notes 18 and 29)**	**Reclassified as Noncurrent**	**Effect of Lease Termination/ Modifications (see Notes 11 and 29)**	**New/Renewed Leases (see Note 29)**	**Capitalized Borrowing Cost**	**Interest Expense (see Note 23)**	**Dividends Declared (see Note 21)**	**June 30, 2023**
Current portion of interest-bearing loans and borrowings	**₱239,135,979**	**(₱359,544,756)**	**₱–**	**₱–**	**₱383,042,279**	**₱–**	**₱–**	**₱–**	**₱–**	**204,387**	**₱–**	**₱262,837,889**
Bonds payable	**2,980,515,064**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,907,920**	**–**	**2,988,422,984**
Interest-bearing loans and borrowings - net of current portion	**1,291,461,407**	**(100,000,000)**	**–**	**–**	**(383,042,279)**	**–**	**–**	**–**	**–**	**288,607**	**–**	**808,707,735**
Lease liabilities	**473,316,566**	**(133,436,395)**	**–**	**–**	**–**	**–**	**(1,742,210)**	**165,482,070**	**–**	**33,139,748**	**–**	**536,759,779**
Dividends payable	**26,411,518**	**(142,953,699)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**143,953,400**	**27,411,219**
Interest payable	**26,583,874**	**(263,727,425)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**260,693,618**	**–**	**23,550,067**
	₱5,037,424,408	**(₱999,662,275)**	**₱–**	**₱–**	**₱–**	**₱–**	**(₱1,742,210)**	**₱165,482,070**	**₱–**	**₱302,234,280**	**₱143,953,400**	**₱4,647,689,673**

			Noncash Movements									
	July 1, 2021	Cash Flows	Unamortized Loan Premium	Income on Rent Concessions (see Note 29)	Reclassified as Current (see Notes 18 and 29)	Reclassified as Noncurrent	Effect of Lease Termination/ Modifications (see Notes 11 and 29)	New/Renewed Leases (see Note 29)	Capitalized Borrowing Cost	Interest Expense (see Note 23)	Dividends Declared (see Note 21)	June 30, 2022
Current portion of interest-bearing loans and borrowings	₱208,812,671	(₱449,544,753)	₱–	₱–	₱479,544,753	₱–	₱–	₱–	₱–	₱323,308	₱–	₱239,135,979
Bonds payable	2,973,082,875	–	–	–	–	–	–	–	–	7,432,189	–	2,980,515,064
Interest-bearing loans and borrowings - net of current portion	1,771,433,275	–	–	–	(479,544,753)	–	–	–	–	(427,115)	–	1,291,461,407
Lease liabilities	484,817,384	(78,349,815)	–	(6,054,606)	–	–	4,236,109	37,329,615	–	31,337,879	–	473,316,566
Dividends payable	25,934,641	(95,665,835)	–	–	–	–	–	–	–	–	96,142,712	26,411,518
Interest payable	33,505,531	(281,249,555)	–	–	–	–	–	–	–	274,327,898	–	26,583,874
	₱5,497,586,377	(₱904,809,958)	₱–	(₱6,054,606)	₱–	₱–	₱4,236,109	₱37,329,615	₱–	₱312,994,159	₱96,142,712	₱5,037,424,408

			Noncash Movements									
	April 1, 2021	Cash Flows	Unamortized Loan Premium	Income on Rent Concessions	Reclassified as Current	Reclassified as Noncurrent	Effect of Lease Termination/ Modifications (see Notes 11 and 29)	New/Renewed Leases	Capitalized Borrowing Cost	Interest Expense (see Note 23)	Dividends Declared (see Note 21)	June 30, 2021
Current portion of interest-bearing loans and borrowings	₱358,566,076	(₱229,855,247)	₱–	₱–	₱319,276,921	(₱240,000,000)	₱–	₱–	₱–	₱824,921	₱–	₱208,812,671
Bonds payable	2,966,097,772	–	–	–	–	–	–	–	–	6,985,103	–	2,973,082,875
Interest-bearing loans and borrowings - net of current portion	1,432,045,165	409,426,874	8,298,501	–	(319,276,921)	240,000,000	–	–	2,776,224	(1,836,568)	–	1,771,433,275
Lease liabilities	552,590,291	(73,912,834)	–	(39,727,038)	–	–	(23,969,027)	34,994,849	–	34,841,143	–	484,817,384
Dividends payable	25,930,201	(35,327,186)	–	–	–	–	–	–	–	–	35,331,626	25,934,641
Interest payable	35,221,629	(297,514,241)	–	–	–	–	–	–	–	295,798,143	–	33,505,531
	₱5,370,451,134	(₱227,182,634)	₱8,298,501	(₱39,727,038)	₱–	₱–	(₱23,969,027)	₱34,994,849	₱2,776,224	₱336,612,742	₱35,331,626	₱5,497,586,377

39. **Business Combinations**

STI Alabang

On March 16, 2023, STI ESG and the majority owners of STI Alabang entered into a deed of absolute sale wherein STI ESG acquired 60.0% of the issued and outstanding capital stock of STI Alabang from the former franchisee for ₱1.00. Prior to this, STI ESG owns 40.0% of STI Alabang's issued and outstanding capital stock. As a result, STI Alabang became a wholly owned subsidiary of STI ESG effective March 31, 2023.

The following are the identifiable assets and liabilities as at the date of acquisition:

Assets	
Cash	₱9,232,050
Receivables	5,194,246
Inventories	960,491
Prepaid expenses	892,547
Property and equipment (see Note 11)	2,162,891
Deferred tax assets	843,309
Other noncurrent assets	1,271,855
	20,557,389
Liabilities	
Accounts payable and other current liabilities	43,581,348
Total identifiable net liabilities at fair values	(23,023,959)
Purchase consideration transferred	1
Goodwill (see Note 16)	₱23,023,960

Analysis of cash flow on acquisition is as follows:

Cash acquired from the subsidiary	₱9,232,050
Cash paid	(1)
Net cash inflow on acquisition	₱9,232,049

The transaction was accounted for as a business combination. The identifiable assets and liabilities recognized in the consolidated financial statements as at June 30, 2023 were based on assessment of the fair value of these assets and liabilities at the time of acquisition. The transaction resulted in goodwill amounting to ₱23.0 million which is presented as part of "Goodwill, intangible and other noncurrent assets" in the consolidated statement of financial position as at June 30, 2023 (see Notes 1, 13 and 16). Goodwill comprises the expected synergies in operating the school under STI ESG management.

From the date of acquisition to June 30, 2023, the revenues included in the consolidated statement of comprehensive income contributed by STI Alabang was ₱10.4 million. STI Alabang also contributed net loss of ₱1.8 million over the same period. If the acquisition had taken place at the beginning of the fiscal year, the consolidated revenue and consolidated net income would have been ₱3,435.2 million and ₱913.7 million, respectively.

STI Calbayog and STI Dumaguete

On December 3, 2020, STI ESG acquired the net assets of STI Calbayog and STI Dumaguete, which were owned and operated by the former franchisees, for ₱2.7 million and ₱2.3 million, respectively. The transactions were accounted for as business combinations. The purchase price consideration was allocated to the net assets based on fair values at the date of acquisition resulting in excess of consideration aggregating to ₱1.9 million. The Group is likewise assessing the value of the intangible assets acquired.

The following are the identifiable assets and liabilities as at the date of acquisition:

STI Calbayog

Assets	
Receivables	₱589,782
Inventories	21,508
Property and equipment	798,020
Other noncurrent asset	190,000
	1,599,310
Liabilities	
Accounts payable and other current liabilities	225,031
Total identifiable net assets at fair values	1,374,279
Purchase consideration transferred	2,700,000
Goodwill (see Note 16)	₱1,325,721

STI Dumaguete

Assets	
Receivables	₱1,482,130
Inventories	12,835
Property and equipment	38,891
Other noncurrent asset	264,872
	1,798,728
Liabilities	
Accounts payable and other current liabilities	102,965
Total identifiable net assets at fair values	1,695,763
Purchase consideration transferred	2,300,000
Goodwill (see Note 16)	₱604,237

40. **Other Matter**

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the NCR effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed ECQ throughout the island of Luzon starting March 17, 2020 until April 12, 2020, which was subsequently extended to May 15, 2020 in the NCR and other areas. The Office of the President issued several directives for the classification of each cities and municipalities in different levels of community quarantine from March 13, 2020 to date. On July 21, 2023, the Office of the President, through Proclamation No. 297, has lifted, effective immediately, the state of public health emergency throughout the country due to COVID-19.

The schools within the Group have gradually started to implement limited face-to-face classes for schools in 2022. In the first semester of SY 2022-2023, STI ESG and STI WNU have both implemented a flexible learning delivery modality, with full face-to-face classes on certain courses, with STI ESG on full face-to-face classes for SHS and STI WNU on blended learning method for its SHS. STI ESG has opted to conduct full face-to-face classes starting on the second semester of SY 2022-2023 while STI WNU continued with its flexible learning delivery modality system for the second semester of SY 2022-2023. iACADEMY has adopted the Hyflex Learning Format for tertiary and the Hybrid set-up (blended learning) for SHS for SY 2022-2023.

Considering the evolving nature of this outbreak, the Group continues to monitor the situation and will take further actions as necessary and appropriate in response to these economic disruptions and other consequences.

SGV
Building a better working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
STI Education Systems Holdings, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Systems Holdings, Inc. and its subsidiaries as at June 30, 2023 and 2022 and for each of the three years in the period ended June 30, 2023, included in this Form 17-A, and have issued our report thereon dated October 13, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-145-2021, August 11, 2021, valid until August 10, 2024
PTR No. 9564665, January 3, 2023, Makati City

October 13, 2023

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
STI Education Systems Holdings, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Systems Holdings, Inc. and its subsidiaries as at June 30, 2023 and 2022 and for each of the three years in the period ended June 30, 2023, included in this Form 17-A, and have issued our report thereon dated October 13, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at June 30, 2023 and 2022 and for each of the three years in the period ended June 30, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-145-2021, August 11, 2021, valid until August 10, 2024
PTR No. 9564665, January 3, 2023, Makati City

October 13, 2023

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

SCHEDULE A – FINANCIAL ASSETS
June 30, 2023
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position	Value Based on Market Quotation at End of Reporting Period	Income Received and Accrued

The Group's financial asset at FVPL is less than 5% of total consolidated current assets, thus, schedule of financial assets is not applicable.

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
June 30, 2023
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name and Designation of debtor	**Balance at beginning of period**	**Additions**	**Amounts collected**	**Amounts Written-off**	**Current**	**Not Current**	**Balance at end of period**

The Group does not have receivables from individual directors, officers, employees and principal stockholders aggregating above One Million Pesos (P1 Million) or 1% of total assets, whichever is less, as at June 30, 2023.

SCHEDULE C – AMOUNTS RECEIVABLE FROM/PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

June 30, 2023

(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.

7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name of debtor and description	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at end of period	Description
Receivable of AHC from STI Holdings	63,778,000			63,778,000	-	63,778,000	Assignment of receivable from Unlad Resources Development Corporation
Receivable of AHC from STI Holdings	64,000,000			-	64,000,000	64,000,000	Subscription
Receivable of STI Holdings from STI ESG	-	14,400,000	14,400,000	-	-	-	Advisory fees
Receivable of STI ESG from STI Holdings	-	95,732	95,732	-	-	-	Advances
Receivable of STI Holdings from iACADEMY	-	510,000	510,000	-	-	-	Advisory fees
Receivable of STI ESG from iACADEMY	-	1,043,878	1,043,878	-	-	-	Advances
Receivable of STI ESG from STI WNU	2,513,039	6,257,059	4,921,949	3,848,149	-	3,848,149	Advances
Receivable of STI ESG from STI WNU	9,515,641	15,175,485	20,280,188	4,410,938	-	4,410,938	Educational services, school materials sold, other charges
Receivable of STI Holdings from STI WNU	-	3,600,000	3,600,000	-	-	-	Advisory fees

SCHEDULE D – LONG-TERM DEBT
June 30, 2023
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current portion of interest-bearing loans and borrowings" in related Statement of Financial Position	Amount shown under caption "Bonds payable / Interest-bearing loans and borrowings - net of current portion" in related Statement of Financial Position
China Banking Corporation - Corporate notes facility Maturity Date / Interest Rate 2024 to 2027 / 5.7895% to 6.5789% per annum *	3,000,000,000	60,000,000	153,518,514
Fixed rate bonds series 7-year bond due 2024 and series 10-year bond due 2027/Interest rates are 5.8085% and 6.3756%, respectively**	5,000,000,000	2,175,083,335	813,339,649
China Banking Corporation - Term loan: Maturity Date / Interest Rate September 19, 2026 / 5.7895% to 6.5789% ***	1,200,000,000	120,000,000	595,342,511
LandBank ACADEME Program: Maturity Date / Interest Rate January 2024 / 3% ****	22,139,710	3,034,346	-
China Banking Corporation - Term Loan Maturity Date / Interest Rate September 29, 2027 / 5.6699% *****	800,000,000	79,795,613	59,846,710

**presented inclusive of unamortized premium on corporate notes of ₱3.5 million in the Consolidated Statement of Financial Position*

***presented net of bond issue costs with carrying value of ₱11.6 million in the Consolidated Statement of Financial Position*

****presented net of issuance costs with carrying value of ₱4.7 million in the Consolidated Statement of Financial Position*

*****presented net of issuance costs with carrying value of ₱7.9 thousand in the Consolidated Statement of Financial Position*

******presented net of issuance costs with carrying value of ₱0.4 million in the Consolidated Statement of Financial Position*

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
June 30, 2023
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name of Related Party	Balance at beginning of period	Balance at end of period

The Group has no long-term loans from related parties as at June 30, 2023

SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
June 30, 2023
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

The Group does not have guarantees of securities of other issuing entities as at June 30, 2023

SCHEDULE G – CAPITAL STOCK
June 30, 2023
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by Directors, officers and employees	Number of shares held by Others
Common Stock	10,000,000,000	9,904,806,924	-	4,931,897,860*	1,911,976,377**	3,060,932,687***

*Related Parties:

Prudent Resources, Inc.	1,621,085,049
Biolim Holdings and Management Corp. (Formerly: Rescom Developers, Inc.)	812,626,795
Eujo Philippines, Inc.	806,157,130
Tantivy Holdings, Inc. (Formerly, Insurance Builders, Inc.	629,776,992
STI Education Services Group	500,432,895
Eximious Holdings, Inc. (Formerly, Capital Managers and Advisors, Inc.)	306,890,332
Philippines First Insurance Co., Inc.	65,262,000
Prime Power Holdings Corp.	189,666,667
T O T A L	4,931,897,860 *

**Directors, Officers, and Employees:

Eusebio H.Tanco	1,649,483,444
Monico V. Jacob	33,784,057
Maria Vanessa Rose L. Tanco	26,968,001
Joseph Augustin L. Tanco	2,000,001
Martin K. Tanco	108,341,907
Paolo Martin O. Bautista	4,000,000
Jesli A. Lapus	6,000,000
Robert G. Vergara	1,000
Ma. Leonora V. De Jesus	1,000
Raymond N. Alimurung	1,000
Antonio T. Carpio	10,000
Yolanda M. Bautista	5,000,001
Arsenio C. Cabrera, Jr.	6,500,000
STI Employees Retirement Plan	69,885,966
T O T A L	1,911,976,377 **

*** Number of Shares held by Others decreased by 2% as of June 30, 2023 from the last Statement of Financial Position as of June 30, 2022.

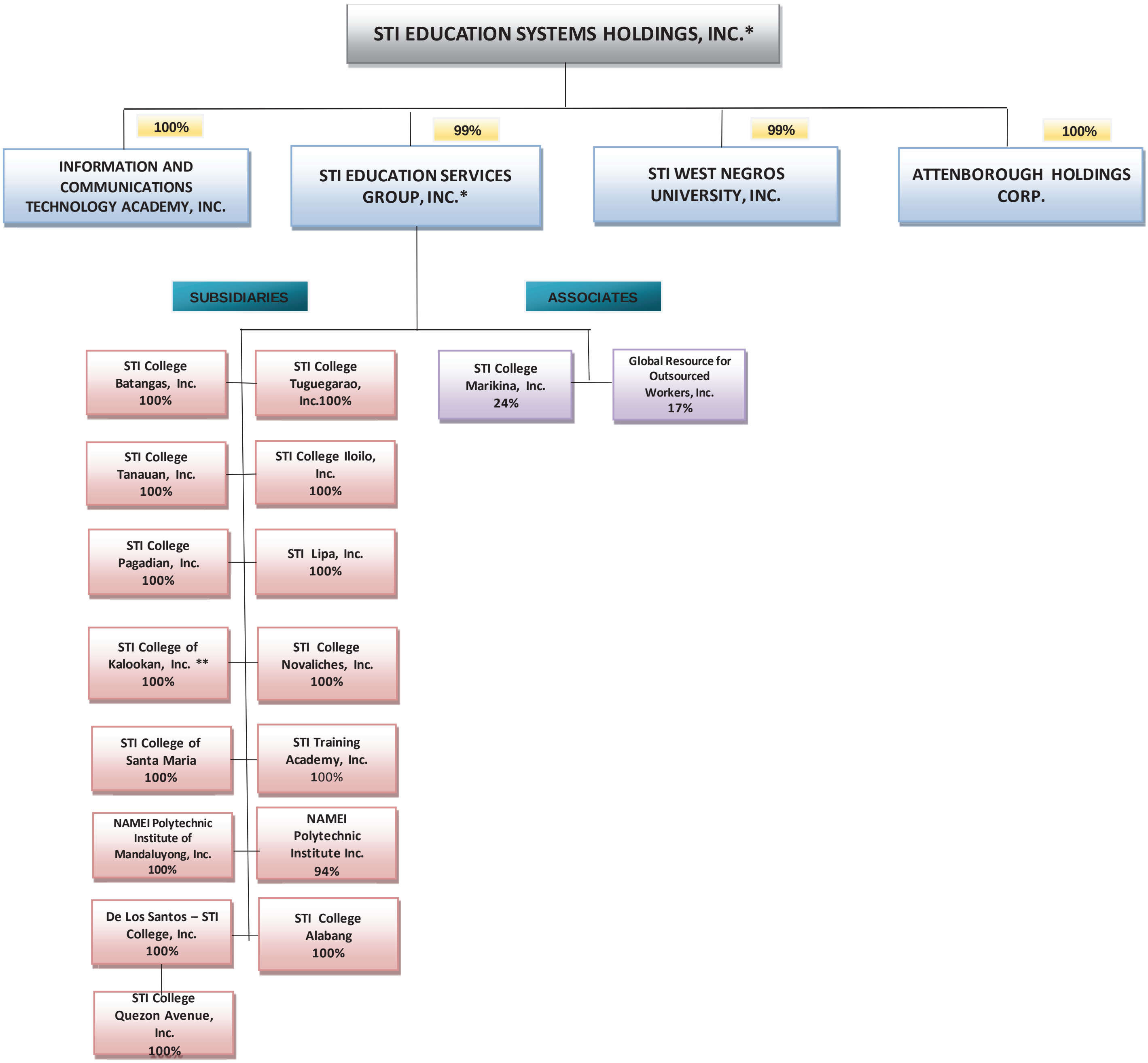
SCHEDULE H – RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of June 30, 2023
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Unappropriated Retained Earnings, beginning of the year		**1,799,549,618**
Adjustment: Effect of merger of subsidiaries in 2019	(182,954,744)	
Deferred tax asset	(257,885)	(183,212,629)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		**1,616,336,989**
Add (deduct):		
Net income during the period closed to Retained Earnings	199,366,744	
Movement in deferred tax asset	257,885	
Dividend declarations during the period	(148,572,104)	51,052,525
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION		**1,667,389,514**

SCHEDULE I – MAP OF RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, AND ASSOCIATES
June 30, 2023

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City



* *STI Education Services Group, Inc. owns 5% equity interest in STI Holdings as at June 30, 2023.*

** *A subsidiary of STI Education Services Group, Inc. through a management contract.*

SCHEDULE J – SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
June 30, 2023

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

	Formula	June 30, 2023	June 30, 2022
Current ratio	Current assets / Current liabilities	1.10	2.85
Acid test ratio	Current assets less inventories, prepayments & noncurrent asset held for sale / Current liabilities	0.70	1.76
Solvency ratios			
Debt-to-equity ratio	Total liabilities less unearned tuition & other school fees / Total equity	0.62	0.70
Asset-to-equity ratio	Total assets / Total equity	1.64	1.72
Interest coverage ratio	Net income excluding interest expense and provision for income tax / Interest expense	3.76	2.36
Return on equity	Annualized net income (loss) attributable to equity holders of the parent company / Average equity attributable to equity holders of the parent company	10%	5%
Return on assets	Annualized net income (loss) / Average total assets	6%	3%
Net profit margin	Net income (loss) after provision for income tax / Total revenues	26%	16%
Other ratios			
EBITDA margin	EBITDA * / Total revenues	48%	42%
Debt service cover ratio **	EBITDA for the last twelve months / Total principal and interest due for the next twelve months	0.60	1.95

* *EBITDA is earnings (losses) before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net losses (earnings) of associates and joint venture, nonrecurring losses (gains) such as gain on foreign exchange differences, gain on derecognition of contingent consideration, gain on settlement of receivables (net of provision for impairment of noncurrent asset held for sale), income on rent concessions, fair value loss on equity instruments at FVPL, gain on sale of noncurrent asset held for sale (net of capital gains tax) and loss on loan modification. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.*

***DSCR for bank loans purposes is measured as EBITDA for the last twelve months divided by total principal and interest due for the next twelve months and is pegged at 1.05:1.00. In August 2022, China Banking Corporation (China Bank) granted STI ESG's request to waive the DSCR requirement for the year ended June 30, 2023 and the period ending December 31, 2023. iACADEMY is compliant with China Bank's DSCR requirement as at June 30, 2023 and 2022.*

DSCR under STI ESG's bond trust agreement is defined as EBITDA for the last twelve months divided by total principal and interest due for the past twelve months and is pegged at 1.05:1.00. STI ESG is compliant with the DSCR requirement as at June 30, 2023 and 2022 at 2.36 and 1.70, respectively

STI EDUCATION SYSTEMS HOLDINGS | Sustainability Report 2023

Inspiring Minds, Empowering Change

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ABOUT THIS REPORT

STI Education Systems Holdings, Inc. (STI Holdings or the Parent Company), through its subsidiaries STI Education Services Group, Inc. (STI ESG), STI West Negros University, Inc. (STI WNU), and Information and Communications Technology Academy, Inc. (iACADEMY), collectively referred to as the "Group," has established its place as one of the leading institutions in innovative and relevant education that nurtures individuals to become competent and responsible members of society. Guided by its core values, the Group constantly improves the delivery of education to its students in pursuit of sustainable development.

This year's report underscores the Group's dedication to preparing the youth and driving positive change as they pursue their various goals. The Group maintains a strong focus on providing education that is relevant and applicable to real-life situations while actively establishing strategies for navigating the post-pandemic global landscape.

Moreover, this report has been prepared in compliance with Securities and Exchange Commission's (SEC) Memorandum Circular No. 4, Sustainability Reporting Guidelines for Publicly-listed Companies, covering the period July 1, 2022 to June 30, 2023. The disclosures in this report do not cover franchise schools and include only STI ESG-owned schools, STI WNU, and iACADEMY, unless otherwise stated.

To better understand the Group's sustainability plans, all stakeholders are encouraged to read this publication in conjunction with STI Holdings' annual report as of and for the year ended June 30, 2023, which is available on the website **www.stiholdings.com.** This report was developed through the efforts of the STI Holdings' Sustainability Core Team spearheaded by Cyril Cunanan, STI Compliance Officer. Readers may email **info@stiholdings.com.ph** for feedback and queries about this report.

NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that present the Group's view of its risks and opportunities subject to the trends, projections, plans, and other information available as of the writing of the report. Statements describing the Group's outlook are meant to address the uncertainties posed by the ongoing and evolving COVID-19 pandemic and related regulations, but these do not present or guarantee the Group's future performance. While the Group believes that the disclosures are reasonable, risks and uncertainties beyond the Group's control may impact the Group's performance and outcomes may differ materially from those expressed or implied in this report. The Group does not assume any obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors which may affect these statements.

MESSAGE FROM THE CHAIRMAN AND PRESIDENT

Dear Fellow Stakeholders,

STI Holdings and its subsidiaries continued implementing a flexible learning modality at the start of School Year 2022-2023. In the second semester however, the threat of COVID-19 infection began to wane. The schools, therefore, resumed face-to-face classes in full. Nonetheless, all the safety measures to prevent infection and maintain the health and well-being of the students, faculty and staff remained in place.

STI Holdings and its subsidiaries focused their attention on economic, environmental, social and governance issues. Thus, quality but affordable education remained a major thrust during the year and initiatives were taken to enhance curriculum, strengthen interaction with the students through a vibrant Student Affairs department, expand Academic Research, and introduce new courses needed by industry with emphasis on Inclusive Education. Additionally, the Group continued to support both the physical health and mental well-being of employees and students through online and onsite resources such as teleconsultations, workshops and counseling, among others. The Group likewise conducted training programs for faculty members and employees, both in-person and online.

