

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 March 31, 2020
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 7th Floor **iACADEMY Building**
6764 Ayala Avenue, Makati City 1226
March 31

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.

3,501,687,842 shares x ₱ 0.40 per share = ₱1,400,675,136.80

Note: As of the last trading date which was on March 31, 2020, the Company's shares were traded at ₱ 0.40 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 March 31, 2020 Audited Consolidated Financial Statements is 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 March 31, 2020 and March 31, 2019, 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 March 31, 2020, 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 March 31, 2020 and 2019.

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.

Acquisition of Neschester

On August 2, 2016, STI Holdings subscribed to all of the unissued authorized capital stock of Neschester totaling to Six Hundred Seventy Thousand (670,000) common shares of stock (the "Subscribed Shares") of Neschester at a subscription price of ₱200 million. STI Holdings also purchased all of the issued shares of

Neschester owned by the former stockholders of said corporation totaling Five Hundred Fifty Thousand (550,000) common shares (the “Sale Shares”) at an aggregate purchase price of ₱173.2 million. As a result of STI Holdings’ subscription to the Subscribed Shares and the purchase by STI Holdings of the Sale Shares, STI Holdings now owned one hundred percent (100%) of the issued, outstanding and authorized capital stock of Neschester.

The major asset of Neschester was a parcel of land in Makati City with an area of 2,332.5 square meters. On September 20, 2016, iACADEMY had its groundbreaking ceremony of its Yakal Campus on this parcel of land 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.

On September 7, 2017, the Board of Directors (“BOD”) of Neschester and the Board of Governors of iACADEMY 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 between iACADEMY and Neschester and the related increase in the authorized capital stock of iACADEMY were filed with the SEC on January 24, 2018 and January 30, 2018, respectively. On April 10, 2018, the SEC approved the Plan of Merger and the increase in authorized capital stock of iACADEMY.

The Board of Directors (“BOD”) of STI Holdings, together with the governing boards of each of the subsidiaries, approved several amendments in its Articles of Incorporation (“AOI”) and By-Laws, including, among others, the change in the fiscal year of the Parent Company and all its subsidiaries, from starting on April 1 of each year ending on March 31 of the following year to starting on July 1 of each year ending on June 30 of the following year and the change in the dates of its Annual Stockholders’ meetings. In the case of the Parent Company, these amendments were approved in the annual stockholders’ meeting held on December 6, 2019. The Securities and Exchange Commission (“SEC”) has approved the foregoing amendments in the respective AOIs and By-laws of STI Holdings and its subsidiaries as at March 31, 2020. The Bureau of Internal Revenue (“BIR”) has likewise approved the change in the fiscal year/accounting period of the Parent Company and its subsidiaries as at September 24, 2020.

Business Development

STI Education Services Group, Inc. (“STI ESG”)

Established on August 21, 1983, STI ESG began with a goal of training as many Filipinos as possible in computer programming and addressing the information technology (“IT”) education needs of the Philippines. Starting as a training center with only two (2) schools, 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 the 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, as well as 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 started to roll 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 now veering away from rented commercial complexes and have moved to bigger and better school-owned stand-alone campuses in strategic locations. All of 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 nineteen (19) wholly-owned schools with renovated or newly built facilities. In addition, incentives were offered to franchisees to upgrade their facilities of which thirteen (13) had 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 that covers 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.

When the Department of Education ("DepEd") announced the K to 12 program in 2013, STI ESG capitalized on its nationwide presence and ample facilities to implement the first-to-market approach of the Senior High School ("SHS") program. In 2014, DepEd granted permit to offer early implementation of SHS to 92 private schools nationwide; 67 out of 92 schools or 73% were STI ESG schools which made STI ESG the largest pioneer in 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.