EUSEBIO H. TANCO
Chairman, STI Holdings

Supported by almost 3,000 employees across 65 campuses nationwide, the Group launched programs that contribute to the attainment of several United Nations Sustainable Development Goals (UN SDGs). The Group further demonstrated its commitment to sustainable development by collaborating closely with stakeholders – the students, parents, guardians, partner communities, and industry partners – to deliver high-quality, market-responsive education beyond the pandemic.

Through the practice that the Group has set in recent past – from proactively establishing online platforms years before the COVID-19 outbreak which allowed students to continue their studies at home, and simultaneously forging partnerships to provide options for internet connectivity and financial aid, to safely and gradually transitioning to face-to-face classes – the Group hoped to inspire the youth to constantly prepare for the future and empower them to bring about growth, significant and sustainable change in the world.

MONICO V. JACOB
President and Chief Executive Officer, STI Holdings

OUR
ORGANIZATION

STI EDUCATION SYSTEMS HOLDINGS, INC. (STI HOLDINGS)

STI Holdings is a leading education and investment corporation in the Philippines. It is recognized as one of the largest networks of schools in the country today. Its registered address and principal place of business is at the 7th Floor STI Holdings Center, 6764 Ayala Avenue, Makati City.

STI Holdings began in 1928 when Theo H. Davies and Co., a Hawaiian corporation, established a branch office in the Philippines. In 1946, Jardine-Matheson group reincorporated the entity as a Philippine company. It was listed on the Philippine Stock Exchange on October 12, 1976. In March 2010, it became part of the Tanco Group of Companies. It is the holding company within the Tanco Group that drives investment in its education business. Today, it has investments in three large educational institutions — STI ESG, STI WNU, and iACADEMY — and is also the owner of Attenborough Holdings Corporation (AHC).

STI EDUCATION SERVICES GROUP, INC. (STI ESG)

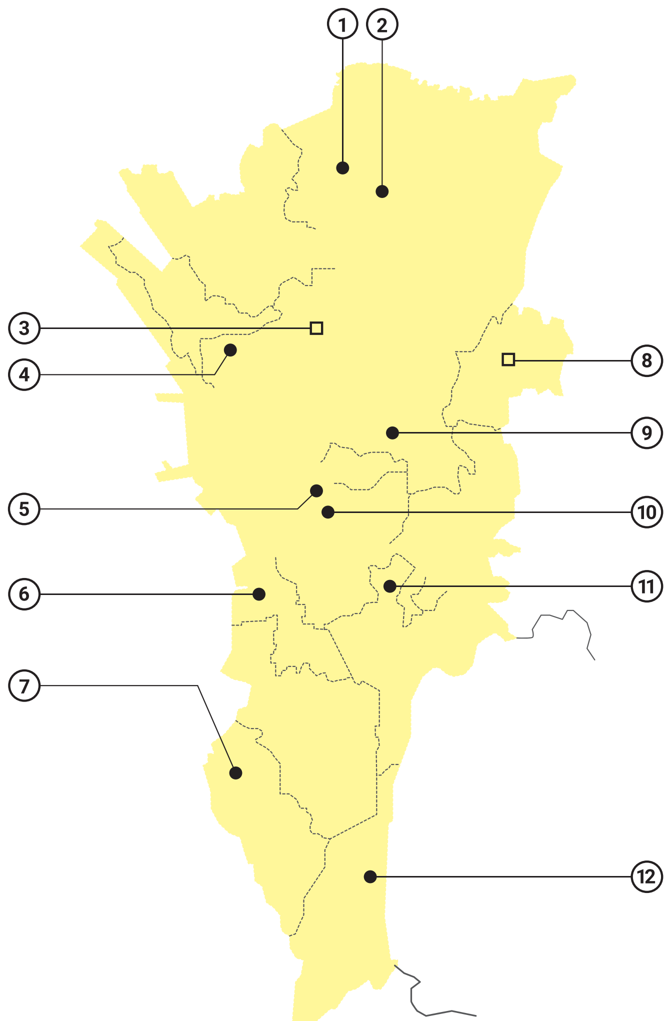
STI ESG is the largest subsidiary of STI Holdings. It was incorporated on June 2, 1983 and is involved in setting up, maintaining, and operating educational institutions to provide pre-elementary, elementary, secondary, and tertiary as well as post-graduate courses, post-secondary, and lower tertiary non-degree programs.

STI ESG began with the goal of training as many Filipinos as possible in computer programming and addressing the information technology (IT) education needs of the Philippines.

At present, STI ESG offers secondary and tertiary programs as well as associate programs. The colleges of STI ESG grant Associate Degrees and Baccalaureate Degrees and offer Technical Courses, and Vocational Courses in the fields of Information and Communications Technology (ICT), Business and Management, Hospitality Management, Tourism Management, Arts and Sciences, Engineering, and Education. These programs are accredited by the Commission on Higher Education (CHED) and/or the Technical Education and Skills Development Authority (TESDA). Also accredited by TESDA, the education centers of STI ESG offer technical/vocational courses for computer programming, computer technology, multimedia arts, and office administration, among others. In addition, all schools in the STI ESG network have been issued permit by the Department of Education (DepEd) to offer Senior High School (SHS). Select schools in the STI ESG network were also granted permit by DepEd to offer Junior High School (JHS). In SY 2022-2023, STI ESG obtained permits to offer Bachelor of Science in Psychology and Bachelor of Science in Criminology starting SY 2023-2024.

STI ESG, whose head office is located in Cainta, Rizal, has a network of sixty-three (63) schools spread across Luzon, Visayas, and Mindanao. It is comprised of sixty (60) STI-Branded Colleges and three (3) STI-Branded Education Centers. Of the total number of schools, thirty-six (36) colleges and one (1) education center are owned while twenty-four (24) colleges and two (2) education centers are operated by franchisees.

Map 1: STI Campuses in Metro Manila



● STI ESG HO-owned campuses
☐ STI ESG Franchises

Metro Manila

1. Novaliches
2. Fairview
3. Muñoz-EDSA
4. Caloocan
5. Sta. Mesa
6. Pasay-EDSA
7. Las Piñas
8. Marikina
9. Cubao
10. NAMEI
11. Global City
12. Alabang

Northern Luzon

13. Laoag
14. Vigan
15. Cauayan
16. Baguio
17. Alaminos
18. Dagupan
19. San Jose
20. Tarlac
21. Malolos
22. Balagtas
23. Meycauayan
24. Angeles
25. San Fernando
26. Baliuag
27. Sta. Maria
28. San Jose Del Monte

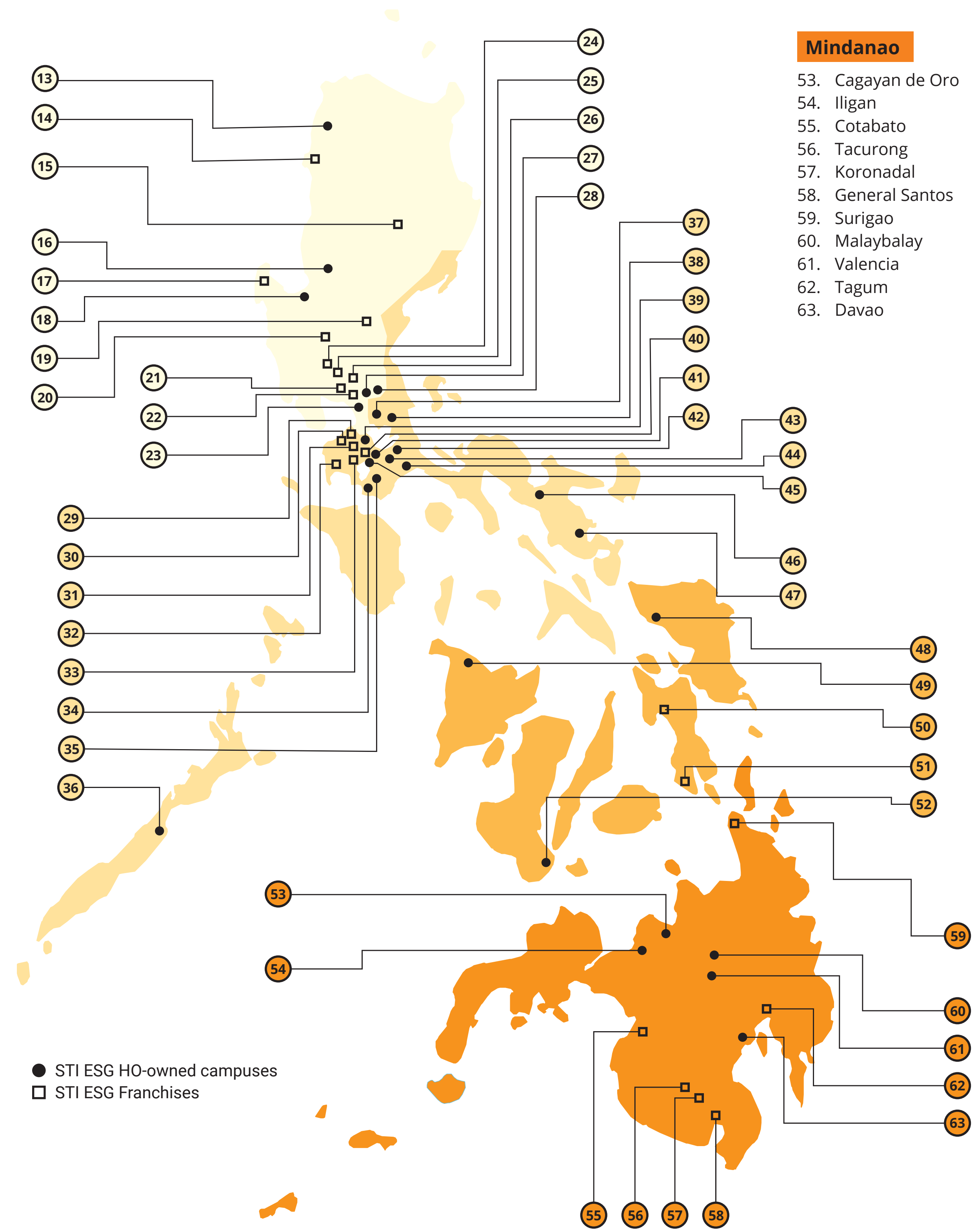
Southern Luzon

29. Bacoor
30. Rosario
31. Dasmariñas
32. Balayan
33. Tagaytay
34. Batangas
35. Lipa
36. Puerto Princesa
37. Ortigas-Cainta
38. Tanay
39. Carmona
40. Santa Rosa
41. Calamba
42. Sta. Cruz
43. San Pablo
44. Lucena
45. Tanauan
46. Naga
47. Legazpi

Visayas

48. Calbayog
49. Kalibo
50. Ormoc
51. Maasin
52. Dumaguete

Map 2: STI Campuses in Northern & Central Luzon, Southern Luzon, Visayas, and Mindanao



Mindanao

53. Cagayan de Oro
54. Iligan
55. Cotabato
56. Tacurong
57. Koronadal
58. General Santos
59. Surigao
60. Malaybalay
61. Valencia
62. Tagum
63. Davao

● STI ESG HO-owned campuses
☐ STI ESG Franchises

STI WEST NEGROS UNIVERSITY, INC. (STI WNU)

STI WNU, a leading university in the City of Bacolod in Negros Occidental, offers a wide variety of programs and complements the courses offered by the Parent Company's other subsidiary, STI ESG. The University offers pre-elementary, elementary, secondary including SHS, tertiary and post-graduate courses.

STI WNU was founded by three Baptist women leaders on February 14, 1948 when the city was still reeling from the aftermath of the Second World War. The school, then West Negros College, first operated as a sectarian educational institution offering six undergraduate programs that attracted 710 students handled by 33 faculty members. It has since gone through years of providing education that is responsive to the needs of the community and was granted the University Status by CHED in June 2008.

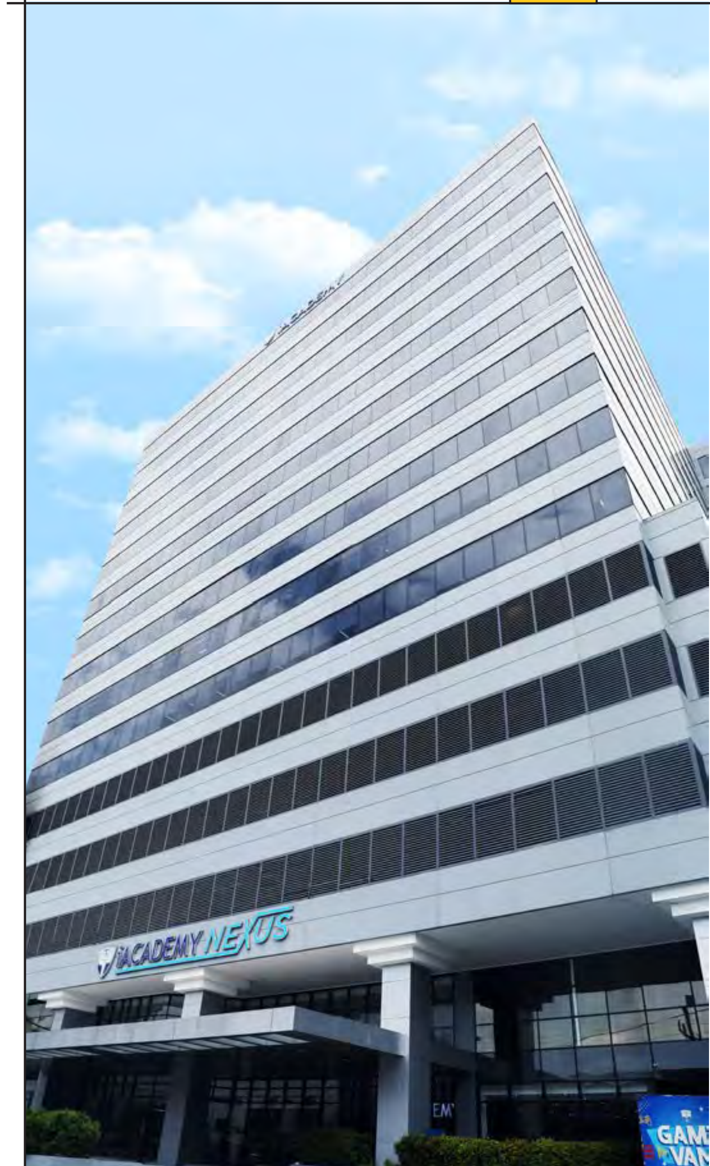
In October 2013, the Parent Company acquired majority ownership interest in STI WNU. Since then, STI WNU's facilities have been continuously upgraded, catering to up to 15,000 students.

INFORMATION AND COMMUNICATIONS TECHNOLOGY ACADEMY, INC. (iACADEMY)

iACADEMY is a premier school offering specialized programs in SHS and college that are centered on Computing, Business and Design. It is known for its strong industry partnerships and non-traditional programs such as Software Engineering, Game Development, Web Development, Real Estate Management, Animation, Multimedia Arts and Design, Fashion Design and Technology, Music Production and Sound Design, Film and Visual Effects, Data Science, and Cloud Computing. iACADEMY also offers programs in Accountancy, Marketing Management and Psychology.

iACADEMY has been providing 21 years of non-traditional, Game Changing education, pioneering specialized programs that are technology-focused, innovative and industry-relevant. iACADEMY was established in 2002 as a wholly-owned subsidiary of STI ESG. The school became a wholly-owned subsidiary of STI Holdings through acquisition on September 30, 2016. iACADEMY's Nexus campus, equipped with top-of-the-line multimedia arts laboratories and computer suites, is located along Yakal St. in Makati City.

iACADEMY's success in its Makati Campus has triggered expansion plans. A major growth path is to bring the type of education that iACADEMY offers closer to people in other regions of the country. In 2022, iACADEMY started setting up its first regional campus in Cebu City. The campus is located in Cebu I.T. Park, the IT Capital of Cebu. iACADEMY Cebu held its unveiling and blessing ceremony on January 21, 2023. The program offerings for the Cebu Campus' initial year of operation of SY 2023-2024 are Bachelor of Science in Computer Science with major in Software Engineering (BSCS-SE), Bachelor of Science in Entertainment and Multimedia Computing with specialization in Game Development (BSEMC-GD), Bachelor of Science in Real Estate Management (BSREM), Bachelor of Arts in Animation (BA ANI), and Bachelor of Arts in Multimedia Arts and Design (BA MAD).



EDUCATIONAL PHILOSOPHY

The Group strongly promotes the learner-centered approach as its paradigm for teaching and learning. Hence, every student is nurtured holistically through technology-enhanced, student-centered active learning. The Group strives to provide innovative and relevant education that nurtures students to become competent and responsible members of society.

MATERIALITY

The Group aims to address all stakeholder concerns and attend to areas of its operations where it has the most material impacts. Following the guidelines and principles set by the SEC, the Group conducted its materiality assessment this year by examining external trends, global issues, and internal documents, in addition to addressing the key topics raised by its stakeholders. It considered the prevalent issues within the education sector by benchmarking against its peers, scanned media mentions related to the Group, checked advocacies of global non-governmental organizations related to education, and reviewed relevant internal policies and corporate strategies as well as the Group's social media posts to inform its materiality assessment process.

The Group carefully assessed the results and determined to include the following economic, environmental, social, and governance topics among its material sustainability topics.

System-wide Development

- Quality and Affordable Education
- Curriculum Development and Implementation
- Student Affairs and Services
- Inclusive Education
- Academic Research
- Managing Health and Safety in Education

Social Commitment

- Employment
- Diversity and Inclusion
- Learning and Development
- Safety and Well-being
- Community Relations and Strategic Partnerships
- Customer Data and Privacy

Environmental Initiatives

- Energy and Emissions

Economic Value and Governance

- Economic Performance
- Procurement Practices
- Corporate Governance

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The UN SDGs highlight the extent of today's social, economic, environmental, and governance issues and have set clear goals that governments, private sectors, and civil societies should strive to achieve by 2030. Educational institutions, in this regard, play a vital role as they educate the youth on the importance of delivering these goals and values to society, and eventually achieve a better and more sustainable future for all.

The Group supports the principles of the SDGs and strives to maximize its contribution through the following activities, measures and strategies aligned with the various SDGs.

SDG 3: Good Health and Well-being

- Health insurance policy covering teachers and full-time administrative staff
- To protect the students, faculty, and other personnel's health and safety, the Group implemented measures to mitigate the transmission of COVID-19 such as but not limited to the implementation of flexible learning models, disinfection of facilities, provision of sanitizers/alcohol within the premises

SDG 4: Quality Education

- Scholarships or alternative form of financial assistance for over 23,000 students within the whole STI network (aligned with SDG target 4.5)
- Senior High School Qualified Voucher Recipients and beneficiaries of the Tertiary Education Subsidy and CHED-*Tulong Dunong* financial assistance aggregating to over 25,000 students
- Competitive program offerings that are industry and market-driven (aligned with SDG target 4.4)
- Career orientation and internship programs for senior high school and college students (aligned with SDG target 4.4)
- Centralized courseware development to ensure the standard delivery of courses across its network of schools
- Continuity of education amidst community quarantine using digital tools and online technology
- The Group provided trainings and webinars to its employees, with each receiving an average of 4 training hours (aligned with SDG targets 4.3, 4.4, and 4.5)

SDG 5: Gender Equality

- The Group's workforce consisted of 48% female and 52% male (aligned with SDG target 8.5)
- Equal employment opportunity (aligned with SDG target 8.5)

SDG 8: Decent Work and Economic Growth

- PhP813M paid to employees in the form of wages and benefits (aligned with SDG targets 8.1, 8.2)
- PhP22M paid in taxes to the government (aligned with SDG targets 8.1, 8.2)
- 98% of procurement budget spent on local suppliers (aligned with SDG targets 8.1, 8.2, 8.3)
- 924 new employee hires within the Group
- Over 22,000 skilled graduates contributing to the supply of human capital, not just across the country but also to the global industry (aligned with SDG targets 8.3, 8.5)

SDG 16: Peace, Justice, and Strong Institutions

- Compliance with laws, rules and regulations, policies, and standards of governing bodies covering the Group's operations
- No complaints substantiated or otherwise, or reports of a data leak or loss of customer data were received from regulatory bodies, students, employees and/or other stakeholders.

STAKEHOLDER ENGAGEMENT

The following stakeholders were identified based on influence, representation, contribution, responsibility, and dependency of the entities within the Group. For SY 2022-2023, the Group engaged with stakeholders through different online platforms and onsite interactions, especially with respect to changes in the learning delivery system and school operations.

STAKEHOLDER GROUP	FREQUENCY OF ENGAGEMENT	MODE OF ENGAGEMENT	KEY TOPICS RAISED	THE GROUP'S RESPONSE (REPORT REFERENCE)
Students	Regular basis	Combination of online and face-to-face orientation program, eLearning Management System (eLMS), webinars, social media	Programs or courses, school facilities, campus life, teaching, tuition fees, safety	Quality & Affordable Education, Curriculum Development & Implementation, Student Affairs & Services, Academic Research, Inclusive Education, Customer Data & Privacy, and Managing Health & Safety in Education
Faculty and Staff	Regular basis	Combination of online and face-to-face orientation program, combination of online and face-to-face trainings, social media, email	Working arrangement, trainings, career advancement, salary and benefits, health and safety	Academic Research, Employment, Learning & Development, Customer Data & Privacy, Diversity & Inclusion, and Safety & Well-being
Parents	Regular basis	Combination of online and face-to-face orientation program, eLMS, webinars, website, media articles, social media	Quality of education, school facilities, teaching, grades, tuition fees, safety	Quality & Affordable Education, Curriculum Development & Implementation, Student Affairs & Services, Academic Research, Inclusive Education, Customer Data & Privacy, and Managing Health & Safety in Education
Alumni	Annual or as required	Combination of online and onsite career fairs, webinars, website, social media	Employment	Student Affairs & Services, Community Relations & Strategic Partnerships, Customer Data & Privacy
Board of Directors	Quarterly or as needed	Board meetings	Plans and strategies, risks, results of operations	Economic Performance, Governance, Diversity & Inclusion, and Managing Health & Safety in Education
Stockholders and Investors	Quarterly, Annual, or as needed	Annual stockholders' meeting, reports, website, media articles	Overall performance of STI Holdings, results of operations, company updates	Economic Performance and Managing Health & Safety in Education
Industry Partners	As required	Meetings, webinars, trainings, website, media articles, social media	Collaboration opportunities, curriculum design, graduates, employment, combination of virtual and onsite on-the-job training	Community Relations & Strategic Partnerships and Managing Health & Safety in Education
Regulators	Monthly or as needed	Meetings, online workshops, online seminars	Collaboration opportunities, access to education, curriculum, compliance requirements	Quality & Affordable Education, Curriculum Development & Implementation, Economic Performance, Governance, Energy & Emissions, Customer Data & Privacy, and Managing Health & Safety in Education
Suppliers and Service Providers	As needed	Bidding process, meetings, email	Quotation and estimates, production and delivery, progress, completion	Procurement Practices and Managing Health & Safety in Education
Local Community	As required	Website, media articles, social media	Community engagement, safety	Community Relations & Strategic Partnerships, and Managing Health & Safety in Education

The Group collaborates with various stakeholders for compliance, strategy, information, and involvement. Stakeholders are engaged through a variety of ways, including direct dialogue, surveys, meetings or forums, social media, and sharing of information. The frequency and nature of the engagement likewise vary depending on the need and/or issues encountered.

SYSTEM-WIDE DEVELOPMENT

The educational entities in the Group endeavor to transform lives through education, empower the students to reach their full potential, provide opportunities for social inclusion, and look forward to a society where individuals can use their abilities, experience, and talents to make a positive difference.

QUALITY AND AFFORDABLE EDUCATION

The Group firmly believes that education is the best investment that a student can make for his or her future and therefore remains committed to providing quality and affordable education to its students, so that they can be competitive in the global economy.

To ensure the delivery of Quality and Affordable Education, the Group focuses on establishing a robust learning delivery system that builds strong industry partnerships and anticipates and responds to new trends by constantly exploring possible new courses and programs that are needed by the industry. The Group is committed to continuously enhancing the educational experience of its students by ensuring that its campuses are equipped with industry-grade simulation laboratories, spacious classrooms, and top-of-the-line recreational facilities.

The Group is resolute in fostering an environment where deserving students, regardless of their financial standing, have the opportunity to pursue and attain quality education. Sources of funding for scholarships include the public and private sectors, non-profit organizations, and school-initiated scholarship grants. Also, to further support its students, the Group partnered with other institutions and provided discounts to students for SY 2022-2023.

The Group accepts students with Tertiary Education Subsidy (TES), CHED-*Tulong Dunong* financial assistance, and Senior High School DepEd Vouchers. At the same time, the Group also provides scholarship grants to academically deserving students, siblings of existing students, dependents of employees and/or alumni, and varsity players, among others. Additionally, the Group offers tuition installment plans to facilitate a more affordable payment scheme.

Scholarships and financial assistance programs are pivotal in the Group's commitment to bridge gaps and foster an inclusive educational landscape. The array of scholarships, including those from partner private institutions, exemplifies the institution's unwavering dedication to provide accessible, high-quality education for everyone.

July 1, 2022 - June 30, 2023

94,312	**22,083**	**23,020**	**22,202**	**2,835**
students*	graduates*	students with scholarship or financial assistance	DepEd vouchers	CHED scholarships grants

**across the network*

The Group monitors the retention rate and migration rate in each subsidiary. Retention rate is above 99% while migration rate is above 91% for the schools in SY 2022-2023.