In 2018, STI ESG and other educational institutions experienced another monumental change in the education landscape as the Republic Act ("RA") 10931 or the "Universal Access to Quality Tertiary Education Act" ("UAQTEA") was officially implemented nationwide. 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 the Commission on Higher Education ("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. More than 2,000 and close to 1,900 STI students qualified to be TES grantees in SY 2018-2019 and SY 2019-2020, respectively. According to the UniFAST data in 2019, STI Colleges Caloocan and Las Piñas were among the top 10 private HEIs with the largest number of TES grantees and both schools received a combined TES subsidy amounting to ₱111.0 million and ₱97.7 million, including the student grants, for SY 2018-2019 and SY 2019-2020, respectively.

On September 5, 2019, the BOD of STI ESG approved the amendment of the following provisions to its By-Laws: (1) change of the principal address from Makati Metro Manila to STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal 1900; (2) change the Nominations Committee to Corporate Governance Committee; (3) change of the fiscal year from starting April 1 of each year ending on March 31 of the following year to starting July 1 of each year ending on June 30 of the following year; and, (4) change of the date of its annual stockholders' meeting from every first Thursday of September of each year to every first Thursday of November of each year. The SEC approved the amendments on November 4, 2019. The BIR approved the change in fiscal year on August 27, 2020.

Through the consistent efforts of management, the STI brand has been recognized as a provider of high-quality real-life education.

STI ESG Network

As a testament to its growing presence nationwide, the STI ESG network has seventy-six (76) schools spread across Luzon, Visayas, and Mindanao and is comprised of seventy (70) STI-Branded Colleges and six (6) STI-Branded Education Centers. Likewise, of these seventy-six (76) schools, thirty-seven (37) college campuses and one (1) education center are wholly-owned while thirty-three (33) college campuses and five (5) education centers are operated by franchisees.

Area	Wholly-Owned	Franchised
Metro Manila (16)	Caloocan	Alabang
	Cubao	Marikina
	Fairview	Muñoz-EDSA
	Global City	Parañaque
	Las Piñas	Recto
	NAMEI	Pasay
	Novaliches	
	Pasay-EDSA	
	Sta. Mesa Quezon Avenue	
Northern Luzon (18)	Baguio	Angeles
	Dagupan	Balagtas
	Laoag	Baliuag
	Meycauayan	La Union
	San Jose del Monte	Malolos
	Sta. Maria	San Fernando
	Tuguegarao	San Jose
		Tarlac
		Vigan
		Alaminos Cauayan
Southern Luzon (19)	Batangas	Bacoor
	Calamba	Balayan
	Carmona	Dasmariñas
	Legazpi	Rosario
	Lipa	Sta. Rosa
	Lucena	Tagaytay
	Naga	Tanay
	Ortigas-Cainta	
	Puerto Princesa	
	San Pablo	
	Sta. Cruz Tanauan	

Area	Wholly-Owned	Franchised
Visayas (8)	Cebu	Bohol
	Iloilo	Dumaguete
	Kalibo	Ormoc
		Calbayog Maasin
Mindanao (15)	Cagayan De Oro	Cotabato
	Davao	Dipolog
	Iligan	General Santos
	Malaybalay	Koronadal
	Valencia	San Francisco
	Pagadian	Surigao
		Tacurong
		Tagum
		Zamboanga

Capital Market Infrastructure

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 Securities and Exchange Commission ("SEC") dated January 23, 2017, which meant that STI ESG's proposed debt issue as of date of 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."

On March 23, 2017, 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. This is the first tranche of its ₱5 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 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", formerly West Negros University Corp.)

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 on 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 a Technical Education and Skills Development Authority ("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 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.

On September 5, 2019, the BOD of STI WNU approved the amendments in its By-Laws, to wit: (1) change of the fiscal year from starting April 1 of each year ending on March 31 of the following year to starting on July 1 of each year ending on June 30 of the following year; and (2) change in the date of its Annual Stockholders’ meeting from the last Saturday of July to the fourth Thursday of November. The amendment of the By-Laws of STI WNU was approved by the SEC on March 5, 2020. On June 26, 2020, the BIR approved the change in fiscal year beginning July 1, 2020.

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, animation, multimedia arts and design, fashion design and technology, film and visual effects and real estate management. 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 comprised 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 and only 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 August 10, 2015, DepEd granted iACADEMY’s permit to offer Senior High School.

On October 19, 2016, iACADEMY signed a Licensing Agreement to Offer a Graduate Business Program with DePaul University (“DePaul”) of Chicago, Illinois, United States of America. The agreement is in accordance with the CHED’s approval for iACADEMY to operate as a Transnational Education (“TNE”) provider for the Master in Business Administration program in partnership with DePaul as the degree granting institution.

The Government Authority (“GA”) is valid for a period of three years, 2016 to 2018, and shall be subject to revocation if iACADEMY fails to operate in accordance with the laws of the Republic of the Philippines and/or fails to maintain the prescribed standards of instruction and/or fails to comply with the rules and

regulations pertaining to the organization, administration and supervision of private/public Higher Education Institutions (“HEIs”) in the Philippines. This GA applies only to the iACADEMY Plaza campus.

On May 31, 2019, iACADEMY and DePaul decided to terminate the licensing agreement to offer a Graduate Business Program in light of demands of industry and explore other potential projects that the iACADEMY and DePaul may jointly pursue in the future.

On July 11, 2019, the Board of Governors (“BOG”) and stockholders of iACADEMY, at separate meetings, approved the amendments in its Articles of Incorporation and By-Laws as follows: (1) change in its principal place of business; (2) amendment of its primary purpose to include: a. the offering of elementary, secondary and tertiary formal education and b. to establish and provide Technical Vocational Education and Training (“TVET”); (3) change in its fiscal year from starting April 1 of each year ending on March 31 of the following year to starting on July 1 of each year ending on June 30 of the following year; and (4) change in the date of its Annual Stockholders’ meeting from every first Tuesday of September to every first Thursday of November. The SEC approved the amendments on January 3, 2020. On March 11, 2020, the BIR approved the change in fiscal year beginning July 1, 2020.

Enrollment and Graduates

STI ESG

The education landscape in the Philippines has changed with the introduction of the K to 12 program which in summary adds two (2) years prior to tertiary education. For the schools in the Philippines that offer tertiary education, similar to STI ESG, this meant two (2) academic years, that is, SY 2016-2017 and SY 2017-2018, with significantly reduced and minimal incoming college freshmen students. This threat has been constructively converted into an opportunity by the company where STI ESG schools sought and were granted by DepEd permit to offer Senior High School.

STI ESG reported total enrollment of 96,531 and 76,841 at the beginning of SY 2017-2018 and SY 2018-2019, respectively. For SY 2019-2020, the STI Network reported a total enrollment of 74,798 at the start of the school year.

The STI Network held the graduation of over 30,000 Grade 12 students who belonged to the first batch of SHS graduates under the K to 12 program at the end of SY 2017-2018 and received a lower than expected turnout of college freshmen enrollees in SY 2018-2019. On the other hand, it registered a 44% increase in new student count enrolled under the CHED programs in SY 2019-2020, resulting to a 6% increase in total CHED student count year-on-year.

The average percentage of students retained in a semester in SY 2017-2018 was at 97.8% and slightly went up to 98.2% in SY 2018-2019. Retention rate in SY 2019-2020 is 98.0%. Meanwhile, the average percentage of students who migrated to the succeeding semester in SY 2017-2018 was 92.6% and 91.2% in both SY 2018-2019 and SY 2019-2020.

The shares of associate and baccalaureate degree programs, technical-vocational programs, and senior high school in the enrollment for SY 2017-2018 were at 42%, 2%, and 56%, respectively. Enrollment mix posted in SY 2018-2019 was 50% for associate and baccalaureate degree programs, 2% for technical-vocational programs, and 48% for senior high school tracks and specializations. Meanwhile, the enrollment mix in SY 2019-2020 was at 54%, 3%, and 43% for associate and baccalaureate degree programs, technical-vocational programs, and senior high school tracks and specializations, respectively.