** Retention rate refers to the percentage of students that are able to complete the semester.*
*** Migration rate refers to the percentage of students that continue from the previous semester.*

ENROLLMENT

Group-wide enrollment increased to 94,312 students in SY 2022-2023 from the registered enrollment of 82,629 students in SY 2021-2022. The 14% improvement was bolstered by the robust increase of 17% in enrollment of new students in CHED-regulated programs in the same period.

CURRICULUM DEVELOPMENT AND IMPLEMENTATION

As an educational institution, the Group provides all the necessary resources to be able to develop relevant and accurate learning materials to produce competent graduates.

The development and execution of curriculum play a vital role in elevating the students' educational training, enhancing their performance in the licensure exams , improving the work competence and employability of graduates, expanding the professional development opportunities for the teaching personnel, and producing qualified and competent graduates that fit the needs of the industry. The Group ensures that its curriculum is highly responsive to the present and future needs of the market by regularly reviewing and updating its current curriculum or existing programs, strands, and course offerings.

STI ESG's curriculum development, as an integral component of the learning delivery system, complies with the ISO 9001:2015 standards, a certification awarded by TÜV Rheinland Philippines, Inc. STI ESG goes a step further by designing course materials that incorporate engaging activities, all of which guide students towards achieving the STI 4Cs — character, adaptability to change, effective communication, and critical thinking. These are the essential skills and qualities highly sought after by leading industries across the globe.

STI WNU consistently pursues recertification from the Private Educational Assistance Committee (PEAC) and accreditation from the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) as part of its ongoing commitment to maintaining educational quality and meeting regulatory standards. The University has guidelines that are observed in the conduct of curriculum review, evaluation, development and revision. This ensures full compliance with the standards set by the CHED, PACUCOA, DepED and other governmental and private accrediting and regulatory agencies.

In iACADEMY, relevant documents were created, and corresponding success metrics and accountabilities were identified to ensure a smooth approach, proper resource allocation, and planned risk management. These documents include a program for continuous quality improvement framework and a curriculum review manual that outlines the curriculum review process, the people involved, and the evaluation instrument. Regular checkpoints to monitor progress and maintain quality are conducted.

The Group is dedicated to the development and maintenance of curricula that adhere to the guidelines set forth by various regulatory bodies, including DepEd, CHED, and TESDA. The Group likewise ensures that all course materials are well-suited for online learning and are aligned with Outcome-based Education (OBE) principles and complete with assessment tools, rubrics, and performance tasks. Furthermore, the Group forges partnerships with a range of organizations to offer student certifications and facilitate on-the-job training and practicum experiences. The Group also fosters strong connections and partnerships with industry leaders and employers to make sure that its students have updated curricula suited to the market demand and are equipped with marketable skills.

STI ESG Programs

Basic Education
- Junior High School (Grades 7 to 10)

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

Technical-Vocational-Livelihood Track
- ICT Strand with specializations in:
  - Computer Programming
  - Animation
  - Illustration
  - Computer Systems Servicing
- Home Economics Strand with specializations in:
  - Commercial Cooking
  - Cookery
  - Bartending
  - Food and Beverage Services
  - Bread and Pastry Production
  - Local Guiding Services
  - Travel Services
  - Tourism Promotions Services
  - Front Office Services
- Industrial Arts Strand with specialization in:
  - Electronic Products Assembly and Servicing

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

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

STI WNU Programs

Basic Education
- Pre-Elementary (Nursery, Kinder 1 and Kinder 2)
- Elementary (Grades 1 to 6)
- Junior High School (Grades 7 to 10)

Senior High School
Academic Track
- Accountancy, Business and Management
- Humanities and Social Sciences
- Science, Technology, Engineering, and Mathematics

Technical-Vocational Livelihood Track
- Maritime Specialization Strand
- ICT Strand
- Home Economics Strand

Tertiary
- BS in Hospitality Management
- BS in Tourism Management
- BS in Criminology
- BS in Information Technology
- BS in Computer Science
- BS in Accountancy
- BS in Business Administration major in Marketing Management
- BS in Business Administration major in Financial Management
- BS in Management Accounting
- BS in Retail Technology and Consumer Science
- Bachelor of Early Childhood Education
- Bachelor of Physical Education
- Bachelor of Secondary Education major in English and Filipino
- Bachelor of Elementary Education
- Teacher Certificate Program
- BS in Psychology
- BS in Mathematics
- BA in Communication
- BA in English Language
- BS in Electrical Engineering
- BS in Civil Engineering
- BS in Mechanical Engineering

School of Graduate Studies (SGS)
- Doctor of Philosophy in Educational Management
- Doctor in Public Administration
- Master of Arts in Education
- Master in Business Administration
- Master in Public Administration

iACADEMY Programs

Senior High School
Academic Track
- Accountancy, Business and Management
- Humanities and Social Sciences
- Science, Technology, Engineering, and Mathematics (Robotics)

Technical-Vocational-Livelihood Track
- ICT Strand with specializations in:
  - Computer Programming (Software Development)
  - Animation
  - Mobile App Development
  - Graphic Illustration
- Home Economics Strand with specialization in:
  - Fashion Design

Arts and Design Track
- Media and Visual Arts (Multimedia Arts)
- Music (Audio Production)

Senior High School (Homeschool Program)
Academic Track
- Accountancy, Business and Management

Technical-Vocational Track
- ICT Strand with specialization in:
  - Animation

Arts and Design Track
- Multimedia Arts

Tertiary
School of Computing
- BS in Computer Science (Software Engineering)
- BS in Computer Science (Cloud Computing)
- BS in Computer Science (Data Science)
- BS in Entertainment and Multimedia Computing (Game Development)
- BS in Information Technology (Web Development)

School of Business and Liberal Arts
- BS in Business Administration major in Marketing Management
- BS in Business Administration major in Financial Management
- BS in Real Estate Management
- BA in Psychology
- BS in Accountancy

School of Design
- BS in Animation
- BA in Multimedia Arts and Design
- BA in Fashion Design and Technology
- BA in Film and Visual Effects
- BA in Music Production and Sound Design

Accreditations

STI ESG's Learning Delivery System (LDS) was awarded by the ISO certifying body TÜV Rheinland Philippines, Inc. with the ISO 9001:2008 certification on February 5, 2015 and the ISO 9001:2015 certification on February 5, 2018. STI ESG maintained its certification and was lauded by the ISO certifying body TÜV Rheinland Philippines, Inc. during its surveillance audit on October 28, 2022 for implementing various systems such as Campus Helpdesk, SHS Data Processing App, IT Asset Inventory System, Queuing System, Centralized Printing of Diploma and Transcript of Records (TOR) system upgrade, and Talent Search system upgrade, and for the implementation of Ready-To-Teach program to standardize courseware delivery of the faculty members throughout its network of schools.

The LDS covers courseware development, faculty training and certification, student development program, and job placement assistance. The ISO certification ensures that STI ESG's LDS is relevant, responsive, and learner-centered with a strong focus on continual improvement and quality assurance.

STI WNU has accredited programs duly certified by various accrediting agencies. PACUCOA ensures that the University's academic programs continuously adhere to its objectives and maintain academic excellence. The University reached a remarkable milestone when it achieved the highest level of accreditation – Level IV – for the following programs in January 2022: Bachelor in Elementary Education, Bachelor in Secondary Education, Liberal Arts and Bachelor of Science in Business Administration.

In 2022, the programs BS in Information Technology and BS in Hospitality Management were also awarded with Level I and Candidate Accreditation status, respectively. Similarly, Master in Public Administration, Master of Arts in Education and Doctor of Philosophy in Educational Management were granted by PACUCOA Level IV, Level IV and Level III accreditation in January 2023. Meanwhile, BS Hospitality Management was awarded with Level I accreditation status in April 2023.

During the 49th Founding Year of the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and 33rd Annual General Assembly on December 2, 2022, the University was awarded as the Institution with the highest number of accredited programs in Region VI (with 11 accredited programs) and four special awards. This includes the recognitions for its Liberal Arts, Business Administration, Bachelor of Secondary Education, and Bachelor of Elementary Education programs to have been granted Level IV Accreditation Status in Region VI, the first in the region.

STI WNU likewise received ISO 9001:2015 Certification for "Quality Management System" and ISO 21001:2018 Certification for "Educational organizations - Management System for Educational Organizations" on March 24 and June 19, 2023, respectively.

In addition, the Computer Science program of iACADEMY was granted Level I Formal Accredited Status for the period July 2021 to July 2024 by the PACUCOA on July 3, 2022.

STUDENT AFFAIRS AND SERVICES

The Group believes that students should be given the opportunity to harness their educational aspirations and unlock their full potential through holistic development experiences within the school. Students will further enhance their learning experience by engaging with peers in informal settings, cultivating a collaborative and supportive environment which nurtures personal development and also cultivates a profound sense of community. Hence, the Group provides students with an educational journey that goes beyond the confines of traditional classrooms involving a holistic approach that includes social interaction, career guidance, and participation in various advocacies.

To help foster a positive and conducive environment for students and prepare the students for success in real life challenges, the Group conducts student assessments to design activities that align with the students' individual passions. It also employs diverse student-centered programs and whole-of-school approach tailored to different age groups, grade levels, and skill levels. Additionally, the Group invests in professional development to equip its guidance counseling and student affairs personnel with the essential skills and knowledge required to effectively support students and implement network-wide programs.

Among the Group's initiatives under Student Affairs and Services were as follows:

Career Planning Program

The Career Planning Program (CPP) guides students in making well-informed educational and career decisions. STI ESG conducts a six-stage program comprised of activities intended to help senior high school students explore and evaluate various career options. For SY 2020-2021 and SY 2021-2022, all activities including the one-on-one career planning consultation were conducted online via MS Teams. The CPP resumed in SY 2022-2023 where close to 9,500 senior high students have undertaken the program. STI WNU meets junior high school students to motivate them to create long-term and short-term goals for the career they wish to pursue in the future. The University, through its Guidance Services Center, also conducts a Career Planning Survey which provides assistance to SHS students in the process of achieving career development. iACADEMY prepared its students for the real world through its SHS Immersion Readiness Program. This is a program composed of a series of seminars and workshops for professional development including topics on resume writing, portfolio making, professional communication, workplace ethics, mock interviews, office sneak peeks, and career talks. The program also includes testing for emotional intelligence and one-on-one career counseling.

Campus Helpdesk Guidance Service

Accessible via the STI ESG's Campus Helpdesk site, the guidance service was created to provide a standardized avenue for STI students to schedule an appointment with their school's guidance personnel. Launched during SY 2022-2023, over 800 campus helpdesk tickets were created from 28 schools. These tickets further highlight the importance of providing the students today with sufficient professional assistance to effectively address and manage any concern they might encounter throughout their educational journey.

Talent Search

One of the much-awaited student competitions that marked its return during SY 2022-2023 is the Talent Search that aims to uncover the innate talent of STIers nationwide — from singers and musicians to dancers and up-and-coming models. All STI campuses nationwide sent a total of over 100 contestants to compete in nine regional sites before advancing to the National Finals in events like the STI Singing Idol competition, Battle of the Bands, Hataw Sayaw Dance competition, and the search for Mr. and Ms. STI. The talent search has likewise been shown live on the STI Official Facebook Fan Page since SY 2016-2017. This school year, the national level was held simultaneously at the Aliw Theater and Star City in Pasay City on January 13, 2023 with 117 students competing for the national championship titles.

Tagisan ng Talino (TNT)

The TNT is an annual academic competition that tests the competencies of students on impromptu speech, essay writing, mobile app development, cooking, cake and table design, flairtending, tour guiding, and general knowledge. Over the years, specific competitions comprising the TNT have been enhanced to ensure that the competitions' objectives are met. In SY 2022-2023, TNT resumed with 5,621 students participating in nine competitions.

Tagisan ng Sining (TNS)

The TNS is an annual competition that aims to challenge the STI students' artistry, creativity, and originality in the field of photography and music video making. TNS returned in SY 2022-2023 with 1,190 students who eagerly joined the national competition.

Seminars and workshops

The Group continues to organize various seminars and workshops for its students, such as leadership training, mental health awareness seminars, and writing workshops, among others. These activities are designed to be particularly aligned with a specific program and courseware of the students.

Dilaab 2023

STI WNU student representatives joined student leaders and student affairs and services practitioners from higher education institutions within the island of Negros to share experiences and initiatives during the pandemic and create inter-school collaborative activities in Dilaab 2023. Together, they sought to form a network of support and collaboration in the field of student affairs, strengthening the bonds among different schools and fostering a sense of unity and resilience among students in Negros Island. This gathering also provided a unique platform for knowledge-sharing, collaboration, and the generation of creative ideas to address common challenges in the education sector in order to build a collective vision for a brighter future for education in Negros.

SOAR 2022: Groove to the Beat (SHS and College)

The annual online orientation was held among Grade 11 and Freshmen College students of iACADEMY to introduce the institution as well as its mission vision, and core values. The students were also given a virtual tour around campus. The Office of Student Affairs and Services (OSAS) orchestrated the orientation with a dance-themed concept. The SHS SOAR and College SOAR were held on July 29, 2022 and August 29, 2022, respectively. Ceremonial welcome parties were organized for Grade 11 and College Freshmen, as well, featuring performances from various student organizations.

Senior High School (SHS) and Undergraduate (UG) Graduation 2022

iACADEMY's UG Class of 2022 was given a graduation ceremony on August 13, 2023 which was held onsite at the Phlippine International Convention Center (PICC) in Pasay City, after being conducted online for two years. Formal photos of the graduating batch as well as a batch video were included in the ceremony. The event was streamed live on iACADEMY's YouTube page.

On June 16, 2023, the SHS Graduation was held onsite at the PICC after being conducted online for three years. The graduation ceremony was graced by the whole iACADEMY community — graduates, their parents, teachers and non-teaching staff, the school's management committee and the guest speaker, Ms. Jeanne Harn, Miss Philippines Earth 2007 and an iACADEMY alumna from batch 2006.

Graduation ceremonies provide students with a sense of accomplishment and closure. The events symbolize the students' hard work, dedication, and success, and officially mark the end of one chapter and the beginning of another.

Futurescope 2023: The Hue of the Future is You! iACADEMY 21st Foundation Celebration

As iACADEMY celebrated its 21st Foundation Anniversary, the theme revolved around how individuals are in charge of creating the colorful hues of their lives. With the collaboration between the academic team and various organizations, different activities were organized to promote school spirit, showcase the talents and strengthen the spirit of family in school. Some of the major activities were the Futurescope Opening Ceremony, Brain Busters, Rockstar Workshop, SHARE and Futurescope Culminating Fair, iGAMES and Concert. Other activities included the PRIMA Blue Challenge and Outfit of the Day.

Workshops such as the Rockstar Workshop provide students an avenue to enhance their skills where students are able to learn from experts and interact with other students who share the same interests.

Events such as the Futurescope Culminating Fair and the iGAMES foster a sense of community among students by providing opportunities for students to interact outside of a strictly academic setting, which can improve interpersonal skills, build friendships, and promote collaboration.

PRIMA Blue Challenge and the Outfit of the Day are activities that encourage personal expression which can help students develop their creativity and individuality

This celebration of all the milestones and achievements of the students, faculty, and staff can foster a sense of pride among students and motivate them to continue striving for excellence in their academic endeavors.

SYMBiOSIS: Earth Day 2023

"Symbiosis: Earth Day 2023" was a week-long Earth Day celebration featuring SHS and UG organizations uniting to raise awareness and ignite action to care for the Earth. For SY 2022-2023, OSAS partnered with External Linkages and Partnerships Department (ELPD)-SOCI unit to organize activities such as a webinar with Plastic Bank and World Wildlife Fund (WWF), sustainability exhibit and film-showing event featuring documentaries "Marine Mammals: Born to Swim" and "Racing Extinction." Through this activity, iACADEMY students advocated for environmental preservation for nature and humankind's sake by spreading awareness on what individuals should and should not do in maintaining ecological balance in the warming world.

Interacting with organizations such as the Plastic Bank and WWF can inspire students to adopt more sustainable lifestyles, reduce their carbon footprint, and become more conscious consumers.

ACADEMIC RESEARCH

As the foundation of knowledge, academic research opens discourse on certain issues or topics currently prevalent in society such as cultural norms, health, education, and technology. This consequently leads to the development of new ideas, methods, or technology.

STI ESG focuses on research-based strategies to improve classroom teaching and learning. Through the Faculty Development Group, faculty members go through various trainings that will equip them with the necessary skills to do research, improve their teaching process, and provide the much-needed support and guidance for mental health concerns among teachers.

STI WNU is likewise dedicated to advancing and facilitating high standards of research practice and dissemination within and beyond the walls of the University. It is committed to creating a responsive research environment charged with generating new knowledge that will upgrade the teaching-learning standards through relevant research agenda. In line with this, the University has international linkages with Asian University Digital Resource Network (AUDRN) and German Development Cooperation (GIZ).

iACADEMY, through the Office of Research and Development (ORD), envisions itself to be one of the research centers within the region — a center that specializes in innovative research and creative studies in the field of computing, business, liberal arts, design, the arts, and as an educational institution. Considering these, iACADEMY ORD curated various mechanisms to harness and develop the mindset and culture of academic research and excellence among the students, employees, and other stakeholders of the institution.

The following are research papers and creative output from some of the faculty members and students within the Group, a number of which was presented either in local or international conferences and seminars during the reporting period:

International Conferences

STI ESG's Instructional Designer Alyanna Tobias joined the EDUtech Asia 2022 panel from November 9 to 10, 2022 at the Marina Bay Sands in Singapore to discuss the topic "Redesigning Learning Experiences for the New Digital – Forward Model of Education." Tobias was joined by education leaders from Malaysia, Singapore, and Google Cloud as other panel members. The panel delivered insights on developing a roadmap to accessible education alongside innovation in

curricula to meet the needs of 21st century learners. Meanwhile, Debbie Sacay, a faculty courseware developer, presented a show-and-tell about "Going Online with Social Studies." Her presentation focused on how technological innovations and strategies can be incorporated to tackle a complex subject, and included strategies that STI campuses utilize in delivering instruction for Social Studies and its related subjects.

On February 2, 2023, Instructional Designer Alyanna Tobias was appointed as one of the eight members of EDUtech Asia Advisory Board Panel. As an advisory board member, Tobias is expected to lend her extensive knowledge and experience to guide and advise the content of the next conference, and identify topics and speakers vital in influencing technology-enabled learning outcomes and teaching strategies that shape the future of education delivery in Asia. EDUtech Asia is a dedicated festival for education leaders and policymakers from governments across the region to share their successes, strategies, and plans for the future of education, which continues to be shaped by the ongoing acceleration of digitalization.

STI ESG's Information Communication and Technology (ICT) and Engineering Courseware Development Head Beronika Pena was one of the three representatives from the Philippines to Huawei's Global Teacher Summit 2023 in Shenzhen, China on May 27, 2023.

Around 150 professors and university leaders from 36 countries gathered to deliberate on how tertiary institutions can collaborate with private enterprises for the cultivation of ICT talent.

Select students and faculty members from the STI WNU School of Graduate Studies attended the 9th International Conference of Huachiew Chalermprakiet University in Bangphli District, Samutprakarn, Thailand on July 1, 2022. The students and faculty members presented several research studies that revolved around the conference's theme "Research to Serve Society."

Academic Research

STI College Bacoor's faculty member Angelo Defensor, MBA MPA was one of the awardees for the NEC International Research Excellence Best Paper 2022 entitled "Japanese Business Culture: A Study on Foreigner Integration and Social Inclusion."

STI College Baguio's Academic Head Mia Torres-Dela Cruz presented her research paper, "Pattern Recognition of Durian Foliar Diseases using Fractal Dimension and Chaos Game," at the International Conference on Expert Clouds and Applications from February 9 to 10, 2023 in Bengaluru, India.

Guidance Assistant and General Education instructor Channell Florence Ann Pedrosa, from STI College Balayan, presented her research study "Students' Learning and Satisfaction Towards a Stress-Management Program during the COVID-19 Pandemic" on April 20, 2023 via Zoom during the Adventist University of the Philippines' 5th International Research Forum. Her study focused on identifying the attitude of STI College Balayan's students toward a stress management program that addresses pandemic stress.

Romnick Cartusiano, an IT faculty member of STI College Las Piñas, presented his research study on Las Piñas Flood Monitoring System with Alternate Route using Bayesian Network via Mobile Application using the city's best practice at the 15th International Conference on Computer and Automation Engineering 2023 in Sydney, Australia from March 3 to 5, 2023.

STI College Balagtas' faculty member Angelo Coloma published a research study titled "Speech Fluency Through Computer-Assisted Instruction" in the International Journal of Academic and Applied Research, a broad-based open access that provides world-class information and innovative tools in the fields of engineering, sciences, information technology, management research, education research, and health among others. Coloma's study aimed to reduce the frequency and severity of disfluency in the English language through computer-assisted instruction of Grade 10 students in a public school in Bulacan.

"Teacher's Leadership, Decision Making, and Innovative Skills amidst Modernizing Technology" by Dr. Rammy A. Lastierre, faculty member of STI WNU's College of Liberal Arts and Sciences, together with Dr. Gualberto Dajao, DPA and Dr. Ma. Christine F. Bangcaya was published in Busilak Journal 2023 (page 5) in February 2023.

"Grade 7 Learner's Difficulties with Integers" by Dr. Rammy A. Lastierre, faculty member of STI WNU's College of Liberal Arts and Sciences, together with Mr. Julius B. Vlog, MAEd and Dr. Luisito P. Serviñas was published in Busilak Journal 2023 (page 20) in February 2023.

"High School Teachers Technological Difficulties Basis for an Intervention Plan" by Dr. Renith S. Guanzon, faculty member of STI WNU's College of Liberal Arts and Sciences, together with Mr. Andre Brian D. Azarcon, MAEd and Dr. Ma. Kristina Bagundol was published in Busilak Journal 2023 (page 36) in February 2023.

"Well-being of employees in the New Normal" by Dr. Rey T. Eslabon, faculty member of STI WNU's College of Liberal Arts and Sciences, and Dr. Lilybeth P. Eslabon, Dean of the University's College of Education, together with Ms. Sharyn Joy E. Octavio, MBA and Dr. Daisy Mae E. Octavio was published in Busilak Journal 2023 (page 76) in February 2023.

"Parental Challenges brought by Online Modalities" by Dr. Rey T. Eslabon, and Dr. Rammy T. Lastierre, faculty members of the College of Liberal Arts and Sciences, together with Dr. Lilybeth P. Eslabon, and Dr. Ma. Leni C. Francisco of the College of Education was published in Busilak Journal 2023 (page 147) in February 2023.

"Effects of Social Media on the Performance in Statistics of Grade 11 Senior High School Students" by Dr. Rey T. Eslabon, faculty member of STI WNU's College of Liberal Arts and Sciences, Dr. Jake Lauren S. Mercado of College of Education together with Dr. Cherry Mae B. Praico was published in Busilak Journal 2023 (page 161) in February 2023.

"Security Culture in Bacolod City before and after Pandemic" by Dr. Nicholas S. Caballero, Dr. Liza Joy B. Barican, and Ms. Jonalyn M. Suarnaba, faculty members of STI WNU's College of Criminal Justice Education was published in the Federation of Author in Criminology and Criminal Justice Inc. Research Journal, Volume 5, Issue 2 (page 20) in December 2022.

"The Aftermath of a Gunfire: Lived Experiences of Police Officers involved in Shooting Incidents" by Dr. Nicholas S. Caballero, Dean of STI WNU's College of Criminal Justice Education was published in the Federation of Author in Criminology and Criminal Justice Inc. Research Journal, Volume 5, Issue 2 (page 65) in December 2022.

"Organizational Effectiveness Related to Disaster Risk Reduction Management in Taytay, Rizal, Philippines: Perspective from the Academic Leaders" by iACADEMY Faculty Jay R San Pedro was published in Vol. 3 No. 8 (2022) of the International Journal of Multidisciplinary: Applied Business and Education Research on August 12, 2022.

"Harmonizing General Education Courses through a Guided Online Autonomous Learning (GOAL) Integrated Output in a Philippine Private Higher Education Institution" by iACADEMY Faculty members Abram Andrew Lumbang and Jay R San Pedro was virtually presented in several international and local conferences, specifically the 1st International Conference of the Society for Strategic Education Studies from August 24 to 25, 2022; 2022 National Conference on Educational Measurement and Evaluation (NCEME 2022) from August 25 to 27, 2022; 7th National Conference on Open and Distance Learning (NCODeL) from November 23 to 25, 2023; and APCORE 2022 Virtual International Conference from December 12 to 14, 2022. In addition, the paper was recognized as the Best Paper Presentation during the NCEME 2022.

"Heart of Education: The Relationship of Corporate Social Responsibility on the Organizational Commitment of Senior High School Teachers in Caloocan City, Philippines" by iACADEMY Faculty Abram Andrew Lumbang was published in Vol. 3, No. 10, 1943-1962 of the International Journal of Multidisciplinary: Applied Business and Education Research on October 13, 2022.

"A Dramaturgical Analysis of Humor in Organizational Culture in Philippine Organizations, with Effects on Work Engagement and Work Productivity" by iACADEMY Faculty Bernard Eseo was presented during the 2022 International Conference of the Philippine Sociological Society from November 11 to 15, 2022 in partnership with Wesleyan University Philippines.