In SY 2017-2018, STI ESG generated 12,638 tertiary graduates for the first and second semesters. Concurrently, the network also witnessed the graduation of 31,386 Grade 12 students who belonged to the first batch of senior high school graduates under the K to 12 program following the nationwide implementation of DepEd in 2016. Meanwhile, for SY 2018-2019, there were 13,270 tertiary graduates for the first and second semesters while 17,514 students graduated from senior high school. In SY 2019-2020, classes of SHS students were completed as of March 31, 2020 while classes of tertiary students for the second

semester were suspended due to the implementation of the enhanced community quarantine. Tertiary students were given three options to complete the second term of SY 2019-2020 namely online learning, offline learning, and face-to-face classes. About 94% of the tertiary population opted for online/offline learning. These students completed the second term of SY 2019-2020 by taking the final examinations via STI ESG's eLearning Management System or eLMS in July 2020. The rest opted for face-to-face classes and will continue and finish their second term studies with face-to-face classes combined with applicable learning modes within the next school year. For SY 2019-2020, there were approximately 4,832 tertiary graduates for the first and second semesters while 15,980 students graduated from senior high school.

STI WNU

In SY 2017-2018, STI WNU accepted a total of 2,496 SHS students. The school was also able to enroll 1,222 students under the College of Information and Communications Technology and College of Education, Arts and Sciences. This brought total enrollment to 6,772.

In the following year, SY 2018-2019, a total of 6,665 students enrolled in STI WNU. This included 2,218 enrollees in the Senior High School. In SY 2019-2020, 6,603 students enrolled, including 1,874 SHS enrollees.

In SY 2017-2018, 1,958 students, including 1,006 from the Senior High School, graduated from STI WNU. The following year, SY 2018-2019, 2,217 students graduated from the University which included 1,194 SHS students. In SY 2019-2020, a total of 1,677 students graduated from the University, including 898 from the Senior High School.

iACADEMY

College

The average combined enrollment for the three terms of SY 2017-2018 was at 762. The total freshmen enrollees decreased to 108 or by 26% due to the smaller number of incoming college students for that year brought about by the full implementation of the Senior High School program. The average percentage of students retained in a trimester stood at 92.1%. Fifty-four percent (54%) of the total population belonged to the School of Design. At the end of SY 2017-2018, 158 students graduated from the different programs.

In SY 2018-2019, an increase of 39% in the average combined enrollment for the three terms was recorded. The total number of freshmen enrollees also increased from 108 students to 531 students following the graduation of the first batch of the Senior High School program. Majority or 59% of the student population were still from the School of Design. At the end of the school year, 171 college students graduated from the different programs.

SY 2019-2020 recorded a 27% increase in the average combined enrollment for the three terms. The total number of freshmen enrollees increased from 531 to 603, which is the highest recorded number of freshmen enrollees since the school opened its doors in 2002. Fifty-eight percent of the student population are enrolled in the School of Design. The average retention rate remained at 92%. Approximately 140 students are expected to graduate at the end of the school year.

Senior High School

In SY 2017-2018, 519 students enrolled in Grade 11 of the Senior High School program while 426 students enrolled in Grade 12 for the first semester. The top three areas with the most number of students enrolled were Arts and Design, Tech-Voc Track – ICT Strand with specialization in Animation and Tech-Voc Track – ICT Strand with specialization in Computer Programming. Four hundred and seventeen (417) students graduated from Grade 12 at the end of this school year.

The average combined enrollment in SY 2018-2019 increased by 22%. Grade 11 students were at 656, while the Grade 12 students were at 479. The tracks with most numbers of students were Arts and Design (40%), Tech-Voc Track – ICT Strand with specialization in Animation (22%) and Tech-Voc Track – ICT Strand with

specialization in Computer Programming (22%). On June 1, 2019, 471 Grade 12 students graduated from Senior High School.

In SY 2019-2020, the average combined enrollment for the two semesters stood at 1,140. The Grade 11 students were at 536, while the Grade 12 students were at 622 for the first semester. The top three areas with the most number of students enrolled were still Arts and Design (39%), Tech-Voc Track – ICT Strand with specialization in Animation (20%) and Tech-Voc Track – ICT Strand with specialization in Computer Programming (19%). Five hundred and ninety-nine students graduated at the end of the school year.