"A Cross-Channel Autoencoder Image Recoloration Experiment Analysis" by iACADEMY Faculty Jarek Cabanatuan was presented during the International Conference on Information and Technology Education from November 17 to 19, 2022 at the Mapua Malayan Colleges Mindanao, Davao City, Philippines. In addition, he also acted as a Session Chair during the said conference.

"Philippine Private Higher Education Institution Guided Online Autonomous Learning A Response to the Educational Transition in the New Norm" by iACADEMY Faculty members Mitch Andaya, Apolinario Cuyson, Marita Laborte, Jay R San Pedro and Cecilia Sy was presented during the 7th National Conference on Open and Distance Learning (NCODeL) from November 23 to 25, 2022 and APCORE 2022 Virtual International Conference from December 12 to 14, 2022.

"Taga-Bayad-Utang: A Phenomenological Study, Its Roles, and Implications" by iACADEMY Faculty members Paola Katherina Gonzales, Anton Miguel Perez, Hans Furgen Go, Mary Andrea Dayao, Ma. Carmela Erica Bugarin, and Carlos Jacob De Guzman was presented during the *Ika-46 Pambansang Kumperensiya sa Sikolohiyang Pilipino* from November 24 to 26, 2022 organized by the National Association for *Sikolohiyang Pilipino, Inc.* in partnership with Pamantasang Ateneo de Davao.

"Challenges in a Remote Virtual Accreditation of a Philippine Private Higher Educational Institution: Perspectives from Delegative Leaders" by iACADEMY Faculty Jay R San Pedro was presented during the APCORE 2022 Virtual International Conference from December 12 to 14, 2022. In addition, the research work was recognized as one of the Finalists/Winners of the Best Research Paper of the said conference.

"Culture of Excellence (CoE) within a Private Philippine Higher Education Institution amidst the Global Health Crisis" by iACADEMY Faculty members and administrative personnel Mitch Andaya, Hamil Buyco, Danica Cabo, Rheal Dayrit, Jean Duenas, Weena Espardinez, John Bryan Ferraro, Margey Oriel, Jay R San Pedro, and Benjamin Tan was presented during the APCORE 2022 Virtual International Conference from December 12 to 14, 2022. This was also published in the Vol. 3 No. 8 (2022) of the International Journal of Multidisciplinary: Applied Business and Education Research on August 12, 2022.

"Pinoy thirst trappers: Panimulang pagsipat at paglalarawan ng thirst trapping ng mga piling Filipinong YouTuber" by iACADEMY Faculty Gian Carlo Alcantara was published in Plaridel Journal of Communication, Media, and Society in the December 2022 issue.

"Katutubong vlog: Isang pagsusuri sa oryentalismo sa mga vlog tungkol sa iba't bang Indigenous Cultural Communities/ Indigenous People (ICCs/IPs) sa Pilipinas" by iACADEMY Faculty Gian Carlo Alcantara was published at Plaridel Journal of Communication, Media, and Society in the January 2023 early view issue.

"Pa-English-english Ka Pa: Isang Pag-aaral sa Kaso ng Smart Shaming sa Diskurso ng Silid-Aralan" by iACADEMY Faculty Joven Makiling was presented during the 6^{th} International Conference on Philippine and Asian Studies from June 1 to 3, 2023 at Siliman University, Dumaguete City, Philippines.

"From a Mere Betting Game to a Subject of National Concern: The Case of Online Sabong in the Philippines" by iACADEMY Faculty Joven Makiling, et. al. (2023) was presented during the 6^{th} International Conference on Philippine and Asian Studies from June 1 to 3, 2023 at Siliman University, Dumaguete City, Philippines.

INCLUSIVE EDUCATION

Recognizing that learners have diverse needs and characteristics, the Group aims to increase access of all students to education and eliminate discrimination in the learning environment. The Group acknowledges and respects the diverse gender identities of students and strongly encourages its campuses to help reduce stigma and potential instances of bullying or harassment, therefore fostering a safer space for all students.

As such, the schools allow gender-affirming uniforms for LGBTQIA+ students to express their gender identity in a way that aligns with their authentic selves, promotes a positive self-image, and reduces feeling of dysphoria. Gender-inclusive restrooms are also being established to promote a sense of dignity and hopefully reduce the risk of harassment that LGBTQIA+ students may feel when faced with using restrooms that do not align with their gender identity.

The Group also provides an opportunity to educate students, parents, and staff about LGBTQIA+ identities and issues and consequently foster empathy, understanding, and respect. It tangibly supports the mental, emotional, and social well-being of LGBTQIA+ students, enabling them to fully participate in their educational journey. This approach helps create a more equitable and respectful learning environment for all students, promoting empathy and understanding among the broader student body and staff. These policies also send a powerful message about STI's commitment to diversity and inclusion, promoting a culture of acceptance among all students, and a safe space for all.

MANAGING HEALTH AND SAFETY IN EDUCATION

The Group contributes to the good health and safety of the students and the rest of the community through the promotion of a safety culture within and around the campus premises including but not limited to addressing physical and mental health issues as well as risks and impacts of the pandemic and other diseases.

The Group ensures that there is a positive and inclusive school climate where students feel safe, supported, and connected to their peers and educators. It believes that if students have enhanced emotional resilience, there will also be a marked improvement in how students cope with stress thereby boosting their mental well-being and health.

Moreover, the Group firmly believes that students who receive appropriate support and guidance experience reduced stress, anxiety, and depression, thus creating a conducive environment for learning and personal growth. It is important to identify and address mental health concerns through timely intervention in order to prevent escalation of more severe issues in the future.

The Group's Guidance and Counseling Office stands as a beacon of support, offering a diverse range of interventions from psychoeducation and mental health wellness programs to specialized care plans for those encountering mental health challenges. The Guidance team uses detailed student records and psychological tests to offer tailored support, helping shape well-rounded individuals prepared to become leaders in their fields.

For SY 2022-2023, the Group conducted the following projects:

- Partnered with mental health service providers to provide referral counseling program for distressed students;
- Provided training or upskilling to its school personnel so that they can, in return, provide psychosocial support to their students;
- Administered assistance to the students in determining their mental health by analyzing the different factors that affect their personal, emotional, social, academic, and career decision-making;
- Conducted flu vaccination to employees, annual physical examination, free medical and dental consultation, and physical examination for special groups of students required for off-campus activities;
- Performed security audits and deviced strategies to further enhance and bolster campus security;
- Consistently organized earthquake and fire safety drills;
- Disseminated health-related tips and news via email; and
- Delivered wellness seminars to students and school personnel.

Eusebio H. Tanco
Chairman of the Board

Monico V. Jacob
President and Chief Executive Officer

Joseph Augustin L. Tanco
Vice President, Investor Relations

Maria Vanessa Rose L. Tanco
Director

Paolo Martin O. Bautista
Vice President and
Chief Investment and Risk Officer

ECONOMIC VALUE AND GOVERNANCE

The Group aims to sustain the organization's long-term success for its stockholders, other stakeholders, and the nation. The Group adheres to the principles and practices of good corporate governance and conducts its business in accordance with the highest level of accountability, transparency, and integrity.

Martin K. Tanco
Director

Jesli A. Lapus
Director

Ma. Leonora V. De Jesus
Independent Director

Robert G. Vergara
Independent Director

Raymond N. Alimurung
Independent Director

Justice Antonio T. Carpio (Ret.)
Independent Director

Atty. Arsenio C. Cabrera, Jr.
Corporate Secretary and
Corporate Information Officer

Yolanda M. Bautista
Treasurer and Chief Finance Officer

ECONOMIC PERFORMANCE

The Group's economic impact goes beyond its financial performance as its network of schools has produced great talents and contributed to the supply of human capital, locally as well as to global industry. The Group's impact on employment, both direct and indirect, helps contribute to the country's economic growth and development.

The Group kept abreast of developments surrounding the ongoing COVID-19 pandemic. As the economy began to reopen and restrictions due to the pandemic started to ease up, the Group's economic performance continued to improve in SY 2022-2023. This was brought about by the notable increase in the number of enrollees and improvement in the enrollment mix of the Group. The economic performance disclosures cover STI Holdings and its subsidiaries.

Of the economic value distributed for SY 2022-2023, a significant portion was composed of operating costs and employee wages and benefits.

PhP3,631M Economic value generated

PhP2,900M Economic value distributed

PhP1,610M
Operating costs (including payments to suppliers)

PhP454M
Dividends given to stockholders and interest payments to loan providers

PhP813M
Employee wages and benefits

PhP22M
Taxes given to government

PhP731M Economic value retained

Detailed information about the Group's financial performance, including its operations, net sales, total capitalization, quantity of products and services provided, and entities included in the consolidated financial statements can be found in its Annual Report (SEC Form 17-A), which is available on the website **www.stiholdings.com.**

PROCUREMENT PRACTICES

The Group strives to establish standards and guidelines to guarantee that its supply chain transactions deliver optimal value for the procurement of goods and services, while also promoting transparency, fairness, and equality among all suppliers.

Anticipating a substantial surge in resource purchases following the pandemic, there is a potential for resource shortages due to high demand from emerging businesses, as well as concerns about the quality and timely delivery of supplies. However, as businesses recover and grow, increased demands for resources present opportunities for business expansion.

The entities within the Group follow an accreditation program for its contractors and suppliers to ensure that their vendors are capable of delivering goods and/or services with technical, commercial, and financial capability, adequate equipment and facilities, good service performance, or any measure that will safeguard quality and reliability. Some suppliers are sourced within the locality, province, or region where the school is located.

98%
of procurement budget spent on local suppliers

CORPORATE GOVERNANCE

The Board of Directors (BOD) and Management of STI Holdings believe that corporate governance is a necessary component of what constitutes sound strategic business management and therefore undertake every effort necessary to create awareness within the organization.

The current BOD is composed of the Chairman, the President and Chief Executive Officer, the Vice President for Investor Relations, the Vice President and Chief Investment and Risk Officer, and seven other Board members which include four independent directors. The current Executive Committee appointed by the BOD consists of the Chairman, the President and Chief Executive Officer, the Treasurer, and one Board member.

The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of all documents, records and information essential to the conduct of his/her duties and responsibilities to the Parent Company as set out in the By-Laws.

The Parent Company exerts all efforts to further strengthen compliance to principles and practices of good corporate governance through the organization of corporate governance seminars and use of various assessment tools.

Risk Management

The Group adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Group regularly conducts market studies and analyzes trends and uncertainties to determine the needs of the industry and the market. The Group likewise maintains business strategies and plans to sustain growth and competitive advantage.

Ethics and Transparency

To further strengthen and integrate sustainability into the DNA of the business, STI Holdings and all its subsidiaries remain committed to ensuring that all employees conduct business in a responsible and ethical manner. The Code of Discipline and Ethics was developed to promulgate the Group's integrity as a reputable and honest organization, establishing and maintaining the trust and confidence of the employees, board of directors, and all stakeholders as they adhere to the highest moral and ethical standards while still directly or indirectly associated with the organization.

The Group's Code of Discipline and Ethics seeks to ensure transparency and fairness in all dealings with stakeholders and the public by establishing policies and due process regarding whistle-blowing, conflict of interest, insider trading policy, and related party transactions.

GOVERNANCE STRUCTURE AS OF JUNE 30, 2023

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Eusebio H. Tanco
Chairman of the Board

Monico V. Jacob
President and Chief Executive Officer

Joseph Augustin L. Tanco
Vice President, Investor Relations

Paolo Martin O. Bautista
Vice President and Chief Investment and Risk Officer

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Independent Director

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Independent Director

Atty. Arsenio C. Cabrera, Jr.
Corporate Secretary and Corporate Information Officer

Yolanda M. Bautista
Treasurer and Chief Finance Officer

The Board of Directors has the highest mandate in governance matters and in the management of the business of the Parent Company. It is the responsibility of the Board to foster the success of the Parent Company and secure its sustained competitiveness in a manner consistent with its fiduciary duty, and to promote and adhere to the principles and best practices of Corporate Governance.

EXECUTIVE COMMITTEE

Eusebio H. Tanco — *Chairman*
Monico V. Jacob
Yolanda M. Bautista
Martin K. Tanco

The Executive Committee has and may exercise all the powers which may be lawfully delegated, subject to such limitations as may be provided by resolution of the Board.

CORPORATE GOVERNANCE COMMITTEE

Justice Antonio T. Carpio (Ret.) — *Chairman*
Ma. Leonora V. De Jesus
Raymond N. Alimurung

The Corporate Governance Committee assists the Board of the Parent Company in the fulfillment of its corporate governance responsibilities in accordance with all applicable laws, rules and regulations.

AUDIT and RISK COMMITTEE

Robert G. Vergara — *Chairman*
Jesli A. Lapus
Martin K. Tanco
Ma. Leonora V. De Jesus
Raymond N. Alimurung

The Audit and Risk Committee assists the Board in overseeing the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations. It also ensures that there is an effective and integrated enterprise risk management (ERM) program in place.

RELATED PARTY TRANSACTIONS COMMITTEE

Ma. Leonora V. De Jesus — *Chairwoman*
Robert G. Vergara
Jesli A. Lapus
Raymond N. Alimurung
Justice Antonio T. Carpio (Ret.)

The Related Party Transactions Committee reviews all material related party transactions of the Parent Company and ensures that said transactions are conducted at arms' length.

ENVIRONMENTAL INITIATIVES

The Group acknowledges the need to contribute positively to the efforts made in addressing climate change, decreasing energy consumption, and reducing carbon emissions as it recognizes that its operations impact its surrounding communities and the environment.

ENERGY AND EMISSIONS

The Group primarily relies on electricity for its energy requirements. The reduction of carbon footprint will contribute to the protection and improvement of the well-being and health of all stakeholders as well as the preservation of beauty and balance of nature and the environment.

Along with global warming, risks include sudden fuel price increases, prolonged power blackouts and demand charge increases imposed by utility companies. On the other hand, there are opportunities in considering renewable sources of energy.

In cases of power outage, STI ESG uses diesel to run the generator system. As such, insufficient supply or unavailability may cause suspension of classes or planned activities both in the Head Office and school level. To mitigate this, STI ESG has started building solar panels and exploring other renewable energy sources.

The following tables show the Group's energy consumption and carbon footprint during the reporting period:

July 1, 2022 - June 30, 2023

Energy Consumption[1]

Gasoline **31,876.63** (GJ)	Diesel **63,392.20** (GJ)
LPG **638.37** (GJ)	Electricity **11,014,881.20** kWh

Emissions (tons of CO_2)[2]

Direct (Scope 1) GHG emissions **6,705.18**	Total carbon footprint (Scope 1 + Scope 2) **14,563.41**
Indirect (Scope 2) GHG emissions **7,858.23**	

Reduction of energy consumption*

Diesel **2.45** (GJ)
Electricity **95,960** kWh

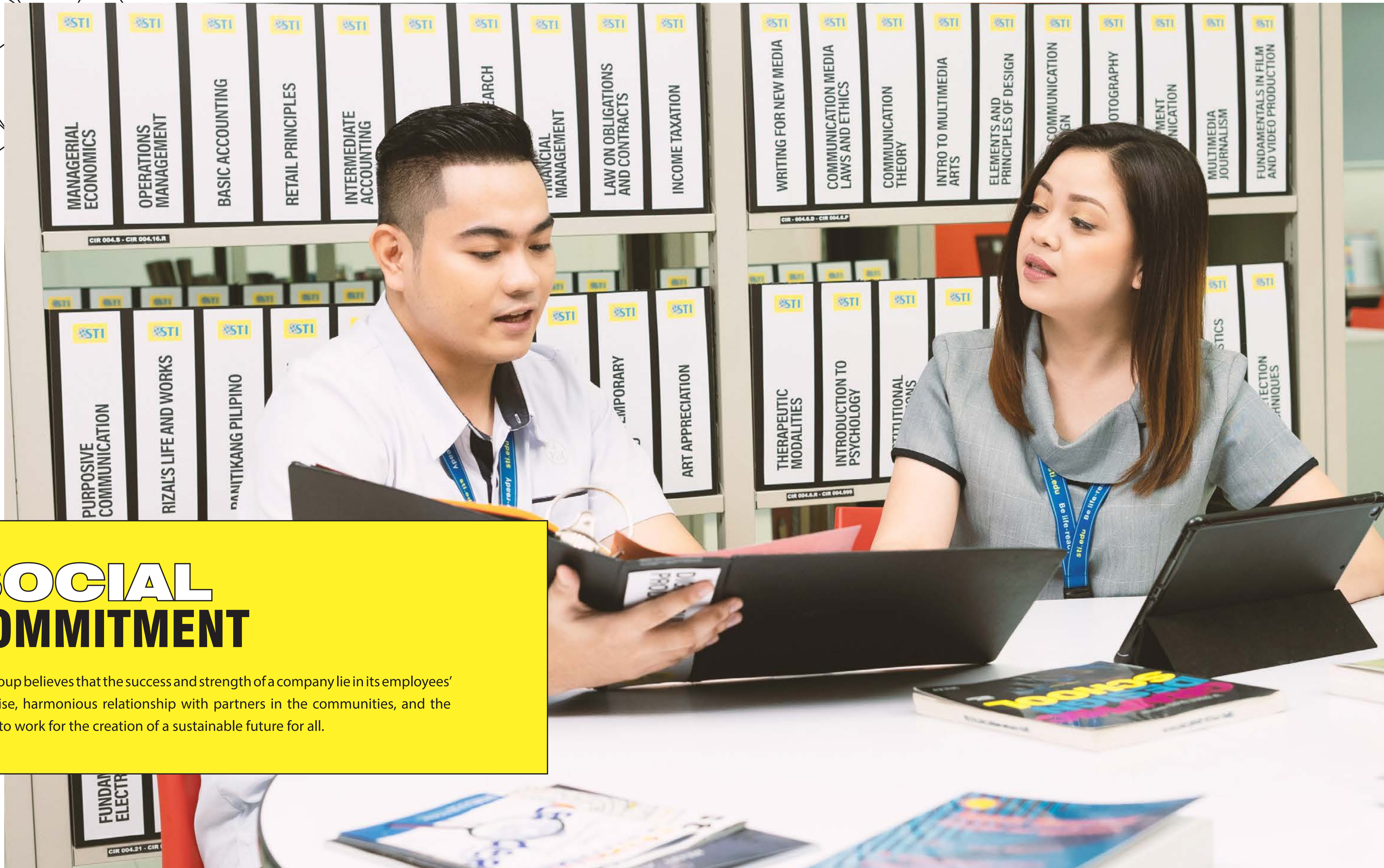
**limited to iACADEMY*

[1] Fuel consumption of the Group is driven primarily by the use of diesel, gasoline, and LPG to power its vehicles, generators, machineries, kitchen laboratories, and canteen stoves in STI ESG-owned campuses, STI WNU, and iACADEMY.

[2] Source of Emission Factors: US EPA Greenhouse Gas Inventory Guidance – Direct Emissions from Stationary Combustion Sources, IPCC 2006 Guidelines for National Greenhouse Inventories, and Department of Energy (DOE) National Grid Emission Factors

Source of Global Warming Potential: IPCC Sixth Assessment Report (AR6)

Source of Conversion Factors: US Energy Information Administration Energy conversion calculators, Elgas LPG conversions, Aqua-calc compound and materials volume calculator



SOCIAL COMMITMENT

The Group believes that the success and strength of a company lie in its employees' expertise, harmonious relationship with partners in the communities, and the desire to work for the creation of a sustainable future for all.

EMPLOYMENT

Attracting and retaining highly capable employees with a diverse array of relevant skills, experience, and capabilities is paramount to ensure sustained high performance within the organization. To support this, the Group offers competitive employee wages and compensation packages, including performance-based bonuses, as well as executive remuneration aligned with key performance indicators. By offering competitive and fair compensation, the Group not only motivates its employees but also creates a rewarding work environment that not only attracts top talent but encourages their long-term commitment. This approach nurtures a dynamic and skilled workforce, fostering innovation, productivity, and the achievement of strategic goals while ensuring the organization's enduring success.

The Group likewise cultivates a culture characterized by a strong focus on service, trustworthiness, and innovation, and aims to generate adaptable solutions that cater to the continuously evolving requirements of its stakeholders and the environment.

While faced with the complexities of overseeing a widespread workforce situated across various key cities throughout the country, the Group maintains its unwavering commitment to harness the talent and dedication of every employee. This commitment is grounded in a culture rooted in performance and empowerment. The Group strongly upholds principles of equality, diversity, and the promotion of health and well-being within its policies and operational approaches.

The Group secures an employment contract that indicates a clear expectation of the organization from each of its employees. The organization also abides by all the requirements of the Department of Labor and Employment (DOLE), government, and non-government agencies in relation to employment. An employment agreement also secures employees' profession, tenure, benefits, and career development.

Disclosure	Quantity
Total number of employees	2,911
Female	1,396
Male	1,515
Attrition rate	11.52%

The ratio of the salary of the lowest paid employee to the monthly minimum wage of the region where the employee is working ranges from 1.0 to 1.36 for the subsidiaries of the Group.

DIVERSITY AND INCLUSION

The Group recognizes the importance of promoting diversity and inclusion in the workplace to attract the most qualified and diverse applicants who will offer insightful and creative ideas and initiatives to the organization. The Group firmly promotes equality, diversity, and health and well-being in its policies and practices. Recognition of the individuality of the members of the organization is a step towards honing one's potentials. It offers a comfortable work environment that is conducive to learning and growth. While ensuring equal opportunities for a diverse workforce can be challenging, there is an opportunity to fully utilize contributions from the variety of perspectives such an organization brings.

In addition, STI ESG does not discriminate based on gender identity or gender expression in any aspect of the employment relationship including hiring, promotions, training, working conditions, compensation, and benefits. As such, STI ESG implemented guidelines allowing transgender or transitioning employees to dress in the uniform that corresponds with their gender identity in January 2023.

The Group recognizes that an inclusive workplace promotes a strong sense of belonging among employees which, in turn, boosts engagement and results in heightened productivity and notable improvement in work performance. This allows the employees to foster a greater understanding of their significance within the organization and fuels their drive for self-improvement.

July 1, 2022 - June 30, 2023

Metrics	Total
Percentage of female workers in the workforce	48%
Percentage of male workers in the workforce	52%
Number of employees from indigenous communities and/or vulnerable sector	43

LEARNING AND DEVELOPMENT

The Group regards its employees as one of the organization's most valuable assets, firmly believing that investing in talent is essential for ensuring long-term business growth and success. Furthermore, the Group is committed to offering its employees developmental programs that enable them to excel in their current roles and prepare for career advancement opportunities. While there is a potential risk of employee turnover after training, the organization remains dedicated to facilitating ongoing professional growth.

As part of STI ESG and STI WNU's Learning Delivery System, its faculty members undergo periodic competency-based certifications and trainings to ensure that they are proficient in the subject matter necessary for delivering daily lessons. The training programs may vary from year to year depending on the results of the faculty members' needs assessments.

Additionally, all faculty members and staff of STI ESG and STI WNU undergo regular performance evaluation ratings from superiors and peers.

Some of the faculty trainings that were conducted in SY 2022-2023 include the following:

- Ready-to-Teach program, a biannual faculty orientation aimed at preparing the senior high school and tertiary faculty members on the new courseware materials, the Outcome-based Education (OBE) principles, and the digital tools to help facilitate the classroom lectures. The sessions for the first term were held on August 24, 2022 for SHS faculty members and on August 31, 2022 for the tertiary faculty members. Meanwhile, for the second term, the training sessions were conducted from February 8 to 9, 2023.
- Faculty members teaching Bachelor of Multimedia Arts students also underwent a series of online trainings from August 22 to 23 and from August 25 to 26, 2022. The Group conducted a graphic design lecture using Figma and FigJam, graphic design software, to enhance the in-classroom learning engagement activities. Andrea Idioma from the Film Development Council of the Philippines likewise discussed industry-relevant digital sound production concepts and techniques.
- Forty-nine Hospitality Management faculty members from different STI campuses participated in the eZee Absolute Property Management System (PMS) and eZee Optimus Point-of-Sale (POS) system training and certification held also in August that was facilitated by Netsynch Computer Solutions, sole authorized regional partner of travel technology company eZee Technosys. The five-day training aimed to equip the faculty members with knowledge and hands-on experience in navigating tourism and hospitality information systems.

Additionally, iACADEMY seeks to provide its employees training programs that help them carry out their jobs well and set them up for career progression. To guarantee the academic rigor of the school's learning system, iACADEMY engages EOS (Entrepreneurial Operating System) level of management. iACADEMY tracks staff and faculty members' internal and external changes or progress using typical Specific, Measurable, Attainable, Realistic and Timely (SMART) KPIs every Level 10 meeting.

Given the disruption of the education sector caused by the global COVID-19 health crisis, iACADEMY recognized the need to transform traditional in-classroom learning delivery to alternative modes and applied online learning platforms, tools, and technologies along with years of experience in blended learning. In this regard, during SY 2022–2023, faculty trainings were conducted online using eLMS and video conferencing solutions such as MS Teams and Google Meet. Intensive training using EOS tool was extended to all employees to ensure everyone is aligned with iACADEMY's Vision, Mission and Core Values. During the monthly Fun Friday activity, an employee engagement initiative arranged by the Human Resources department, participants are able to share each employee's emotional motivation, welcome new joiners, recognize recipients of core values awards, announce accomplishments across all divisions, and sharpen their skills.