Tuition Fee Increases

STI ESG

An average of 5% increase in the tuition fees and other school fees was applied in SY 2017-2018. No increases in tuition fees and other school fees were implemented in SY 2018-2019 and SY 2019-2020 for both college and senior high school.

STI WNU

The University did not impose any increase in tuition fees in SY 2017-2018. The following year, SY 2018-2019, a 5% tuition fee increase was implemented for new students only. In SY 2019-2020, the University effected a 2% increase in other fees for new students only.

iACADEMY

There was no increase in tuition fees and other school fees for SY 2016-2017 and SY 2017-2018 for the College level. For SY 2018-2019 and SY 2019-2020 for the College level, tuition and other school fees increased by 5% for incoming freshmen. For Senior High School, tuition and other school fees increased by 10% for Grade 11 and 5% for Grade 12 in SY 2017-2018; 11% for Grade 11 and 8% for Grade 12 in SY 2018-2019; and 10% for Grade 11 and 14% for Grade 12 in SY 2019-2020.

New Programs/Majors and Revised Curricula

STI ESG

STI ESG regularly conducts market studies to determine what programs, both degree and technical-vocational, 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.

Existing course offerings are likewise reviewed as needed. The streamlining of program curricula in response to the needs of the market and developments in the industry drives the rationalization of STI course offerings. Thirteen programs were revised and five new programs were developed in SY 2017-2018. Meanwhile, four new programs were developed and one program was revised in SY 2018-2019 and 18 programs were updated in SY 2019-2020.

STI WNU

On April 5 2017, CHED granted STI WNU permit to offer Masters' Degree in Business Administration beginning SY 2017-2018. Fifty-four (54) students enrolled in the program during the first semester. The following school year, fifty-five (55) students enrolled in the program. In SY 2019-2020, fifty-nine (59) students enrolled in the program.

iACADEMY

iACADEMY's first course offerings included Bachelor of Science in Business Administration ("BSBA") with specialization in e-Management, Bachelor of Science in Computer Science ("BSCS") with specialization in Software Engineering, BSCS with specialization in Network Engineering and Bachelor of Science in Information Technology ("BSIT") with specialization in Digital Arts – courses designed to develop the technical and creative skills of its students.

iACADEMY is the pioneer in offering the Bachelor of Science in Animation and Bachelor of Science in Game Development programs in the Philippines.

In addition to new courses developed from 2003 to 2013, iACADEMY was also able to acquire a permit to offer Bachelor of Science in Real Estate Management which was offered starting SY 2019-2020.

In April 2019, CHED issued iACADEMY the government permits to offer the following programs starting SY 2019-2020: Bachelor of Arts in Psychology, Bachelor of Science in Accountancy and Bachelor of Arts in Film and Visual Effects.

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 which include 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 duration of the course, 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 delivery using LCD technology and other multimedia devices.

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 2019-2020, 71 courseware materials were developed and revised for Arts and Sciences, IT and Engineering, Business and Management, Tourism Management, and Hospitality Management, while 6 courseware materials were developed and updated for Senior High School. 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. The materials were also Outcome-Based Education ("OBE")-aligned with assessment tools, rubric, and performance tasks. In addition, 14 courseware materials for SHS were uploaded on the eLMS in time for the Summer Remedial Program 2019. These are self-paced study versions of the regular SHS subjects with minimal teacher intervention.

STI ESG's Standardized Periodical Examination

STI ESG's Academic Research Group or ARG develops the Standardized Periodical Examination for the preliminary, midterms, pre-finals, and finals period. In SY 2017-2018, the group developed 810 exams in the first semester and 749 exams in the second semester. The following year, the group developed the STI Test Bank System and prepared 1,119 exams for the first semester and 692 exams for the second semester. In SY 2019-2020, 57 more exams were added to the Test Bank.

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.

Education Centers Upgraded to Colleges

STI Colleges San Francisco, Iligan, Malaybalay, and Valencia were granted college status by CHED effective SY 2018-2019. STI College Tagum was also granted college status effective SY 2019-2020.

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

STI ESG is one of the pioneer institutions that was 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.

The certificate was granted a year ahead of the end of the required transition period. The transition plan started in 2016 wherein a series of activities was conducted to ensure successful fulfillment of requirements such as intensive gap analysis, brainstorming sessions, process reviews, process mapping, risk identification, assessment, and treatment planning, among others.

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

In SY 2014-2015, STI ESG received its ISO 9001:2008 certification for its Learning Delivery System. This system covers development of tertiary level courseware and curriculum, faculty training, and faculty certification. The network worked to fulfill the requirements that included extensive research; training sessions on proper documentation and internal quality audit; documentation of policies, processes, and work instructions; and orientations given to STI ESG employees.

The ISO 9001:2008 is an international certification that indicates an institution’s effectiveness and consistency in managing and carrying out its system regulation. The ISO certification has likewise verified the institution’s world-class performance in its education delivery.

ASEAN PR Excellence Awards

STI ESG and STI Foundation were recognized in the ASEAN PR Excellence Awards for their mobile school program known as the Computer Lab on Wheels: Driving Education Where IT Matters on April 29, 2019 at Hilton Kuching Hotel, Malaysia.

The STI Mobile School won Best PR Programme in Southeast Asia after being nominated by the Public Relations Society of the Philippines (“PRSP”) and having gone through a series of judging from a panel of jury across ASEAN countries.

The award-giving body was led by the ASEAN Public Relations Network (“APRN”) in collaboration with Institute PR Malaysia, and supported by Sarawak State, and Global Alliance for Public Relations and Communication Management — the confederation of the world’s major PR and communication management associations and institutions around the world.

55th Anvil Awards

STI ESG bagged two Gold Anvil Awards for the Student's Career Opportunity and Personality Evaluator ('SCOPE') and two Silver Anvil Awards for the STI Career Camp during the 55th Anvil Awards: Gabi ng Parangal on February 28, 2020 at the Manila Hotel. Presented annually by the PRSP, the premier organization of PR professionals in the country, the Anvil is a symbol of excellence in the field of public relations ("PR") and recognizes outstanding and laudable PR programs, tools, and practitioners assessed by select PR professionals.

The STI SCOPE won two Gold Anvil Awards for providing the youth with knowledge and tools that will help them arrive at informed decisions for their education and career path. Meanwhile, the STI Career Camp claimed two Silver Anvil Awards as recognition of the institution's effort in preparing individuals for senior high school, college, and employment.

54th Anvil Awards

STI ESG and STI Foundation won the highly-coveted Grand Anvil Award and two Gold Anvils for the mobile school program known as Computer Lab on Wheels: Driving Education Where IT Matters. The Grand Anvil was awarded to Mobile School for being an outstanding PR program, while the Gold Anvils were under the specialized PR program advocacy campaign and PR program on a sustained basis (education/literacy) categories. The awarding ceremony was held at the Marriot Hotel Manila in Pasay City on January 30, 2019.

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 2018-2019, Grade 12 Science, Technology, Engineering & Mathematics ("STEM") and Humanities & Social Sciences ("HUMSS") students, among other academic and TVL strands across STI's network of campuses exhibited their innovative products or services and inventions through the SHS-iLS Expo. The expo's culminating activity is a simulation exercise of the real world that allows the Grade 12 students to become not only employees but also employers and entrepreneurs. Also present during the expo were representatives from the academe and industry sectors, STI alumni, business owners, government agencies, parents, and fellow students, many of whom acted as "potential investors." These "potential investors" then voted for the best student exhibits, startup enterprises, products, and services.