July 1, 2022 - June 30, 2023

Total training hours provided to employees	Quantity
Female	5,627.00
Male	4,963.50

Average training hours provided to employees	Quantity
Female	4.04
Male	3.26

SAFETY AND WELL-BEING

Providing employees with a safe and hazard-free work environment is of paramount importance to the Group as it not only ensures the employees' physical well-being but also contributes to their enhanced productivity where they can focus on their tasks without worry. A safe workplace not only protects employees but also promotes job satisfaction and overall performance.

The organization also acknowledges that there are potential risks associated with virus transmission, such as employee absences and work disruptions, but also sees an opportunity for heightened employee awareness regarding the health and safety measurements throughout the organization.

In this regard, the Group continues to comply with the health and safety protocols mandated by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), the Department of Health (DOH), CHED, DepEd, and other local government agencies for the benefit of the students, faculty members, other school personnel, and visitors in the campus.

Among the measures to mitigate the transmission of COVID-19 that were continually implemented during the reporting period were:

- Implementation of flexible learning model;
- Regular disinfection of facilities;
- Provision of sanitizers or alcohol within the premises;
- Implementation of work-from-home arrangements as needed;
- Wearing of face mask at all times;
- Regular temperature check before entering the office or school premises and during office hours;
- Reinforcement of communication campaign about the institution's health and campus safety protocols and information dissemination on COVID-19-related facts through social media;
- Issuance of operations advisories regarding COVID-19;

- Use of the StaySafe application or contact tracing form to track entry of employees or guests into the school and/or the office;
- Close monitoring of employees who have been vaccinated; and
- Provision of designated holding area for those who are unwell or suspected with COVID-19.

The Group has instituted health and safety committees to be in charge of identifying hazards, implementation of health and safety policies and safety workflow, and ensuring proper maintenance of school facilities to prevent any accidents.

Emergency response teams onsite, including a certified first-aider, are also established to be activated in case of a hazardous event. The Group has also made available medical insurance as part of its employee benefits, which covers consultation and hospitalization. During the reporting period, the Group recorded zero incidents of work-related injuries and ill health.

The Group has taken and will continue to take further actions as necessary and appropriate in response to the COVID-19 pandemic.

July 1, 2022 - June 30, 2023

Disclosure	Quantity
Safe man-hours	5,916,920
No. of work-related injuries	0
No. of work-related fatalities	0
No. of work-related ill-health	0
No. of safety drills	54

COMMUNITY RELATIONS AND STRATEGIC PARTNERSHIPS

STI ESG has always considered community relations and strategic partnerships as a vital part of the operations of STI Foundation in partnership with the STI community. The STI Foundation aims to contribute to the improvement of the country's educational system through programs and projects with local government and private institutions that promote excellence in education.

The core mission of the STI Foundation centers on providing educational opportunities to various groups, including public school teachers, students, persons with disabilities (PWDs), and underprivileged youth, with the ultimate goal of contributing to nation-building by fostering a society where equal opportunities empower self-reliant individuals.

The STI Foundation is dedicated to achieving nationwide outreach through partnerships with STI campuses nationwide, aiming to create a broader impact and address the needs of diverse local communities. In addition to collaborating with industry and local government partners, the STI Foundation actively involves volunteers from its employee and student base to ensure the success of its programs. This commitment to giving back is evident through the STI Foundation's active engagement in campaigns and initiatives supporting out-of-school youth, government agencies, and local communities, among others.

Management intends to further expand its partnerships with the private sector and industry collaborators to offer more scholarships to financially disadvantaged youth. As an educational institution, the STI Foundation supports young individuals in completing their degrees, equipping them for gainful employment and fulfilling careers. Moreover, the STI Foundation facilitates student placement services, bridging the gap between the industry and graduates seeking job opportunities. Beyond the financial value of obtaining a degree, scholars sponsored by the STI Foundation gain the opportunity for improved career prospects.

Among the programs implemented by the Group with its partners are as follows:

GROW Scholarship Program

The GROW scholarship program, conducted in partnership with GROW, Inc., has more than 500 scholars nationwide. The company donated almost PhP 6.5 million in scholarship aid and STI, as a partner institution, donated more than PhP 1.5 million. Some of the scholars of the GROW scholarship program are sons and daughters of the company's employees.

Anak ng Mekaniko Scholarship Program

In celebration of the 90th Anniversary of its brand, Prestone, Clorox International Philippines, Inc. aims to give back to its loyal clients by providing quality education through its "*Anak ng Mekaniko* Scholarship Program." The scholarship program covered the students' tuition fee, other school fees, miscellaneous fees including, if applicable, stipend, books, uniform, and other special fees. The program provided a budget of PhP 400,000 per scholar for the four-year program chosen by the scholar. The excess amount after graduation was granted as cash gift to all finishing scholars.

SEMPHIL Cares Scholarship Program

SEMPHIL, in partnership with the STI Foundation, advocated giving its scholars greater opportunity and access to education that would help uplift their way of life. In celebration of its 20th Founding Year, SEMPHIL is rewarding 20 of its employees with a scholarship grant worth PhP 100,000 for each of their qualified dependents through the project, "SEMPHIL Cares Scholarship" (SCS).

Tanging Yaman Foundation Scholarship Assistance Program

The *Tanging Yaman* Foundation envisions a network of Filipinos all over the world helping fellow Filipinos rise above poverty, minimize inequality, and reclaim their dignity as God's "*natatanging yaman*." The objective of the grant is to provide scholarship assistance to nominated students through payment of their schools' tuition and other assessed fees.

JTI Bright Start Program

JT International (JTI) has established an education program for its employees where it intends to cover the cost of education of select employees. The objective of the program is to provide financial assistance to select employees of JTI through payment of their schools' tuition, and other assessed fees.

UPLIFT Cares Global Movement Foundation Inc.

UPLIFT and STI ESG actively engage and help each other in serving the community and improving the educational reach of UPLIFT beneficiaries. The program offers scholarship to both tertiary and senior high school students. The program also entails an enrollment to employment approach as STI ESG works hand-in-hand with UPLIFT in providing placement assistance for UPLIFT-STI College graduates.

Brigada Eskwela 2023

STI ESG has been an active participant in the annual Brigada Eskwela program of the Department of Education over the years. Through the combined efforts of its 63 campuses nationwide, STI ESG has amassed a total of nearly PhP 1 million worth of financial and in-kind contributions. Beyond the financial support, STI ESG mobilizes its faculty members, staff, and students to likewise take part in the program. This on-the-ground approach not only demonstrates the institution's commitment to the cause but also instills a sense of community responsibility among its members.

Twelve Teachers Thousand Lives Project

This project is a scholarship program for college students that is implemented by STI WNU with local government units. The program supported four scholars in SY 2022-2023, with one graduating by the end of the school year.

Twelves Teachers Thousand Lives Project 1st batch of Graduates

NGCP ComLab Subsidy

The National Grid Corporation of the Philippines (NGCP) recognizes the vital role of the local community in nation-building and is willing to promote community programs in partnership with power customers, local government units, other government agencies and the private sector to contribute to the country's social and economic development. In partnership with STI Foundation, NGCP intends to implement the "NGCP TECHKID PROGRAM," by providing computer laboratory school buildings (computer laboratories) in the eight (8) selected public elementary schools located in the barangays or municipalities traversed by NGCP transmission line facilities. NGCP will equip the said computer laboratories each with twenty-five (25) units of laptop computers and fixtures comprising of twenty-five (25) Kensington locks, one (1) router, two (2) printers, two (2) air-conditioning units, twenty-five (25) chairs, and fifteen (15) computer tables to sit twenty-five (25) students.

Jobs Café

Jobs Café is a Work for the Future Program through which STI WNU seeks to partner with BPO companies and fast food chains that could provide employment to qualified students. Participants in the program learned to balance work with study, and received regular salary which helped cover tuition fees.

Emergency Response Operations

STI WNU provided food assistance to families and individuals in need and created new opportunities as livelihood. Operations were conducted in partnership with local government units and DepEd.

Career Navigation Seminar

iACADEMY's School of Business and Liberal Arts and Educational Research and Development Assistance (ERDA) Foundation conducted a Career Navigation Webinar for 120 Junior and Senior High School beneficiaries of ERDA. The session's objective was for students to have a clear understanding of the career paths they will choose and be familiar with the possible job opportunities and related career exploration process relevant to their business track studies.

Psychological Health Matters: Mental Health and Psychosocial Support Seminar

Ways on how to manage mental stress and anxiety and process loss and grief as a result the COVID-19 pandemic were discussed in this seminar organized by iACADEMY that was attended by thirty local barangay frontliners.

Digital Safety Seminar

This seminar focused on Digital Literacy addressing issues online and how the youth can protect themselves as they connect in the digital world. Sixty of iACADEMY ERDA's youth beneficiaries were educated on how to protect themselves from different issues online such as cyber bullying, online abuse, sexual exploitation and misinformation.

Support a Mini Library - Donation Drive

This donation drive activity where students donated school supplies and books for the benefit of the chosen beneficiary, the GK Sibol Padre Pio School in Bagong Silang, Caloocan, was spearheaded by the UG and SHS student council of iACADEMY.

iACADEMY x School for Experiential and Entrepreneurial Development (SEED) – Service Learning Project

This Service Learning (Points and Grade-based) Project aims to support iACADEMY's SOCI partner organization. The project focuses on improving the marketing collaterals of SEED to be used for its branding and fundraising efforts.

iACADEMY x Special Achievers - Service Learning Project

This program, titled "Beyond Boundaries," is a basic Adobe Photoshop and Canva workshop that is conducted by iACADEMY undergraduate students from the Multimedia Arts and Design program for the benefit of Special Achiever's

PWD students. The workshop aims to equip PWD students and high-functioning children with mental disabilities with skills for basic design editing that they can use to apply for freelance jobs.

iACADEMY x Cartwheel Foundation - Service Learning Project

Under this program, Multimedia Arts and Animation students of iACADEMY are tasked to create Educational Materials such as worksheets, coloring books, and alphabetic and numerical flash cards translated to English, Tagalog and the local dialect, Sinama Bajau, of Sama Bajau Learners of the Cartwheel Foundation, Inc.

iACADEMY x WWF Philippines

Through this partnership with WWF, iACADEMY students from the Animation, Music and Film production programs are tasked to modernize and revamp the Environmental Education materials of WWF to be used for its school and community visits to educate students about the environment and wildlife sustainability.

MEMBERSHIP IN ASSOCIATIONS

Establishing institutional linkages and memberships in associations is instrumental for educational institutions in driving learning and innovation. These partnerships empower academic institutions to participate in meaningful collaborations aimed at enhancing opportunities for their stakeholders.

STI ESG is active in the following associations or has fostered partnerships with known industry leaders:

- Association of Administrators in Hotel/Hospitality & Restaurant Management Educational Institutions (AAHRMEI);
- Institute of Computer Engineers of the Philippines (ICpEP);
- Internet and Mobile Marketing Association of the Philippines (IMMAP);
- Philippine Association of National Advertisers (PANA);
- Public Relations Society of the Philippines (PRSP); and
- NCR School Registrar's Association (NASCRA).

STI WNU has various local and international industry and organizational partners to help enrich its students' and faculty members' academic learnings and real-life skills. These include but are not limited to Asian University Digital Resource Network, TESOL Asia SITE Ltd. Australia, Galuh University, Panasiatic Solutions, Focus Direct, Inc., Today English Ltd. Partnership (TELP), Huachiew Chalermprakiet University, OK English Academy, Globe Telecom, Bacolod City Police Office, and the Bureau of Fire Protection.

STI WNU and its students are active members of the following organizations:

- Association of Administrators in Hotel/Hospitality & Restaurant Management Educational Institutions (AAHRMEI);
- Council of Hotel and Restaurant Educators of the Philippines (COHREP);
- Tourism Educators and Movers Philippines (TEAM PHILS WV);
- Hotel and Restaurant Association of Negros Occidental (HRANO);
- Bacolod City Tourism Office and Department of Tourism Region VI;
- Philippine Society of IT Educators (PSITE);
- Integrated Society of Information Technology Enthusiast (ISITE);
- Philippine Society of Information Technology Educators Foundation, Inc. (PSITEFI);
- Bacolod-Negros Occidental Federation of ICT (BNeFIT);
- Philippine Institute of Civil Engineers (PICE);
- Junior Philippine Society of Mechanical Engineers (JPSME);
- Institute of Integrated Electrical Engineers of the Philippines (IIEEP);
- Global Educators Professional Enhancement International, Inc. (GEPEII);
- Asian Qualitative Research Association (AQRA);
- Asian Society of Teachers for Research (ASTR);
- Asian Association of Interdisciplinary Research (AAIR);
- National Organization of Science and Educators of the Philippines, Inc. (NOSEPI);
- Philippine Association for Teachers and Educators, Inc. (PAFTEI); and
- Philippine Association of Graduate Studies (PAGE).

iACADEMY is committed to producing industry-ready Game Changers. In line with this commitment, iACADEMY is always on the lookout for opportunities to forge meaningful partnerships. This includes curriculum integration with leading local and international organizations.

- iACADEMY has been chosen by Amazon Web Services (AWS), a subsidiary of Amazon that provides on-demand cloud computing platforms, as the first and only school in the Philippines to offer Cloud Computing Certification Courses. This partnership allows iACADEMY to embed subjects in its curriculum that allow its graduates not only to have a BS in Computer Science (BS CS) degree but also gain certifications in the various Cloud Computing Courses of Amazon.
- iACADEMY is also a school partner for Python Institute and Linux Professional Institute (LPI). Here, trained and certified professors are able to prepare BS CS students for the international programming standards required for professional certification exams.
- iACADEMY is the first Philippine school chosen by Alibaba Business School's Global Digital Talent Program (GDT, formerly GET) to implement digital and e-commerce driven business college courses. Under this program, the GDT team has trained the professors of iACADEMY with its e-commerce courseware that will be incorporated in iACADEMY's business course subjects.
- iACADEMY is the first educational partner of PricewaterhouseCoopers (PwC) Philippines for the BS in Accountancy program in developing the curriculum and teaching some of the subjects using real-world cases and experiences.
- iACADEMY is the first Toon Boom Center of Excellence in Asia. Under this partnership, BS in Animation students are taught to use the animation production and storyboarding software by certified Toon Boom trainers. Students also have the chance to get certified in using this award-winning software which is the global standard for animation and storyboarding.
- Global leaders in audio and sound technology, Dolby Atmos and Avid, partnered with iACADEMY to teach a world-class BA in Music Production and Sound Design program. In this program, students will be using industry-standard tools and training courtesy of Dolby Atmos and Avid.

- iACADEMY has also partnered with industry leaders to equip its students in Film and Visual Effects, and Multimedia Arts and Design with the most relevant skills, tools and technology for the industry upon graduating. This includes tools to create content with Blackmagic cameras and DaVinci Resolve, and opportunity to learn from Blackmagic and DaVinci Resolve professionals.
- iACADEMY is the first academic partner of CLO Virtual Fashion in the Philippines in which students are being taught this technology as part of BA in Fashion Design and Technology's Computer-Aided Design class.

CUSTOMER DATA AND PRIVACY

The Group is committed to the responsible and lawful treatment of all personal data that it collects. The Group believes in keeping personal data shared by its stakeholders safe and secure, and ensuring that such are collected and processed by lawful means. The subsidiaries continue to adhere to the Data Privacy Act of 2012 (DPA) and its implementing rules and regulations.

Risks identified include unauthorized or malicious disclosure of personal data, data theft and excessive data collection. However, there are opportunities in adopting policies and best practices within the education industry.

Concerns regarding data privacy may be communicated to the respective data privacy officers of the schools. There has been no incident of leak, theft, loss or compromise of any customer data, nor any report or complaint of the foregoing, for the reporting period.

July 1, 2022 - June 30, 2023

Disclosure	Quantity
No. of substantiated complaints on customer privacy	0
No. of complaints addressed	0
No. of customers, users, and account holders whose information is used for secondary purposes	96,640
No. of data breaches, including leaks, thefts and losses of data	0

STI EDUCATION SYSTEMS HOLDINGS

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Fri 10/27/2023 8:48 PM
To:Info STI Holdings <info@stiholdings.com.ph>
Cc:Ricafort-Waban, Annariza <annariza.waban@stiholdings.com.ph>

Hi STI EDUCATION SYSTEMS HOLDINGS INC,

Valid files

- EAFS000126853TCRTY062023-03.pdf
- EAFS000126853RPTTY062023.pdf
- EAFS000126853ITRTY062023.pdf
- EAFS000126853AFSTY062023.pdf
- EAFS000126853TCRTY062023-01.pdf
- EAFS000126853TCRTY062023-02.pdf

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Transaction Code: **AFS-0-9ECBLJEC06DLG95KDN3121R2T0M234TMNN**
Submission Date/Time: **Oct 27, 2023 08:47 PM**
Company TIN: **000-126-853**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Cc:Ricafort-Waban, Annariza <annariza.waban@stiholdings.com.ph>

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Transaction Code: **AFS-0-M4WZT1RM09D699DJ6P3RT4ZMX0CBFJEHGL**
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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	0	1	7	4	6

COMPANY NAME

STI EDUCATION SYSTEMS HOLDINGS, INC.

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

7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City 1226

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@stiholdings.com.ph	**(632) 8844 9553**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,264	**Third Friday of November**	**June 30**

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

5/F SGV-II BUILDING, 6758 AYALA AVENUE, MAKATI CITY

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

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

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
STI Education Systems Holdings, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of STI Education Systems Holdings, Inc. (the Company), which comprise the parent company statements of financial position as at June 30, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

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 Parent Company 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 parent company 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 Parent Company Financial Statements

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

In preparing the parent company 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 Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 parent company 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 parent company financial statements, including the disclosures, and whether the parent company 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.

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

Report on the Supplementary Information Required Under Revenue Regulations 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 15-2010 in Note 22 to the parent company financial statements 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 Education Systems Holdings, 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.

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

SYCIP GORRES VELAYO & CO.

Loubelle V. Mendoza

Loubelle V. Mendoza
Partner
CPA Certificate No. 115161
Tax Identification No. 301-422-247
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115161-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-145-2021, August 11, 2021, valid until August 10, 2024
PTR No. 9564665, January 3, 2023, Makati City

October 13, 2023

STI EDUCATION SYSTEMS HOLDINGS

7th Floor, STI Holdings Center
6764 Ayala Avenue, Makati City
Philippines 1226
Telefax. (632) 844-9553

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STI Education Systems Holdings, Inc.** (the Company) is responsible for the preparation and fair presentation of the parent company financial statements, including the schedules attached therein, as at June 30, 2023 and 2022 and for the years ended June 30, 2023 and 2022, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company 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.

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

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the parent company financial statements of the Company in accordance with the Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

EUSEBIO H. TANCO
Chairman of the Board

MONICO V. JACOB
President and CEO

YOLANDA M. BAUTISTA
Treasurer and CFO

Signed this ____ day of October 2023

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

SUBSCRIBED AND SWORN to me this OCT 20 2023 day of ________, 2023 at Makati City. Affiants exhibited to me their respective Passport/SSS numbers as follows:

Name	Number	Date/Place of Issuance
Eusebio H. Tanco	Passport No. PO992946B	11/02/19, DFA Manila
Monico V. Jacob	Passport No. P6179864B	01/26/21, DFA NCR East
Yolanda M. Bautista	SSS No. 03-2678038-9	Makati City

MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2023
Appt. No. M-007 (2022-2023) Attorney's Roll No. 34567
MCLE Compliance No. VII-0004035/7-19-2021
PTR No. 9563801/1-3-2023/Makati City
IBP Lifetime Member Roll No. 05413
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City

Doc/ No. 278
Page No. 57
Book No. LIV
Series of 2023

STI EDUCATION SYSTEMS HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	June 30	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱92,533,726**	₱39,819,149
Advances (Note 5)	**385,844**	320,669
Other current assets (Note 6)	**19,789,083**	18,243,330
	112,708,653	58,383,148
Noncurrent asset held for sale (Note 8)	**1,020,728,064**	1,020,728,064
Total Current Assets	**1,133,436,717**	1,079,111,212
Noncurrent Assets		
Investments in subsidiaries (Note 7)	**16,803,242,538**	16,803,242,538
Investment properties (Note 8)	**284,739,834**	284,739,834
Property and equipment (Note 9)	**16,254,859**	1,896,668
Deferred tax asset - net (Note 16)	–	61,750
Other noncurrent assets (Note 10)	**1,158,177**	921,239
Total Noncurrent Assets	**17,105,395,408**	17,090,862,029
TOTAL ASSETS	**₱18,238,832,125**	₱18,169,973,241
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 7, 11 and 12)	**₱84,610,219**	₱85,321,153
Current portion of lease liabilities (Note 15)	**3,056,545**	1,061,538
Dividends payable (Note 13)	**12,180,959**	12,156,181
Total Current Liabilities	**99,847,723**	98,538,872
Noncurrent Liabilities		
Subscription payable (Notes 7 and 12)	**64,000,000**	64,000,000
Lease liabilities - net of current portion (Note 15)	**13,341,066**	749,116
Deferred tax liability - net (Note 16)	**4,022,343**	–
Total Noncurrent Liabilities	**81,363,409**	64,749,116
Total Liabilities	**181,211,132**	163,287,988
Equity		
Common stock (Note 13)	**4,952,403,462**	4,952,403,462
Additional paid-in capital	**11,254,677,345**	11,254,677,345
Fair value change in equity instruments at fair value through other comprehensive income (FVOCI) (Note 10)	**195,928**	54,828
Retained earnings (Note 13)	**1,850,344,258**	1,799,549,618
Total Equity	**18,057,620,993**	18,006,685,253
TOTAL LIABILITIES AND EQUITY	**₱18,238,832,125**	₱18,169,973,241

See accompanying Notes to Parent Company Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30	
	2023	2022
REVENUES		
Dividend income (Notes 7 and 12)	**₱212,850,253**	₱177,002,427
Advisory fee (Note 12)	**18,510,000**	18,510,000
	231,360,253	195,512,427
EXPENSES		
Outside services (Note 8)	**11,385,055**	16,871,486
Salaries and allowances (Note 12)	**5,289,646**	6,911,750
Depreciation and amortization (Notes 9 and 15)	**4,128,441**	3,520,016
Taxes and licenses	**2,168,198**	1,940,440
Meetings and conferences	**1,231,343**	1,369,458
Membership fees and dues	**1,213,623**	1,194,210
Transportation and travel	**1,179,115**	1,268,768
Utilities (Note 12)	**728,690**	484,451
Advertising and promotions (Note 12)	**574,045**	646,111
Supplies	**398,018**	558,452
Representation and entertainment	**136,672**	146,342
Communication	**142,131**	134,220
Miscellaneous	**322,275**	232,784
	28,897,252	35,278,488
OTHER INCOME (EXPENSE)		
Interest income (Note 4)	**1,301,364**	211,924
Interest expense (Note 15)	**(960,028)**	(262,138)
Derecognition of contingent consideration (Notes 11 and 17)	–	25,000,000
Others (Note 12)	**840,000**	841,822
	1,181,336	25,791,608
INCOME BEFORE INCOME TAX	**203,644,337**	186,025,547
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 16)		
Current	**193,500**	193,518
Deferred	**4,084,093**	152,812
	4,277,593	346,330
NET INCOME	**199,366,744**	185,679,217
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods -		
Fair value change in equity instruments at FVOCI (Note 10)	**141,100**	(103,750)
TOTAL COMPREHENSIVE INCOME	**₱199,507,844**	₱185,575,467
Basic/Diluted Earnings Per Share (Note 14)	**₱0.02013**	₱0.01875

See accompanying Notes to Parent Company Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Capital Stock (Note 13)	**Additional Paid-in Capital**	**Fair Value Change in Equity Instruments at FVOCI** (Note 10)	**Retained Earnings** (Note 13)	**Total**
Balance at July 1, 2022	**₱4,952,403,462**	**₱11,254,677,345**	**₱54,828**	**₱1,799,549,618**	**₱18,006,685,253**
Net income	**–**	**–**	**–**	**199,366,744**	**199,366,744**
Other comprehensive income	**–**	**–**	**141,100**	**–**	**141,100**
Total comprehensive income	**–**	**–**	**141,100**	**199,366,744**	**199,507,844**
Dividends	**–**	**–**	**–**	**(148,572,104)**	**(148,572,104)**
Balance at June 30, 2023	**₱4,952,403,462**	**₱11,254,677,345**	**₱195,928**	**₱1,850,344,258**	**₱18,057,620,993**
Balance at July 1, 2021	₱4,952,403,462	₱11,254,677,345	₱158,578	₱1,712,918,470	₱17,920,157,855
Net income	–	–	–	185,679,217	185,679,217
Other comprehensive loss	–	–	(103,750)	–	(103,750)
Total comprehensive income (loss)	–	–	(103,750)	185,679,217	185,575,467
Dividends	–	–	–	(99,048,069)	(99,048,069)
Balance at June 30, 2022	₱4,952,403,462	₱11,254,677,345	₱54,828	₱1,799,549,618	₱18,006,685,253

See accompanying Notes to Parent Company Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱203,644,337**	₱186,025,547
Adjustments to reconcile income before income tax to net cash flows:		
Dividend income (Notes 7 and 12)	**(212,850,253)**	(177,002,427)
Depreciation and amortization (Notes 9 and 15)	**4,128,441**	3,520,016
Interest expense (Note 15)	**960,028**	262,138
Interest income (Note 4)	**(1,301,364)**	(211,924)
Operating income (loss) before working capital changes	**(5,418,811)**	12,593,350
Decrease (increase) in:		
Advances	**(66,075)**	394,072
Other current assets	**1,070,247**	265,221
Decrease in accounts payable and other current liabilities	**(710,934)**	(49,369,179)
Net cash used for operations	**(5,125,573)**	(36,116,536)
Income taxes paid	**(2,809,500)**	(2,809,500)
Interest received	**1,301,364**	211,924
Net cash used in operating activities	**(6,633,709)**	(38,714,112)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	**212,851,153**	177,001,528
Acquisitions of property and equipment (Note 9)	**(536,055)**	(338,907)
Decrease (increase) in other noncurrent assets	**(95,838)**	–
Net cash provided by investing activities	**212,219,260**	176,662,621
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends (Note 13)	**(148,547,326)**	(99,033,260)
Lease liabilities (Note 15)	**(4,323,648)**	(3,990,357)
Cash used in financing activities	**(152,870,974)**	(103,023,617)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**52,714,577**	34,924,892
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**39,819,149**	4,894,257
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱92,533,726**	₱39,819,149

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

STI Education Systems Holdings, Inc. (STI Holdings or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Company was originally established in 1928 as the Philippine branch office of Theo H. Davies & Co., a Hawaiian corporation. It was reincorporated as a Philippine corporation and registered with the SEC on June 28, 1946. The Company's shares were listed on the Philippine Stock Exchange (PSE) on October 12, 1976. On June 25, 1996, the SEC approved the extension of the Company's corporate life for another fifty (50) years. The primary purpose of the Company is to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, or otherwise dispose of real properties as well as personal and movable property of any kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, but not to act as dealer in securities, and to invest in and manage any company or institution. STI Holdings aims to focus on education and education-related activities and investments.

STI Holdings' registered office address, which is also its principal place of business, is 7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, 1226.

The parent company financial statements have been approved and authorized for issuance by the Board of Directors (BOD) on October 13, 2023.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The accompanying parent company financial statements have been prepared under the historical cost basis, except for investments in equity instruments that have been measured at fair value. The parent company financial statements are presented in Philippine Peso, the Company's functional and presentation currency, and all values are rounded to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRS 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 the new and amended standards effective July 1, 2022. The adoption of these new standards and amendments did not have any significant impact on the parent company financial statements except otherwise stated.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies,* if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Annual Improvements to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment government recognitions a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  The amendments are not applicable to the Company since it does not have activities that are related with agriculture.

<u>Standards Issued but Not Yet Effective</u>
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. The Company does not expect that the future adoption of the said pronouncements will have a significant impact on the parent company financial statements.

Effective for Fiscal Year 2024

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The Company is currently assessing the impact of adopting the amendments to PAS 12.

Effective for Fiscal Year 2025

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period

- 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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company.

Effective for Fiscal Year 2026

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

  The amendments are not applicable to the Company as the Company has no activities that are predominantly connected with insurance or issuance of insurance contracts.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint venture.

The Company has not early adopted the previously mentioned standards. The Company continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to June 30, 2023 on its parent company financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the parent company financial statements when these amendments are adopted.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
The Company measures financial instruments at fair value at each financial reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at every financial reporting date.

Management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually. The current practice of the Company is to involve external valuers every two to three years depending on the circumstances, including market conditions and requirements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company’s external valuers, also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in the previous section.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of up to three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

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, FVOCI or 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. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

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 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)
- Financial assets at FVPL

As at June 30, 2023 and 2022, the Company has no debt instruments and financial assets at FVPL.

a. *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.

   The Company's financial assets at amortized cost include cash and cash equivalents, receivables and refundable deposits as at June 30, 2023 and 2022.

b. *Financial Assets designated at FVOCI (Equity Instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

   Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

   The Company elected to classify irrevocably its listed equity investments under this category.

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and refundable deposits, the Company applies a general approach in calculating ECL. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its financial assets since initial recognition.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;
- The Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

b. Financial Liabilities

Initial Recognition and Measurement. 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.

As at June 30, 2023 and 2022, the Company's financial liabilities include accounts payable and other current liabilities, dividends payable, subscription payable and lease liabilities, which are classified as loans and borrowings.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As at June 30, 2023 and 2022, the Company has no financial liabilities at FVPL.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the parent company 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 as finance costs in the parent company statement of comprehensive income. Other financial liabilities include interest-bearing loans and borrowings.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled 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 profit or loss in the parent company statement of comprehensive income.

c. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Creditable Withholding Taxes (CWT)
CWT represents the amount withheld by counterparties from the Company. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented under the "Other current assets" account in the parent company statement of financial position. CWT is stated at its estimated net realizable value (NRV).

Noncurrent Asset Held for Sale
The Company classifies a noncurrent asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such noncurrent asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale.

The criteria for held for sale classification are regarded as met only when the asset is available for immediate sale in its present condition and the sale is highly probable. Management must be committed to a plan to sell, which is expected to be completed within one year from the date of the classification, and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the plan to sell should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Investment properties are not depreciated or amortized once classified as held for sale. Noncurrent asset held for sale is presented separately as part of current assets in the parent company statement of financial position.

Investment in Subsidiaries
The Company's investment in subsidiaries (entities which the Company controls) is carried in the parent company statement of financial position at cost less any accumulated impairment in value.

Investment Properties
Investment properties include land and buildings and improvements held by the Company for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, buildings are carried at cost less accumulated depreciation and any impairment in value, while land is carried at cost less any impairment in value.

Depreciation of buildings is computed on a straight-line basis over 20 to 25 years. The asset's useful life and method of depreciation are reviewed and adjusted, if appropriate, at each financial year-end.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

The Company's property and equipment consist of equipment, leasehold improvements, furniture and fixtures and right-of-use assets that do not qualify as investment properties.

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to the parent company statement of comprehensive income in the period such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its original assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

It is the Company's policy to classify right-of-use (ROU) assets as part of property and equipment. The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities 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 ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of property and equipment or lease term (in the case of ROU assets), whichever is shorter:

Asset Type	Number of Years
Office equipment	2-3 years
Leasehold improvements	5 years or term of the lease, whichever is shorter
Furniture and fixtures	2-3 years

Asset Type	Number of Years
Right-of-use asset – building	5 years
Right-of-use asset – transportation equipment	3 years

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. The useful lives of property and equipment are estimated based on the period over which property and equipment are expected to be available for use and on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the property and equipment are updated if expectations differ from previous estimates due to wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

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 from derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in profit or loss in the parent company statement of comprehensive income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

Investments in Subsidiaries, Investment Properties and Property and Equipment. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount of the asset is the greater of fair value less cost to sell and value in use. The fair value is the amount obtainable from the sale of an asset in arm's length transaction between knowledgeable, willing parties, less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their presented value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is charged to the parent company statement of comprehensive income.

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 assets is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization in the case of property and equipment, had no impairment loss been recognized for the asset in the prior years. Such reversal is recognized in the parent company statement of comprehensive income. After such reversal, the depreciation and amortization charges are 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.

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

Retained earnings represent the Company's accumulated net earnings less cumulative dividends declared. Dividends on common stock are recognized as liability and deducted from equity when approved by the BOD of the Company. Dividends approved after the financial reporting date are dealt with as an event after the reporting date.

Retained earnings may also include effect of changes in accounting policy as may be required by the transitional provisions of new accounting standards and interpretations.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are 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 value-added tax (VAT).

Advisory Fee. Advisory fee is satisfied at a point in time and is recognized when the service is rendered.

Dividend Income
Dividend income is recognized when the right to receive has been established.

Interest Income
Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the effective interest rate.

Other Income
Other income is recognized when earned.

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

Provisions
Provisions are recognized when the Company has present obligations, legal or constructive, as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the parent company statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Earnings Per Share (EPS)
The Company presents basic and diluted earnings per share rate for its common shares. Basic EPS is calculated by dividing net income for the period by the weighted average number of common shares outstanding during the period after giving retroactive effect to any stock dividend declarations.

Diluted EPS is calculated in the same manner, adjusted for the dilutive effect of any potential common shares. As the Company has no dilutive common shares outstanding, basic and diluted earnings per share are stated at the same amount.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. A reassessment is made after the inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the agreement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and the date of renewal or extension period for scenario (b).

As a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

Right-of-Use Assets. The Company classifies its ROU assets as part of property and equipment. Refer to the accounting policies in "Property and equipment" section.

Lease Liabilities. At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Taxes

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

Deferred Tax. Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward benefit of unused tax credits and unused tax losses can be utilized except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax relating to items recognized directly in equity is also included in equity and not in profit or loss of the parent company statement of comprehensive income.

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

Value-Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of VAT recoverable from the taxation authority is included under the “Other current assets” account in the parent company statement of financial position.

<u>Contingencies</u>
Contingent liabilities are not recognized in the parent company financial statements but are disclosed in the notes to the parent company financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the parent company financial position at the financial reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to parent company financial statements when material.

Segment Reporting
For management purposes, STI Holdings and its subsidiaries (collectively referred to as the Group) is organized into business units based on the geographical location of the students and assets. Financial information about operating segments is presented in Note 21 to the parent company financial statements.

3. Management's Use of Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in conformity with PFRSs requires the Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and related notes. The estimates used are based upon management's evaluation of relevant facts and circumstances as at the date of the parent company financial statements, giving due consideration to materiality. Actual results could differ from such estimates.

The Company believes the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in the parent company financial statements.

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

Contingencies. The Company is involved in several cases. 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 parent company 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 17).

Noncurrent asset held for sale. On June 24, 2021, the Parent Company's BOD approved the sale to an interested buyer of the Company's properties located in Quezon City ("Quezon City dacion properties") which were obtained by the Company through the deeds of dacion in 2016 as these properties have not been used in business since acquisition. Management considered these properties to have met the criteria to be classified as held for sale for the following reasons:

- The BOD approved the disposition of the Quezon City dacion properties;
- The Quezon City dacion properties are available for immediate sale in its present condition;
- Negotiations with an interested buyer have been initiated;
- The properties will be sold at a price approximating its current fair value; and
- Management expects to complete the sale within one year from the date of classification.

As a result of the classification as noncurrent asset held for sale, the Company ceased to account for the properties as investment properties effective June 30, 2021 and carried such properties at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognized for the years ended June 30, 2023 and 2022 as a result of such classification (see Note 8).

In May and June 2022, the Company issued to certain brokers an authority to sell and to perform all efforts in connection with the sale of the Quezon City dacion properties to prospective buyers.

In 2023, the Company started its negotiation with a certain real estate group for the sale of the properties. As of June 30, 2023 and October 13, 2023, the negotiation is still ongoing.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the parent company financial statements within the next financial year are discussed as follows:

Leases - Estimating the Incremental Borrowing Rate. Since the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Company's lease liabilities as at June 30, 2023 and 2022 are disclosed in Note 15 to the parent company financial statements.

Impairment of Nonfinancial Assets. PFRSs requires nonfinancial assets to be tested for impairment when certain impairment indicators are present, irrespective of whether there are any indications of impairment. Nonfinancial assets include investment in subsidiaries, investment properties, property and equipment and other noncurrent assets.

Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value of these assets. While the Company believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the parent company financial statements. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Company.

Nonfinancial assets that are subject to impairment testing as at June 30, 2023 and 2022 are as follows:

	2023	2022
Investments in subsidiaries (see Note 7)	**₱16,803,242,538**	₱16,803,242,538
Investment properties (see Note 8)	**284,739,834**	284,739,834
Property and equipment (see Note 9)	**16,254,859**	1,896,668

No provision for impairment on these nonfinancial assets was recognized for the years ended June 30, 2023 and 2022.

Recognition of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Since the Company is a holding company, management assessed that no sufficient future taxable income will be generated to allow all or part of its deferred tax assets to be utilized as the Company's income mainly pertains to passive income which are not subject to income tax.

As at June 30, 2023 and 2022, unrecognized deferred tax assets arising from unused NOLCO and MCIT and lease liability amounted to ₱15.1 million and ₱11.7 million, respectively (see Note 16).

4. Cash and Cash Equivalents

	2023	2022
Cash on hand	**₱5,000**	₱5,000
Cash in banks	**12,023,739**	8,601,709
Cash equivalents	**80,504,987**	31,212,440
	₱92,533,726	₱39,819,149

Interest income earned from cash in banks and cash equivalents for the years ended June 30, 2023 and 2022 amounted to ₱1.3 million and ₱0.21 million, respectively.

5. Advances

	2023	2022
Advances to officers and employees (see Note 12)	**₱78,560**	₱12,485
Others	**307,284**	308,184
	₱385,844	₱320,669

Advances to officers and employees are normally liquidated within one month.

Others primarily pertain to advances for legal services which are noninterest-bearing and are expected to be liquidated within one year.

6. Other Current Assets

	2023	2022
Creditable withholding taxes	**₱18,155,470**	₱15,539,470
Input VAT - net	**1,076,430**	1,950,058
Others	**557,183**	753,802
	₱19,789,083	₱18,243,330

7. Investments in Subsidiaries

As at June 30, 2023 and 2022, the Company carries its investments in shares of stock under the cost method as follows:

	Principal Place of Business	Percentage of Ownership	Cost
STI Education Services Group, Inc. (STI ESG)	Cainta, Rizal	98.66%	₱15,283,676,041
STI West Negros University, Inc. (STI WNU)	Bacolod City, Negros Occidental	99.86%	592,398,926
Information and Communications Technology Academy, Inc. (iACADEMY)	Makati	100.00%	782,167,571
Attenborough Holdings Corp. (AHC)	Makati	100.00%	145,000,000
			₱16,803,242,538

STI ESG
STI ESG has investments in several entities which own and operate STI schools. STI ESG is involved in establishing, maintaining, and operating educational institutions to provide pre-elementary, elementary, secondary, including Senior High School (SHS), and tertiary as well as post-graduate courses, post-secondary and lower tertiary non-degree programs. It also develops, adopts and/or acquires, entirely or in part, such curricula or academic services as may be necessary in the pursuance of its main activities, relating but not limited to information technology services, information technology-enabled services, education, hotel and restaurant management, engineering, business studies, psychology and criminology.

On December 16, 2022, the Company received cash dividends from STI ESG amounting to ₱0.07 per share or ₱212.8 million while on November 26, 2021, the Company received cash dividends from STI ESG amounting to ₱0.05 per share or ₱152.0 million (see Note 12).

STI WNU
On September 11, 2013, STI Holdings executed a Share Purchase Agreement with the former shareholders of STI WNU (the Agustin family). STI WNU owns and operates STI West Negros University in Bacolod City. It offers elementary, secondary including SHS, tertiary education and post-graduate courses.

On October 1, 2013, STI Holdings entered into a Deed of Absolute Sale to acquire the shares of STI WNU constituting 99.45% of the issued and outstanding common stock and 99.93% of the issued and outstanding preferred stock of STI WNU for an aggregate purchase price of ₱400.0 million, inclusive of contingent consideration. The acquisition cost was eventually recorded at ₱367.4 million. Carrying value as at June 30, 2023 and 2022 amounted to ₱592.4 million with the capitalization of acquisition-related expenses and the additional capital contribution of ₱225.0 million made in 2015.

On March 12, 2015, the SEC approved the application of STI WNU for the increase in its authorized capital stock and the reclassification of its preferred shares into common shares. The Company's deposit for future stock subscription was then applied to its subscription to 2,249,540 common shares of STI WNU at a total cost of ₱225.0 million.

On November 18, 2013, STI WNU's BOD approved the reclassification of its preferred shares into common shares. On March 12, 2015, the SEC approved the reclassification upon the approval of the increase in authorized capital stock from 300,000 preferred shares with ₱100 par value per share and 700,000 common shares with ₱100 par value per share to 10,000,000 common shares with ₱100 par value per share. Consequently, preferred shares owned by the Company were converted to common shares bringing its ownership to 99.86% of STI WNU's issued and outstanding common stock.

As at June 30, 2023 and 2022, the Company's remaining liability for contingent consideration amounting to ₱17.0 million is presented as nontrade payable under "Accounts payable and other current liabilities" account in the parent company statements of financial position (see Note 11).

On August 27, 2021, the Company received cash dividends from STI WNU amounting to ₱0.08 per share or ₱25.0 million (see Note 12).

iACADEMY
iACADEMY is a premier school offering specialized programs in SHS and college that are centered on Computing, Business and Design. It is known for its strong industry partnerships and non-traditional programs such as Software Engineering, Game Development, Web Development, Real Estate Management, Animation, Multimedia Arts and Design, Fashion Design and Technology, Music Production and Sound Design, Film and Visual Effects, Data Science, and Cloud Computing.

iACADEMY also offers programs in Accountancy, Marketing Management and Psychology. Classes are conducted at iACADEMY's Nexus building along Yakal St. in Makati City, with top-of-the-line multimedia arts laboratories and computer suites.

It started in 2002 as a wholly-owned subsidiary of STI ESG until its acquisition by STI Holdings in September 2016.

On September 27, 2016, STI Holdings purchased 100 million iACADEMY shares or 100% of iACADEMY's issued and outstanding capital stock from STI ESG for a purchase price of ₱113.5 million. STI Holdings also subscribed to 100 million shares out of the 400 million increase in the authorized capital stock of iACADEMY, which was approved by the SEC on November 9, 2016, at an aggregate subscription price of ₱100.0 million. With this, iACADEMY became a wholly-owned subsidiary of STI Holdings.

On September 7, 2017, the Board of Governors (BOG) of iACADEMY and BOD of Neschester Corporation (Neschester) approved the merger of the two companies with iACADEMY as the surviving corporation. The stockholders of both companies confirmed, ratified and approved the merger on the same date. The plan of merger was filed with the SEC on January 24, 2018 and was approved on April 10, 2018.

On the same date, September 7, 2017, the BOG and stockholders of iACADEMY approved the increase in its authorized capital stock from ₱500.0 million to ₱1,000.0 million. The purpose of the increase in authorized capital stock is to issue sufficient shares to the Company pursuant to the plan of merger. The application for the increase in authorized capital stock was filed with the SEC on January 30, 2018 and was approved on April 10, 2018. On May 11, 2018, iACADEMY issued 494,896,694 shares to the Company in exchange for the net assets of Neschester as a result of the merger.

On June 1, 2022, the BOG and Stockholders of iACADEMY, at separate meetings, approved the amendments in its AOI as follows: (1) amendment of its primary purpose to include [a] establishment of educational institutions in Metro Manila and a branch in Cebu City; and [b] that iACADEMY shall have all the express powers of a corporation under Section 35 of the Revised Corporation Code, including the establishment and maintenance of branches and school campuses within the Philippines, subject to the rules and regulations of the DepEd, CHED and TESDA. The SEC approved the amendments on July 28, 2022. On July 15, 2022, iACADEMY leased the 5th Floor of a property in Cebu Cyberzone located in Cebu City for a period of ten (10) years subject to renewal upon mutual agreement.

<u>AHC</u>
AHC is a holding company which is a party to the Joint Venture Agreement and Shareholders' Agreement with STI Holdings, Philippine Women's University (PWU) and Unlad Resources Development Corporation (Unlad) (see Note 17).

In May 2014, STI Holdings made a deposit of ₱56.0 million for 40.0% ownership in AHC. In November 2014, the said deposit was converted into ₱56.0 million AHC shares following the SEC approval of the increase in the authorized capital stock of AHC.

On February 11, 2015, the Company acquired the remaining 60.0% ownership in AHC, including subscription rights, from various individuals for a consideration of ₱25.0 million making AHC a wholly-owned subsidiary.

On March 1, 2016, the Company and AHC executed a Deed of Assignment wherein AHC assigned its AHC Loan to Unlad, including capitalized foreclosure expenses, totaling to ₱66.7 million for a cash consideration of ₱73.8 million. The Deed of Assignment provides that the cash consideration will be payable in cash of ₱10.0 million upon execution of the Deed of Assignment and the remaining balance of ₱63.8 million upon demand. Accordingly, AHC recognized a receivable from the Company amounting to ₱63.8 million. Further, all the rights related to the receivable from Unlad have been transferred to STI Holdings (see Notes 11 and 17).

As at June 30, 2023 and 2022, the Company has unpaid subscription to AHC, presented as "Subscription payable" under noncurrent liability in the parent company statements of financial position, amounting to ₱64.0 million.

8. Investment Properties and Noncurrent Asset Held for Sale

Investment Property. The Company's investment property amounting to ₱284.7 million as at June 30, 2023 and 2022 include parcels of land located in Davao City (Davao City dacion property) currently held by the Company for capital appreciation and are not used in business.

Noncurrent Asset Held for Sale. Noncurrent asset held for sale as of June 30, 2023 and 2022 represents certain parcels of land, buildings and improvements located in Quezon City (Quezon City dacion properties), which were obtained by the Company from Unlad through the Deeds of Dacion executed on March 31, 2016 pursuant to a Memorandum of Agreement (MOA), together with the Davao City dacion properties mentioned above, for a total dacion price of ₱911.0 million as settlement of the outstanding obligations of Unlad and PWU to the Company, arising from the loans extended by the Company to PWU and Unlad when the Company acceded, in November 2011, to the Joint Venture Agreement and Shareholders' Agreement (the Agreements) by and among PWU, Unlad, an Individual and Mr. Eusebio H. Tanco (EHT), STI Holdings' BOD Chairman, for the formation of a strategic arrangement with regard to the efficient management and operation of PWU (see Note 17). PWU is a private non-stock, non-profit educational institution, which provides basic, secondary and tertiary education to its students while Unlad is a real estate company controlled by the Benitez Family and has some assets which are used to support the educational thrust of PWU. The properties were initially recognized as "Investment properties" at fair value aggregating to ₱1,280.5 million at dacion date.

On June 24, 2021, the Company's BOD approved the sale of the Quezon City dacion properties to a potential buyer as these properties have not been used in business since its receipt. Consequently, the carrying value of these properties amounting to ₱1,020.7 million was reclassified to "Noncurrent asset held for sale" account in the parent company statement of financial position as at June 30, 2021. With the classification as noncurrent asset held for sale, the Company carried the said properties at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognized for the years ended June 30, 2023 and 2022 as a result of such classification.

In May and June 2022, the Company issued to certain brokers an authority to sell and to perform all efforts in connection with the sale of the Quezon City dacion properties to prospective buyers.

In 2023, the Company started its negotiation with a certain real estate group for the sale of the properties. As of June 30, 2023 and October 13, 2023, the negotiation is still ongoing.

The Company engaged security services for the Quezon City and Davao properties, recorded under "Outside services" in the parent company statements of comprehensive income. Security services for the years ended June 30, 2023 and 2022 amounted to ₱5.2 million and ₱5.0 million, respectively.

Fair Value of Investment Property
The fair value of this property was determined by an independent professionally qualified appraiser. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the Company's investment property amounted to ₱421.9 million as at June 30, 2023 and 2022.

Level 2 fair value of land, classified as investment property, has been derived using the market approach. The market approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered. Sales prices of comparable land in close proximity (external factor) are adjusted for differences in key attributes (internal factors) such as location and size.

Using the latest available valuation report as at June 30, 2023 and 2022, the following shows the valuation techniques used in measuring the fair value of land, as well as the significant unobservable inputs used:

Fair value at June 30, 2023 and 2022	₱421,932,000
Total area (in square meters)	40,184
Fair value by square meters	40,184 sq. m. at ₱10,500 sq. m.
Valuation date	September 9, 2022
Valuation technique	Market approach
Unobservable input	External factors - net price per square meter Internal factors - location, size, depth, influence, and time element
Relationship of unobservable inputs to fair value	The higher the price per square meter, the higher the fair value

The highest and best use of the Davao property is institutional land development.

9. Property and Equipment

	2023					
	Office Equipment	Leasehold Improvements	Furniture and Fixtures	Right-of-use Asset - Transportation Equipment	Right-of-use Asset - Building	Total
Cost						
Balance at beginning of year	**₱920,301**	**₱18,176,980**	**₱302,731**	**₱1,794,992**	**₱9,565,827**	**₱30,760,831**
Additions	**183,570**	**–**	**–**	**1,290,569**	**17,012,493**	**18,486,632**
Balance at end of year	**1,103,871**	**18,176,980**	**302,731**	**3,085,561**	**26,578,320**	**49,247,463**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**847,633**	**18,081,188**	**302,731**	**851,325**	**8,781,286**	**28,864,163**
Depreciation and amortization	**90,752**	**95,792**	**–**	**742,694**	**3,199,203**	**4,128,441**
Balance at end of year	**938,385**	**18,176,980**	**302,731**	**1,594,019**	**11,980,489**	**32,992,604**
Net Book Value	**₱165,486**	**₱–**	**₱–**	**₱1,491,542**	**₱14,597,831**	**₱16,254,859**

	2022					
	Office Equipment	Leasehold Improvements	Furniture and Fixtures	Right-of-use Asset - Transportation Equipment	Right-of-use Asset - Building	Total
Cost						
Balance at beginning of year	₱846,194	₱18,176,980	₱302,731	₱427,288	₱9,565,827	₱29,319,020
Additions	74,107	–	–	1,367,704	–	1,441,811
Balance at end of year	920,301	18,176,980	302,731	1,794,992	9,565,827	30,760,831
Accumulated Depreciation and Amortization						
Balance at beginning of year	790,378	17,799,178	302,731	372,508	6,079,352	25,344,147
Depreciation and amortization	57,255	282,010	–	478,817	2,701,934	3,520,016
Balance at end of year	847,633	18,081,188	302,731	851,325	8,781,286	28,864,163
Net Book Value	₱72,668	₱95,792	₱–	₱943,667	₱784,541	₱1,896,668

There is no idle property and equipment as at June 30, 2023 and 2022.

10. Other Noncurrent Assets

	2023	2022
Refundable deposits	**₱597,782**	₱501,944
Equity instruments at FVOCI	**560,395**	419,295
	₱1,158,177	₱921,239

The movement in the balance of equity instruments at FVOCI follows:

	2023	2022
Balance at beginning of year	**₱419,295**	₱523,045
Fair value change	**141,100**	(103,750)
Balance at end of year	**₱560,395**	₱419,295

The rollforward analysis of the “Fair value change in equity instruments at FVOCI” account as shown in the equity section of the parent company statements of financial position is as follows:

	2023	2022
Balance at beginning of year	**₱54,828**	₱158,578
Fair value change recognized in other comprehensive income (loss)	**141,100**	(103,750)
Balance at end of year	**₱195,928**	₱54,828

11. Accounts Payable and Other Current Liabilities

	2023	2022
Nontrade payable (see Note 7)	**₱17,000,000**	₱17,000,000
Payable to AHC (see Notes 7 and 12)	**63,778,000**	63,778,000
Accrued expenses	**3,091,482**	3,568,127
Accounts payable	**623,810**	780,706
Others	**116,927**	194,320
	₱84,610,219	₱85,321,153

Nontrade payable pertains to a contingent consideration in relation to the acquisition of STI WNU. The Company and the Agustin family decided to amicably settle ₱50.0 million of the nontrade payable by (a) executing in counterparts the Compromise Agreement dated September 6, 2021 and September 10, 2021 and (b) filing a *Joint Motion for Judgment Based on Compromise Agreement* dated September 20, 2021. In the Compromise Agreement, the Company agreed to pay the Agustin family the amount of ₱25.0 million as final and full settlement of the ₱50.0 million, which is the subject of the cases filed by the Agustin family (see Note 17). On September 14, 2021, the Company paid ₱25.0 million to the Agustin family. Accordingly, the Company recognized other income on derecognition of contingent consideration amounting to ₱25.0 million. As at June 30, 2023, the remaining balance of nontrade payable amounting to ₱17.0 million pertains to the portion of the contingent consideration to be released upon collection of STI WNU's trade receivables guaranteed as collectible by the Agustin family. As part of the Compromise Agreement, the parties also agreed to review the financial records of STI WNU to determine the status of collection (see Note 17).

Payable to AHC pertains to the remaining balance of the consideration relative to the assignment of AHC's receivable from Unlad on March 1, 2016 (see Note 7).

Accrued expenses primarily pertain to accruals for legal and audit fees, contracted outside services, utilities, advertising expenses and condominium dues which are normally settled the following year.

Accounts payable are noninterest-bearing and are normally settled within a 30 to 60-day term.

12. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company, including holding companies, and fellow subsidiaries are related entities of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

Related party receivables and payables are generally settled in cash.

The Company, in the normal course of business, has the following transactions with related parties:

	Amount of Transactions for the Year		**Outstanding Receivable (Payable)**			
Category	**2023**	2022	**2023**	2022	**Terms**	**Conditions**
Subsidiaries						
STI ESG						
Advisory fee	**₱14,400,000**	₱14,400,000	**₱–**	₱–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Reimbursements	**95,732**	27,879	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Dividend income (see Note 7)	**212,843,613**	152,031,152	**–**	–	Due and demandable; noninterest-bearing	Unsecured
Dividend paid	**7,506,493**	5,004,328	**–**	–	Due and demandable; noninterest-bearing	Unsecured
STI WNU						
Advisory fee	**3,600,000**	3,600,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Dividend income (see Note 7)	**–**	24,964,635	**–**	–	Due and demandable; noninterest-bearing	Unsecured

(Forward)

Category	Amount of Transactions for the Year 2023	2022	Outstanding Receivable (Payable) 2023	2022	Terms	Conditions
AHC						
Payable to AHC (see Note 11)	**₱–**	₱–	**(63,778,000)**	(63,778,000)	Payable upon demand; noninterest-bearing	Unsecured
Subscription payable (see Note 7)	**–**	–	**(64,000,000)**	(64,000,000)	Noninterest-bearing	Unsecured
iACADEMY						
Advisory fee	**510,000**	510,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Affiliates*						
Phils First Insurance Co., Inc. (PFIC)						
Rental and other charges	**4,842,840**	4,631,804	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Philippines First Condominium Corporation						
Utilities and other charges	**499,834**	242,564	**(2,001)**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilCare						
Facility sharing and other charges	**240,000**	240,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
HMO coverage	**147,514**	147,514	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Reimbursements	**–**	47,589	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilLife						
Facility sharing and other charges	**300,000**	300,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Officers and Employees						
Advances to officers and employees (see Note 5)	**2,581,408**	2,535,839	**78,560**	12,485	Liquidated within 1 month; noninterest-bearing	Unsecured; no impairment
Others						
Facility sharing and other charges	**300,000**	300,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Advertising and promotion charges	**400,000**	472,066	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
			(₱127,701,441)	(₱127,765,515)		

**Affiliates are entities under common control of a majority shareholder*

a. Business Advisory Agreement with STI ESG, STI WNU and iACADEMY

In November 2012, the Company and STI ESG entered into an agreement for the Company to act as an adviser for the latter with a monthly fee of ₱1.2 million.

In January 2015, the Company and STI WNU entered into an agreement for the Company to act as an adviser for the latter with a monthly fee of ₱0.3 million.

In September 2018, the Company and iACADEMY entered into an agreement for the Company to act as an adviser for the latter with a monthly fee of ₱0.08 million. The monthly fee was reduced to ₱0.04 million starting December 1, 2020.

Advisory fees earned for the years ended June 30, 2023 and 2022 amounted to ₱18.5 million.

b. Surety Agreement

The Company executed a Surety Agreement in relation to STI ESG's loan facility with Land Bank of the Philippines (LandBank), see Note 17.

c. Compensation and Benefits of Key Management Personnel

The Company's directors did not receive any compensation from the Company, except for directors' fees paid for each board meeting attended. Key management compensation for the years ended June 30, 2023 and 2022 amounted to ₱3.4 million and ₱4.8 million, respectively.

d. Material Related Party Transactions Policy

The BOD shall approve all material related party transactions before their commencement. Transactions amounting to the materiality threshold of ten percent (10.0%) or more of the consolidated total assets that have been entered into with an unrelated party that subsequently becomes a related party are excluded from the limits and approval process requirements. The Company may set a lower threshold upon determination by the BOD of the risk of the related party transactions to cause damage to the Company and its stockholders.

13. **Equity**

a. Common Stock

Details as at June 30, 2023 and 2022 are as follows:

	Shares	Amount
Common stock - ₱0.50 par value per share		
Authorized	10,000,000,000	₱5,000,000,000
Issued and outstanding	9,904,806,924	4,952,403,462

Set out below is the Company's track record of registration of its securities:

	Number of Shares		Issue/
Date of Approval	Authorized	Issued	Offer Price
December 4, 2007*	1,103,000,000	307,182,211	₱0.50
November 25, 2011**	1,103,000,000	795,817,789	0.60
September 28, 2012***	10,000,000,000	5,901,806,924	2.22
November 7, 2012	10,000,000,000	2,627,000,000	0.90
November 28, 2012	10,000,000,000	273,000,000	0.90

**Date when the registration statement covering such securities was rendered effective by the SEC.*
***Date when the Company filed SEC form 10-1(k) (Notice of Exempt Transaction) with the SEC in accordance with the Securities Regulation Code and its Implementing Rules and Regulations.*
****Date when the SEC approved the increase in authorized capital stock.*

As at June 30, 2023 and 2022, the Company has a total number of shareholders on record of 1,264 and 1,262, respectively.

b. Retained Earnings

On December 19, 2022, cash dividends amounting to ₱0.015 per share or the aggregate amount of ₱148.6 million were declared by the Company's BOD in favor of all stockholders of record as at January 6, 2023, paid on January 31, 2023.

On December 3, 2021, cash dividends amounting to ₱0.01 per share or the aggregate amount of ₱99.0 million were declared by the Company's BOD in favor of all stockholders of record as at January 6, 2022, paid on January 31, 2022.

As at June 30, 2023 and 2022, unclaimed dividends amounted to ₱12.2 million. This is separately presented as "Dividends payable" in the parent company statements of financial position.

14. Basic/Diluted Earnings Per Share

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

	2023	2022
Net income (a)	**₱199,366,744**	₱185,679,217
Common shares at beginning and end of year (b)	**9,904,806,924**	9,904,806,924
Basic/diluted earnings per share (a)/(b)	**₱0.02013**	₱0.01875

The basic and diluted earnings per share are the same for the years ended June 30, 2023 and 2022 as there are no dilutive potential common shares.

15. Leases

The Company leases a building space, where the corporate office is located. The lease rate is subject to annual repricing based on a pre-agreed rate.

On October 14, 2017, the Company and PFIC entered into an agreement for the lease of office space in Ayala Avenue, Makati City. The term of the lease is five (5) years starting October 2017, renewable upon joint agreement of the parties, with a monthly rental of ₱299,190. The annual rental shall be subject to a 5.0% escalation every year starting on the second year of the lease term. Under the terms of the lease agreement, the Company is required to make a refundable deposit of ₱0.6 million equivalent to two (2) months' rent. The lease agreement was renewed for another five (5) years starting October 2022 with a monthly rental of ₱314,147 under the same terms and conditions as the original contract.

The following are the amounts recognized in the parent company statements of comprehensive income for the years ended June 30, 2023 and 2022:

	2023	2022
Depreciation expense of right-of-use assets included in property and equipment	**₱3,941,897**	₱3,180,751
Interest expense on lease liabilities	**960,028**	262,138
Total amount recognized in the parent company statements of comprehensive income	**₱4,901,925**	₱3,442,889

The rollforward analysis of lease liabilities for the years ended June 30, 2023 and 2022 follows:

	2023	2022
Balance at beginning of year	**₱1,810,654**	₱4,435,970
Additions (see Note 9)	**17,950,577**	1,102,903
Interest expense	**960,028**	262,138
Payments	**(4,323,648)**	(3,990,357)
Balance at end of year	**16,397,611**	1,810,654
Less current portion	**3,056,545**	1,061,538
Noncurrent portion	**₱13,341,066**	₱749,116

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Within one year	**₱4,664,279**	₱1,436,718
After one year but not more than five years	**14,784,522**	422,016
	₱19,448,801	₱1,858,734

16. **Income Taxes**

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act which seeks to develop the national economy towards global competitiveness by implementing tax policies such as lowering the corporate income tax rate and widening the tax base, and by rationalizing the current fiscal incentives by making them time-bound, targeted and performance-based. This was done in an attempt to revitalize the slowing economy, as it is predicted that the measures will attract more investments resulting in productivity enhancement, employment generation, countrywide development, and a more inclusive economic growth, while at the same time maintaining fiscal prudence and stability. It took effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which may have an impact on the Company:

- Corporate income tax rate is reduced from 30.0% to 20.0% for domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million. All other domestic corporations and resident foreign corporations are subject to 25.0% income tax. Said reductions are effective July 1, 2020.

- MCIT rate is reduced from 2.0% to 1.0% effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Pursuant to the provisions of the CREATE Act, the Company adopted the 25.0% income tax rate effective July 1, 2020.

The provision for current income tax for the years ended June 30, 2023 and 2022 represent MCIT.

The reconciliation between the provision for income tax at the applicable statutory tax rate and the provision for income tax as shown in the parent company statements of comprehensive income follows:

	2023	2022
Provision for income tax at statutory tax rate	**₱50,911,084**	₱46,506,387
Add (deduct) tax effects of:		
Dividend income	**(53,212,563)**	(44,250,607)
Change in unrecognized deferred tax assets	**3,522,810**	451,928
Expired NOLCO and MCIT	**3,381,603**	3,941,603
Income subjected to final tax	**(325,341)**	(52,981)
Gain on derecognition of contingent consideration	**–**	(6,250,000)
	₱4,277,593	₱346,330

The components of the Company's recognized net deferred tax asset (liability) are as follows:

	2023	2022
Deferred tax liability -		
Right-of-use assets	**(₱4,022,343)**	(₱196,135)
Deferred tax asset -		
Lease liabilities	**–**	257,885
	(₱4,022,343)	₱61,750

Deferred tax assets for the following temporary differences and carryforward benefits of unused tax losses and unused tax credits have not been recognized as management believes that future taxable income will not be available to allow all or part of these deferred tax assets to be utilized since the Company's income mainly pertains to passive income which are not subject to income tax:

	2023	2022
NOLCO	**₱41,796,245**	₱43,020,604
Lease liabilities	**16,397,611**	–
MCIT	**583,714**	895,355
	₱58,777,570	₱43,915,959

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover as One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The details of the Company's NOLCO that can be claimed as deduction from regular taxable income and MCIT which can be claimed against future regular income tax due are as follows:

Year Incurred	Expiry Date	NOLCO	MCIT
2023	2026	₱10,281,490	₱193,500
2022	2027	16,800,050	–
2022	2025	–	193,518
2021	2026	14,286,489	–
2021	2024	–	196,696
2020	2025	428,216	–
2020	2023	11,505,849	505,141
		53,302,094	1,088,855
Less expired		11,505,849	505,141
		₱41,796,245	₱583,714

17. **Commitments and Contingencies**

Surety Agreement

STI ESG. On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its Access to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Lending Program in favor of STI ESG to finance the 'study now, pay later' program of the government for students amid the financial difficulties facing families due to the COVID-19 pandemic. The ACADEME Lending Program is a refinancing/rediscounting facility for Promissory Notes issued by the parents or benefactors of students to enable said students to enroll, continue and complete their studies. The school can borrow up to 70.0% of the amount stated in the Promissory Note issued by the parents/benefactors of the students. This loan from LandBank is subject to 3.0% interest per annum. Interest and principal are payable annually in arrears. The term of the borrowing is coterminous with the promissory note to be issued by the parents/benefactors of the students, which in no case shall exceed three (3) years. The loans covered by these promissory notes to be issued by the parents/benefactors of students are interest-free.

The ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by the Company in favor of LandBank executed on September 16, 2020. STI ESG has an aggregate loan drawdown from this facility amounting to ₱22.1 million in 2021. The term of the borrowing is coterminous with the promissory notes executed by the parents/benefactors of the students. STI ESG paid ₱9.5 million during the year ended June 30, 2023. Total payments made to date is ₱19.1 million.

The carrying value of the loan amounted to ₱3.0 million and ₱12.5 million as at June 30, 2023 and 2022, respectively. Of the ₱3.0 million outstanding loan, ₱2.1 million has been settled in August 2023 while the balance is maturing in January 2024.

Contingencies

a. *Agreements with PWU and Unlad.* On various dates in 2011, 2012 and 2013, the Company and AHC extended loans and advances to PWU and Unlad by virtue of several agreements (collectively, Loan Documents), which were secured by mortgages over PWU and Unlad properties, entered into among the Company, AHC, PWU and Unlad, in the total principal amount of ₱513.0 million. Upon the non-adherence to the terms and conditions stated in the agreements, the Company and AHC served notices of default to PWU and Unlad in December 2014, and demanded the payment of the total combined amount of approximately ₱926.0 million, inclusive of interests, penalties, fees and taxes.

Upon failure to pay the aforesaid loan, the Company and AHC enforced their rights under the aforesaid agreements and mortgages and filed several Petitions for Extra-Judicial Foreclosure of Real Estate Mortgage on (a) PWU's Indiana and Taft Properties with the Office of the Clerk of Court and Ex-Officio Sheriff of the Regional Trial Court (RTC) of Manila, (b) Unlad's properties in Quezon City and (c) Davao Property with the Office of the Clerk of Court and Ex-Officio Sheriff of the RTC of Quezon City and Davao, respectively, in February 2015.

On March 13, 2015, Dr. Helena Z. Benitez (HZB) filed a Creditor-Initiated Petition for Rehabilitation of PWU (PWU Rehabilitation Case) in RTC Manila (Rehabilitation Court). The Rehabilitation Case was dismissed by the Rehabilitation Court. The Motion for Reconsideration and responsive pleadings thereto subsequently filed by HZB and PWU were likewise denied by the Rehabilitation Court on January 21, 2016.

Extra-judicial foreclosure sales were conducted in various dates in 2015 and 2016 for the above-mentioned properties and the Company was declared as the winning bidder for all extra-judicial foreclosure sales held.

On March 1, 2016, the Company and AHC executed a Deed of Assignment wherein AHC assigned its loan to Unlad, including capitalized foreclosure expenses, amounting to ₱66.7 million for a cash consideration of ₱73.8 million. The Deed of Assignment provides that the cash consideration will be payable in cash of ₱10.0 million upon execution of the Deed of Assignment and the remaining balance of ₱63.8 million upon demand. Accordingly, AHC recognized a receivable from the Company amounting to ₱63.8 million. Further, all the rights related to the receivable from Unlad were transferred to the Company.

On March 22, 2016, the Company, PWU, Unlad, and HZB entered into a MOA for the extinguishment and settlement of the outstanding obligations of PWU and Unlad to the Company. The MOA included, among others, the execution of the following on March 31, 2016:

- Deed of Dacion en pago of Quezon City Properties and Davao Property (collectively referred to as the Deeds) in favor of the Company.
- Release and cancellation of mortgages over the Manila Properties to be executed by the Company.

The MOA also provided that the Company would be committed to fund and advance all taxes, expenses and fees to the extent of ₱150.0 million in order to obtain the CAR and the issuance of new Transfer Certificates of Title (TCTs) and TDs in favor of the Company. In the event that such expenses are less than ₱150.0 million, the excess would be given to Unlad. However, if the ₱150.0 million would be insufficient to cover the expenses, the Company would provide the deficiency without any right to reimbursement from Unlad.

Consequently, the Company recognized the Quezon City properties and Davao property as "Investment properties". On June 24, 2021, the Company's BOD approved the sale of the Quezon City dacion properties to a potential buyer and reclassified these as noncurrent asset held for sale as these properties have not been used in business since its receipt (see Note 8). The Davao property remained as Investment Property.

Relative to the above, the following cases have been filed:

(i). *Arbitration Case and Derivative Suit filed by Mr. Conrado Benitez II.*

1. Mr. Conrado L. Benitez II (the Claimant) filed on June 28, 2016 a Request for Arbitration, with the Philippine Dispute Resolution Center, Inc. (PDRCI), for and on behalf of PWU and Unlad, wherein he requested that the directors/trustees and stockholders/members of Unlad and PWU, Mr. Eusebio H. Tanco (EHT), the Company, Mr. Alfredo Abelardo B. Benitez (ABB) and AHC (collectively, the Respondents) submit the alleged dispute over the settlement of the loan obligations of PWU and Unlad as provided in the arbitration clause of the Joint Venture Agreement and Omnibus Agreement (the Loan Documents).

   In the said Arbitration Case, the Claimant asserted that PWU and Unlad are not in default in their obligations under the Loan Documents. The obligations provided therein, specifically obtaining a tax-free ruling for Property for Share Swap Transaction from the Bureau of Internal Revenue, is an impossible condition. Consequently, the foreclosures on the securities of the Loan Documents, real properties of PWU and Unlad, were null and void because (a) failure to submit the case for arbitration and (b) PWU and Unlad are not in default. Based on such circumstances, the Claimant sought, among others, the (a) renegotiation, or (b) rescission of the Loan Documents. Should the Loan Documents be rescinded, the Claimant also sought that PWU and Unlad shall be allowed twelve months to sell the Davao and Quezon City Properties to return the alleged investments made by the Company, EHT, ABB and AHC. Lastly, the Claimant sought the payment of attorney's fees of not less than ₱5.0 million, ₱0.5 million of which is for expenses and reimbursement of cost of suit, expenses, and other fees.

   After receiving the Notice of Arbitration and being informed that the required fees have not been paid by the Claimant, the Parent Company, AHC, and EHT filed an Entry of Appearance with Manifestation ("Manifestation"). In the Manifestation, they informed the PDRCI that the Claimant should be compelled to pay said fees before the arbitration proceedings can proceed.

   The PDRCI issued a *Notice* dated August 26, 2016, which informed the parties to the instant case that the proceedings are suspended until the Claimant settles the outstanding provisional advance on cost for filing the instant case.

   The Company sent a letter dated July 2, 2020 addressed to the Office of the Secretariat-General of PDRCI. In the said letter, the Company informed the PDRCI about the death of the Claimant. The Company also moved for the PDRCI to dismiss and/or consider the case withdrawn due to the non-payment of the provisional advance on cost for more than three (3) years.

   As at October 13, 2023, the PDRCI has not issued any response to said letter.

2. After filing the Request for Arbitration, Mr. Conrado L. Benitez II (the Petitioner) then filed on June 29, 2016 a derivative suit for himself and on behalf of Unlad and PWU against directors/trustees and stockholders/members of Unlad and PWU, EHT, the Company, ABB and AHC (collectively, the Defendants) docketed as Civil Case No. 16-136130 in the RTC of Manila (the Derivative Suit).

   In the Derivative Suit, the Petitioner primarily asserts that the Company, EHT, ABB and AHC should submit themselves to the arbitration proceedings filed with the PDRCI because the Loan Documents required any alleged dispute over the same to be resolved through arbitration. Consequently, the Petitioner alleges that the foreclosure proceedings and settlement of the obligations of PWU and Unlad as evidenced by the MOA dated March 22, 2016 executed by PWU and Unlad with the Company and AHC are null and void for not complying with the aforesaid arbitration clause. Likewise, the Petitioner sought the payment of attorney's fees not less than ₱1.0 million and ₱0.1 million for expenses and cost of suit.

On July 26, 2016, the Company and AHC filed their Joint Answer with Compulsory Counterclaim (Joint Answer). In the Joint Answer, the Company and AHC asserted that the instant case is a mere harassment and nuisance suit, and a deliberate form of forum shopping when the Petitioner filed the Arbitration Case for the same purpose. Likewise, the Petitioner cannot compel the corporations to submit themselves to arbitration because (a) the parties to the Loan Documents have already settled any disputes, and (b) the said corporations are not stockholders and members of PWU and Unlad. Lastly, the relevant laws allow the Company and AHC to institute foreclosure proceedings even if there is an arbitration clause.

Simultaneously, EHT filed his Answer wherein he asserted that the Petitioner cannot compel him to submit himself to arbitration when he is not a party to the Loan Documents.

Meanwhile, the other co-defendants, namely (a) ABB, and (b) Dr. Jose Francisco and Marco Benitez, filed their respective Answer(s) to the Complaint.

After the termination of Court-Annexed Mediation, the Petitioner manifested that the Trial Court should proceed to resolve the case based on the pleadings and affidavits already filed by the parties in accordance with Interim Rules Governing Intra-Corporate Controversies.

The Trial Court issued an Order dated June 23, 2017 requiring the parties to file their respective Memoranda within twenty (20) days from receipt thereof in order for the Trial Court to proceed to render judgment, full or otherwise, based on all of the pleadings and evidence submitted by the parties in relation and pursuant to Rule 4, Section 4 of the Interim Rules of Procedure Governing Intra-Corporate Controversies under RA No. 8799 ("Interim Rules"). All of the parties filed their respective Memoranda on July 25, 2017.

On February 9, 2018, the Company received the Decision dated January 19, 2018, which dismissed the case. In the Decision, the Trial Court deemed that Petitioner failed to establish fraud or bad faith on the part of the Defendants. Consequently, the Trial Court cannot contravene in the agreement among the Company, Unlad, PWU and AHC to amicably settle the outstanding obligations of PWU and Unlad to AHC and the Company.

On February 28, 2018, the Company, AHC and EHT received the Plaintiffs' Petition for Review of the aforesaid Decision filed with the Court of Appeals – Manila and docketed as C.A. G.R. No. 154654.

While the said Petition for Review is pending, the Company discovered that the Petitioner was able to cause the annotation of lis pendens on the titles of the three (3) Quezon City properties subject of the amicable settlement with PWU and Unlad.

Consequently, the Company filed a Motion to Cancel Lis Pendens with the Court of Appeals where the case was pending. In the Motion, the Company sought for the cancellation of the said lis pendens due to impropriety and/or invalidity of the same.

The Court of Appeals issued a *Resolution* requiring all of the parties to file their respective Memoranda. On May 9, 2019, the Company, AHC and EHT filed their Joint-Memorandum.

While the appeal of the Petitioner is pending, the Company filed a Manifestation and Motion dated July 29, 2020. In the said Manifestation and Motion, the Company informed the Court of Appeals about the death of the Petitioner on March 28, 2020. Consequently, the Company moved for the resolution and dismissal of the said appeal.

The Petitioner's counsel filed a Notice and Motion dated August 14, 2020, which also informed the Court of Appeals about the death of the Petitioner. Consequently, said counsel moved that the Petitioner be substituted by his wife and children.

In response thereto, the Company filed its Comment/Opposition dated August 24, 2020. In the Comment/Opposition, the Company argued that the Petitioner cannot be substituted because he can only be substituted by a member of PWU and stockholder of Unlad. The wife and children of the Petitioner cannot be members of PWU because membership in PWU is non-transferable.

In the Resolution dated October 28, 2021, the Court of Appeals granted the Motion for Substitution.

In the Resolution dated February 11, 2022, the Court of Appeals dismissed the Petition filed by the Plaintiffs. The Court of Appeals also granted the Motion to Cancel the Lis Pendens annotated on the Quezon City Properties.

On March 23, 2022, the Company received the Motion for Reconsideration filed by the Heirs of Plaintiff Conrado Benitez II on the aforesaid Resolution dated February 11, 2022.

After the Court of Appeals required the parties to file their respective Comment to the said Motion for Reconsideration, Company filed its Comment/Opposition on May 23, 2022.

On April 11, 2023, the Court of Appeals declared that the Motion for Reconsideration filed by the Heirs of Plaintiff Benitez II is submitted for resolution.

As of October 13, 2023, the Court of Appeals has not issued its decision on the said Motion for Reconsideration

(ii). *Ejectment Case against Philippine Women University of Davao involving Unlad's Davao Property.*

On March 11, 2019, the Company filed the Complaint for Unlawful Detainer against Philippine Women's College, Inc. of Davao (PWC-Davao) to recover possession of a portion of the parcel of land covered by TCT No. T-129545 registered under the name of the former situated along University Ave and Richardo, Matina, Davao City being used as a parking area (the Subject Premises) by the latter.

The Subject Premises formed part of the 40,184 sq.m., more or less, (the Property) parcel of land formerly registered under the name of Unlad. After Unlad transferred ownership of the Property to the Company, the Company demanded from PWC-Davao to vacate the Subject Premises.

Despite said demands, PWC-Davao refused to vacate the Subject Premises.

On May 28, 2019, the Company received the Answer with Compulsory Counterclaim dated May 14, 2019.

After a failed Court-Annexed Mediation, the parties continued the discussion on the possibility of an amicable settlement.

On July 1, 2022, the parties filed the Joint Motion for Approval of Compromise Agreement. Based on the Compromise Agreement, the Company allowed PWC-Davao to use the Subject Premises for one (1) year or until June 29, 2023. In the event that the Company needs to proceed with its plans for the Subject Premises, it will serve a written notice to vacate and/or turnover of the Subject Premises to PWC-Davao sixty (60) calendar days before the intended day to vacate or turnover.

In either case, PWC-Davao agreed to voluntarily vacate and/or turn over the Subject Premises.

On September 30, 2022, the Company received the Decision dated July 4, 2022 issued by the Trial Court adopting the Compromise Agreement as the decision in this case.

With the issuance of said Decision, the case is deemed terminated.

b. *Specific Performance Case filed by the Agustin family*. The Agustin family filed a Specific Performance case against the Company for the payment by the latter of the remaining balance of the purchase price for the sale of the Agustin family's shares in STI WNU.

The Agustin family alleged in their Complaint that based on the Share Purchase Agreement and Deed of Absolute Sale they executed with the Company, the price of their shares in STI WNU has been pegged at ₱400.0 million. Despite these two agreements, the Company refuses to pay the full purchase price for the STI WNU shares they acquired from the Agustin family.

In its Answer, the Company stated that the Agustin family is not entitled to the full purchase price of their STI WNU shares because they have not complied with all the requirements for its release. In particular, the Agustin family has not been able to deliver the Commission on Higher Education permits for the operation of STI WNU's Maritime Program as provided in the MOA, and the Share Purchase Agreement. In addition, there are other trade receivables in favor of STI WNU wherein full satisfaction of the same entitles the Agustin family a portion of the balance of the purchase price.

In order to expedite the proceedings, the Agustin family was able to submit the case for summary judgment by the Trial Court. Despite the opposition thereto, the Trial Court rendered its Decision dated April 4, 2018 (the "*Summary Judgment*"). In the *Summary Judgment*, the Trial Court ordered the Company to pay the Agustin family the amount of ₱50.0 million with legal interest from the filing of the case until full payment only.

On September 11, 2018, the Company filed and paid the corresponding docket fees for its Notice of Appeal Ex Abudanti Ad Cautelam (Notice of Appeal) on the said Summary Judgment.

Upon motion by the Agustin family, the Trial Court granted their Motion for Execution Pending Appeal dated September 5, 2018.

While the record of the case was still with the Trial Court, the Company immediately filed the Urgent Motion for Reconsideration with alternative prayer for Motion to Stay Discretionary Execution Pending Appeal dated December 14, 2018.

After due hearing by the Trial Court on the Motion(s), the Trial Court (a) denied the Urgent Motion for Reconsideration but (b) granted the Motion to Stay Discretionary Execution Pending Appeal upon posting of a supersedeas bond amounting to ₱100.0 million (the "Stay Order").

After the Agustin family filed a Motion for Reconsideration on the Stay Order, the Trial Court denied the same in its Order dated March 14, 2019.

Both parties sought their respective remedies before the Court of Appeals - Cebu to question (a) the Summary Judgment against the Company (CA G.R. CV No. 07140) and (b) the Stay Order against the execution of the Summary Judgment in favor of the Agustin family (CA G.R. CV No. 12663) (collectively, the "CA Cases").

While the aforesaid CA Cases were pending, the parties decided to amicably settle and terminate said cases by executing in counterparts the Compromise Agreement dated September 6, 2021, and September 10, 2021 and filing a *Joint Motion for Judgment Based on Compromise Agreement* dated September 20, 2021. In the Compromise Agreement, the Company agreed to pay the Agustin family the amount of ₱25.0 million as final and full settlement of the latter's claim against the former in the aforementioned cases (see Note 16).

In addition, the parties agreed to review the financial records of STI WNU to determine the status of the Agustin family guarantee on the collectability of the trade receivables, and the release, if any, of the ₱27.3 million to the Agustin family as provided in the *Share Purchase Agreement.*

Considering the aforesaid settlement and the Amended Decision, all cases and issues related thereto are deemed terminated.

18. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial assets is to support the Company's operations. The Company has various other financial assets and liabilities such as refundable deposits, equity instruments at FVOCI, accounts payable and other current liabilities, dividends payable, subscription payable and lease liabilities which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company's BOD reviews and approves policies for managing each of these risks and they are summarized below.

Credit Risk. Credit risk is the risk that the Company will incur a loss arising from its debtors or counterparties that fail to discharge their contractual obligations. Credit risk arises from deposits and short-term placements with banks as well as credit exposure on receivables from its debtors. Cash transactions are limited to high credit quality financial institutions. Cash in banks are maintained with universal banks. On the other hand, management believes that the debtors have a strong financial position and ability to settle their payables to the Company upon maturity.

With respect to credit risk arising from cash and cash equivalents, the exposure to credit risk arises from default of the counterparty, with a maximum exposure to the carrying amount of these financial instruments.

The table below shows the maximum exposure to credit risk for the components of the parent company statements of financial position as at June 30, 2023 and 2022:

	Gross Maximum Exposure		Net Maximum Exposure	
	2023	2022	**2023**	2022
Cash and cash equivalents*	**₱92,528,726**	₱39,814,149	**₱91,028,726**	₱37,814,149
Refundable deposits**	**1,017,662**	921,824	**1,017,662**	921,824
Total	**₱93,546,388**	₱40,735,973	**₱92,046,388**	₱38,735,973

**Net financial assets after taking into account insurance on bank deposits.*
***Presented as "Others" under "Other current assets" and "Refundable deposits" under "Other noncurrent assets" accounts (see Notes 6 and 10).*

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 observes prudent liquidity risk management through the maintenance of sufficient cash funds and short-term cash placements, and availability of funding in the form of adequate credit lines.

The tables below summarize the maturity profile of the Company's financial assets held for liquidity purposes and liabilities based on contractual undiscounted payments:

	2023			
	Due within 3 Months	**Due from 3 to 6 Months**	**More than 6 Months**	**Total**
Financial assets:				
Cash and cash equivalents	**₱92,528,726**	**₱–**	**₱–**	**₱92,528,726**
Refundable deposits	**–**	**419,880**	**597,782**	**1,017,662**
Equity instruments at FVOCI	**–**	**–**	**560,395**	**560,395**
	₱92,528,726	**₱419,880**	**₱1,158,177**	**₱94,106,783**

	2023			
	Due within 3 Months	**Due from 3 to 6 Months**	**More than 6 Months**	**Total**
Financial liabilities:				
Nontrade payable	**₱17,000,000**	**₱–**	**₱–**	**₱17,000,000**
Payable to AHC	**63,778,000**	–	–	**63,778,000**
Accrued expense	**3,091,482**	–	–	**3,091,482**
Accounts payable	**623,810**	–	–	**623,810**
Dividends payable	**12,180,959**	–	–	**12,180,959**
Subscription payable	**–**	–	**64,000,000**	**64,000,000**
Lease liabilities*	**1,132,692**	**1,171,960**	**17,144,149**	**19,448,801**
	₱97,806,943	**₱1,171,960**	**₱81,144,149**	**₱180,123,052**

**Pertains to undiscounted lease payments*

	2022			
	Due within 3 Months	Due from 3 to 6 Months	More than 6 Months	Total
Financial assets:				
Cash and cash equivalents	₱39,814,149	₱–	₱–	₱39,814,149
Refundable deposits	–	419,880	501,944	921,824
Equity instruments at FVOCI	–	–	419,295	419,295
	₱39,814,149	₱419,880	₱921,239	₱41,155,268

(Forward)

	2022			
	Due within 3 Months	Due from 3 to 6 Months	More than 6 Months	Total
Financial liabilities:				
Nontrade payable	₱17,000,000	₱–	₱–	₱17,000,000
Payable to AHC	63,778,000	–	–	63,778,000
Accrued expenses	3,568,127	–	–	3,568,127
Accounts payable	780,706	–	–	780,706
Dividends payable	12,156,181	–	–	12,156,181
Subscription payable	–	–	64,000,000	64,000,000
Lease liabilities*	994,958	246,983	616,793	1,858,734
	₱98,277,972	₱246,983	₱64,616,793	₱163,141,748

**Pertains to undiscounted lease payments*

As at June 30, 2023 and 2022, the Company's current ratios are as follows:

	2023	2022
Current assets	**₱1,133,436,717**	₱1,079,111,212
Current liabilities	**99,847,723**	98,538,872
Current ratio	**11.352:1.000**	10.951:1.000

Capital Risk Management

The Company aims to achieve an optimal capital structure in pursuit of its business objectives which include maintaining healthy capital ratios and strong credit ratings and maximizing shareholder value.

The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. The Company includes all liabilities within debt. The Company defines total equity as common stock, additional paid-in capital, fair value change in equity instruments at FVOCI and retained earnings.

As at June 30, 2023 and 2022, the Company's debt-to-equity ratios are as follows:

	2023	2022
Total liabilities	**₱181,211,132**	₱163,287,988
Total equity	**18,057,620,993**	18,006,685,253
Debt-to-equity ratio	**0.010:1.000**	0.009:1.000

Another approach used by the Company is the asset-to-equity ratios shown below:

	June 30, 2023	June 30, 2022
Total assets	**₱18,238,832,125**	₱18,169,973,241
Total equity	**18,057,620,993**	18,006,685,253
Asset-to-equity ratio	**1.010:1.000**	1.009:1.000

There were no changes in the Company's approach to capital risk management for the years ended June 30, 2023 and 2022.

19. Note to Parent Company Statements of Cash Flows

The Company has no material noncash investing and financing activities except for the addition to right-of-use asset - transportation equipment and lease liabilities amounting to ₱17,950,577 and ₱1,102,903 for the years ended June 30, 2023 and 2022, respectively.

The changes in the Company's liabilities arising from financing activities follows:

	2023						
	July 1, 2022	**Cash Flow**	**Reclassified as Current**	**Interest Expense**	**Dividend Declaration**	**New Leases**	**June 30, 2023**
Dividends payable	**₱12,156,181**	**(₱148,547,326)**	**₱–**	**₱–**	**₱148,572,104**	**₱–**	**₱12,180,959**
Current portion of lease liabilities (Note 15)	**1,061,538**	**(4,323,648)**	**3,263,251**	**960,028**	**–**	**2,095,376**	**3,056,545**
Lease liabilities - net of current portion (Note 15)	**749,116**	**–**	**(3,263,251)**	**–**	**–**	**15,855,201**	**13,341,066**
	₱13,966,835	**(₱152,870,974)**	**₱–**	**₱960,028**	**₱148,572,104**	**₱17,950,577**	**₱28,578,570**

	2022						
	July 1, 2021	Cash Flow	Reclassified as Current	Interest Expense	Dividend Declaration	New Leases	June 30, 2022
Dividends payable	₱12,141,372	(₱99,033,260)	₱–	₱–	₱99,048,069	₱–	₱12,156,181
Current portion of lease liabilities (Note 15)	3,404,429	(3,990,357)	1,031,541	262,138	–	353,787	1,061,538
Lease liabilities - net of current portion (Note 15)	1,031,541	–	(1,031,541)	–	–	749,116	749,116
	₱16,577,342	(₱103,023,617)	₱–	₱262,138	₱99,048,069	₱1,102,903	₱13,966,835

20. Fair Value Information of Financial Instruments

The carrying values of the Company's financial assets and liabilities, except for equity instruments at FVOCI, approximate their fair values as at June 30, 2023 and 2022 due to the short-term nature and/or maturities of these financial instruments.

As at June 30, 2023 and 2022, the Company's equity instruments at FVOCI are measured at fair value based on quoted market prices under Level 1 fair value hierarchy.

For the years ended June 30, 2023 and 2022, there were no transfers among levels 1, 2 and 3 fair value measurements.

There were no financial instruments subject to an enforceable master netting arrangement that were not set-off in the parent company statements of financial position.

21. Segment Information

The Company's identified reportable segments are consistent with the segment information presented in the consolidated financial statements of the Company and its subsidiaries (the Group).

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

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

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

The segment information provided in the succeeding section are based on consolidated balances. Adjustments are presented to reconcile the information with the balances reported in the parent company financial statements.

On a consolidated basis, the Group's performance is evaluated based on net income and EBITDA, defined as earnings before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net losses (earnings) of associates and joint venture, and nonrecurring losses (gains) such as gain on foreign exchange differences, gain on derecognition of contingent consideration, gain on settlement of receivables (net of provision for impairment of noncurrent asset held for sale), income on rent concessions and fair value loss on equity instruments at FVPL. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.

The following table shows the reconciliation of the consolidated net income to consolidated EBITDA for the years ended June 30, 2023 and 2022:

	2023	2022
Consolidated net income	**₱873,834,283**	₱416,243,393
Depreciation and amortization*	**527,925,632**	524,769,336
Interest expense*	**277,879,376**	281,966,280
Foreign exchange gain - net	**(2,455,311)**	(45,835,968)
Interest income	**(22,595,338)**	(38,060,878)
Gain on derecognition of contingent consideration	**–**	(25,000,000)
Equity in net losses (earnings) of associates and joint venture	**(2,258,739)**	20,242,197
Provision for (benefit from) income tax	**(15,723,664)**	10,800,249
Gain on settlement of STI Tanay receivables, net of provision for impairment of noncurrent asset held for sale	**–**	(10,832,534)
Income on rent concessions**	**–**	(6,054,606)
Fair value loss on equity instruments at FVPL	**620,000**	387,500
Consolidated EBITDA	**₱1,637,226,239**	₱1,128,624,969

**Depreciation and interest expense exclude those related to ROU assets, presented under "Property and equipment" and "Investment properties" accounts, and lease liabilities, respectively.*
*** Presented as part of "Other income".*

Inter-Segment Transactions

Segment revenue, segment expenses and operating results include transfers among geographical segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

Geographical Segment Data

The following tables present revenue and income information and certain assets and liabilities information regarding geographical segments for the years ended June 30, 2023 and 2022:

	2023						
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Reconciliations/ Adjustments**	**Total**
Revenues							
External revenue	**₱1,795,363,020**	**₱239,585,468**	**₱835,133,394**	**₱468,767,206**	**₱66,618,865**	**(₱3,174,107,700)**	**₱231,360,253**
Results		–	–	–	–	–	
Income before other income (expenses) and income tax	**₱347,641,458**	**₱59,994,011**	**₱345,144,878**	**₱189,083,546**	**₱2,181,611**	**(₱741,582,503)**	**₱202,463,001**
Equity in net earnings of associates and joint venture	**2,258,739**	**–**	**–**	**–**	**–**	**(2,258,739)**	**–**
Interest income	**21,174,847**	**29,320**	**123,621**	**1,260,017**	**7,533**	**(21,293,974)**	**1,301,364**
Interest expense	**(298,316,780)**	**(3,865,002)**	**(5,278,958)**	**(1,501,233)**	**(2,057,151)**	**310,059,096**	**(960,028)**
Other income	**191,111,066**	**1,159,502**	**5,667,640**	**1,896,181**	**395,773**	**(199,390,162)**	**840,000**
Benefit from (provision for) income tax	**11,158,774**	**577,047**	**(355,163)**	**4,343,006**	**–**	**(20,001,257)**	**(4,277,593)**
Net Income	**₱275,028,104**	**₱57,894,878**	**₱345,302,018**	**₱195,081,517**	**₱527,766**	**(₱674,467,539)**	**₱199,366,744**
EBITDA							**₱1,637,226,239**

	2022						
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Reconciliations/ Adjustments	Total
Revenues							
External revenue	₱1,432,614,200	₱189,663,625	₱680,470,698	₱310,073,376	₱64,809,994	(₱2,482,119,466)	₱195,512,427
Results							
Income (loss) before other income (expenses) and income tax	₱181,703,296	₱31,823,797	₱246,948,516	₱111,137,645	(₱3,002,860)	(₱408,376,455)	₱160,233,939
Equity in net losses of associates and joint venture	(20,242,197)	–	–	–	–	20,242,197	–
Interest income	37,684,497	32,615	163,395	155,531	24,840	(37,848,954)	211,924
Interest expense	(299,611,661)	(3,883,675)	(6,249,868)	(835,656)	(2,758,723)	313,077,445	(262,138)
Gain on derecognition of contingent consideration	25,000,000	–	–	–	–	–	25,000,000
Other income	127,889,989	–	693,110	371,051	–	(128,112,328)	841,822
Benefit from (provision for) income tax	(11,766,572)	1,302,025	(848,610)	512,908	–	10,453,919	(346,330)
Net Income (Loss)	₱40,657,352	₱29,274,762	₱240,706,543	₱111,341,479	(₱5,736,743)	(₱230,564,176)	₱185,679,217
EBITDA							₱1,128,624,969

The following tables present certain assets and liabilities information regarding geographical segments as at June 30, 2023 and 2022:

	2023						
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Reconciliations/ Adjustments**	**Total**
Assets and Liabilities							
Segment assets[(a)]	**₱10,600,397,084**	**₱717,138,215**	**₱1,382,644,996**	**₱897,933,931**	**₱126,266,793**	**₱3,493,723,042**	**₱17,218,104,061**
Noncurrent asset held for sale	**1,020,728,064**	**–**	**–**	**–**	**–**	**–**	**1,020,728,064**
Investments in and advances to associates and joint venture	**20,749,617**	**–**	**–**	**–**	**–**	**(20,749,617)**	**–**
Goodwill	**250,898,081**	**–**	**–**	**15,681,232**	**–**	**(266,579,313)**	**–**
Deferred tax assets - net	**25,626,907**	**3,065,113**	**4,796,366**	**15,559,510**	**1,695,394**	**(50,743,290)**	**–**
Total Assets	**₱11,918,399,753**	**₱720,203,328**	**₱1,387,441,362**	**₱929,174,673**	**₱127,962,187**	**₱3,155,650,822**	**₱18,238,832,125**
Segment liabilities[(b)]	**₱703,581,220**	**₱59,149,312**	**₱115,631,192**	**₱116,585,816**	**₱32,588,682**	**(₱866,745,044)**	**₱160,791,178**
Interest-bearing loans and borrowings	**1,071,545,624**	**–**	**–**	**–**	**–**	**(1,071,545,624)**	**–**
Bonds payable	**2,988,422,984**	**–**	**–**	**–**	**–**	**(2,988,422,984)**	**–**
Pension liabilities - net	**84,438,951**	**5,775,501**	**12,226,482**	**34,838,456**	**2,519,932**	**(139,799,322)**	**–**
Lease liabilities	**321,668,393**	**57,706,097**	**103,871,119**	**25,298,373**	**28,215,797**	**(520,362,168)**	**16,397,611**
Deferred tax liabilities - net	**109,306,873**	**–**	**–**	**–**	**–**	**(105,284,530)**	**4,022,343**
Total Liabilities	**₱5,278,964,045**	**₱122,630,910**	**₱231,728,793**	**₱176,722,645**	**₱63,324,411**	**(₱5,692,159,672)**	**₱181,211,132**
Other Segment Information							
Capital expenditure - Property and equipment						**₱487,673,588**	**₱536,054**
Depreciation and amortization[(c)]						**527,925,632**	**186,544**
Noncash expenses other than depreciation and amortization						**109,043,611**	**–**

[(a)] *Segment assets exclude noncurrent asset held for sale, investments in and advances to associates and joint venture, goodwill and net deferred tax assets.*
[(b)] *Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, net pension liabilities, lease liabilities and net deferred tax liabilities.*
[(c)] *Depreciation and amortization excludes those related to ROU assets.*

	2022						
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Reconciliations/ Adjustments	Total
Assets and Liabilities							
Segment assets[(a)]	₱10,273,110,652	₱770,907,221	₱1,379,938,195	₱683,891,664	₱142,285,468	₱3,899,050,227	₱17,149,183,427
Noncurrent asset held for sale	1,039,728,064	–	–	–	–	(19,000,000)	1,020,728,064
Investments in and advances to associates and joint venture	18,490,878	–	–	–	–	(18,490,878)	–
Goodwill	227,874,121	–	–	15,681,232	–	(243,555,353)	–
Deferred tax assets - net	8,937,435	2,532,798	4,947,451	7,942,758	1,655,566	(25,954,258)	61,750
Total Assets	₱11,568,141,150	₱773,440,019	₱1,384,885,646	₱707,515,654	₱143,941,034	₱3,592,049,738	₱18,169,973,241
Segment liabilities[(b)]	₱579,201,645	₱53,439,704	₱115,992,079	₱91,306,771	₱36,884,624	(₱715,347,489)	₱161,477,334
Interest-bearing loans and borrowings	1,530,597,386	–	–	–	–	(1,530,597,386)	–
Bonds payable	2,980,515,064	–	–	–	–	(2,980,515,064)	–
Pension liabilities - net	63,765,218	5,482,854	11,382,893	26,136,589	1,887,873	(108,655,427)	–
Lease liabilities	267,996,138	51,663,460	95,496,288	18,479,857	39,680,822	(471,505,911)	1,810,654
Deferred tax liabilities - net	113,049,596	–	–	–	–	(113,049,596)	–
Total Liabilities	₱5,535,125,047	₱110,586,018	₱222,871,260	₱135,923,217	₱78,453,319	(₱5,919,670,873)	₱163,287,988
Other Segment Information							
Capital expenditure -							
Property and equipment						₱146,766,580	₱338,907
Depreciation and amortization[(c)]						524,769,336	339,265
Noncash expenses other than depreciation and amortization						135,255,250	–

[(a)] *Segment assets exclude noncurrent asset held for sale, investments in and advances to associates and joint venture, goodwill and net deferred tax assets.*
[(b)] *Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, net pension liabilities, lease liabilities and net deferred tax liabilities.*
[(c)] *Depreciation and amortization excludes those related to ROU assets.*

22. Supplementary Information Required by Revenue Regulations (RR) No. 15-2010

In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended June 30, 2023:

VAT

Output VAT declared for the year ended June 30, 2023 and the receipts upon which the same was based consist of:

	Gross amount	Output VAT
Advisory services	₱18,510,000	₱2,221,200
Others	840,000	100,800
Total	₱19,350,000	₱2,322,000

VAT arising from domestic purchases of goods and services for the year ended June 30, 2023 are detailed as follows:

	Amount
Input VAT	
Balance at beginning of year	₱1,950,058
Current year's domestic purchases/payments for:	
Domestic purchases of services	1,424,611
Goods other than capital goods	23,761
	3,398,430
Claimed against output VAT	(2,322,000)
Balance at end of year	₱1,076,430

Other Taxes and Licenses

All other taxes and licenses which are recognized as taxes and licenses in the parent company statement of comprehensive income for the year ended June 30, 2023 consist of:

	Amount
Real property taxes	₱1,702,578
Business permit	55,014
Community tax certificate	10,500
Registration fee	500
Others	399,606
	₱2,168,198

Withholding Taxes

The amount of withholding taxes paid/accrued for the year ended June 30, 2023 is as follows:

	Paid	Accrued
Expanded withholding taxes	₱651,334	₱36,621
Withholding taxes on compensation	607,353	44,091
	₱1,258,687	₱80,712

Tax Assessment and Court Cases

The Company has no outstanding final assessment notice from the BIR as at June 30, 2023. There were also no outstanding tax cases nor litigation and/or prosecution in courts or bodies outside the BIR as at June 30, 2023.