Some of the standout projects were: STI College San Fernando's electronic biogas digester, solar-powered grass cutter, solar-powered automated watering system and seed-sowing machine, plastic-recycling and brick-manufacturing machine, solar-powered animal and insect repellent, floodwater filtration system, canal waste collector, and charcoal made from water lilies; STI College Global City's survival hiking bag with water filtration system, sewage waste segregator, thermo-electric stove, solar panel lamp with charger and projector, and 360 monitoring device for classroom; STI College Cubao's portable wind turbine, flood sensor with alarm, and gold lip balm; STI College Muñoz-EDSA's chicken feathers for bioplastic, concrete cylinders with sugarcane fiber, soundwaves as power source, *malunggay* and piperine solution as cockroach pesticide, and curcumin toxin as organic pest control against bedbugs; STI College Pasay-EDSA's neem-based mosquito repellent; STI College Ortigas-Cainta's pepper spray with flash and alarm system, water-filtering straw, scar removal cream, paper made from banana stem fiber, and magnet-powered flashlight; STI College Recto's mosquito repellent candle and coal lipstick and eyeliner; and STI College Quezon Avenue's whistle-operated anti-theft device and wooden desk organizer with sound amplifier, among many other creative ideas.

STI senior high school students joined over 150 engineers, hobbyists, and crafters from all over the country for the third installment of Manila Mini Maker Faire (“MMFF”) held at The Mind Museum on June 22-23, 2019. During the two-day exhibit, select STI students showcased innovative projects that highlight sustainable technology which they made for their SHS Expo for industry professionals.

These projects are: (1) Portable Wind Turbine from STI College Cubao that shows an alternative source of electricity by utilizing wind energy with the case and wind panes that were all made from recycled materials; (2) Flood Detecting Alarm Stand also from STI College Cubao that produces a powerful sound to alert the community of rising flood levels; (3) WhideSearch from STI College Quezon Avenue that uses sound recognition technology to locate phones wherein it will emit light and activate an alarm; (4) WeSurvive Bag from STI College Global City that was designed with waterproof and tear-resistant fabric and equipped with emergency essentials such as portable water filter and solar-powered charger and flashlight; (5) Propel from STI College Makati (now Pasay-EDSA) that is made from the extracts of the Philippine neem tree and other all-natural ingredients which makes it an effective repellent for common pests; (6) La Naturez from STI College Recto that is infused with lavender and citronella scents and housed in a non-flammable holder made of sea salt which makes it an effective aromatherapy and insect repellent; (7) Concrete Cylinders with Sugar Cane Fiber from STI College Muñoz-EDSA that incorporate sugar cane fibers into concrete cylinders to encourage recycling and are as strong as the regular concrete though they are made of biodegradable materials; (8) Kraft Paper from STI College Ortigas-Cainta that is made from recycled banana stem fibers and offers an excellent alternative to packaging needs; (9) Solar-powered Grass Cutter from STI College San Fernando that runs on 100% solar energy and can easily help the farmers with their farm duties through its ergonomic design and metals blades; (10) Flood Water Filtration Machine from STI College San Fernando that is built with six types of filters and can easily convert flood water into clean water; (11) Automatic Canal Waste Collector also from STI College San Fernando that can gather plastic waste from the water systems and runs effectively on solar energy; and (12) Wooker from STI College Quezon Avenue that is both a functional organizer and a music amplifier that aids in managing desk space more effectively.

In SY 2019-2020, however, the SHS-iLS Expo was cancelled due to the implementation of the enhanced community quarantine in key cities nationwide aimed at mitigating the effects of the global COVID-19 pandemic.

Peoplesoft Campus Solutions (“PSCS”)

PSCS is a student administration system that facilitates student admission, enrollment, assessment, and grading, among others. Paired with Report Services, a web-based application (“app”) hosting the reportorial requirements of STI ESG, the PSCS was launched in SY 2015-2016 to STI’s network of campuses. It catered to both the college and senior high school students of STI ESG. The STI schools are able to access numerous reports that are available real-time and which they can also modify according to their own requirements. The reports are categorized into four – Academics, Financials, Enrollment, and Government-mandated reports – using the SQL Server Reporting Services 2008 R2.

In SY 2018-2019, the PSCS was further enhanced with these functionalities: (1) integrates Microsoft products to create utilities that increased functionality in Peoplecode application; (2) easily delivers the required development of reports such as SHS Report Card, SHS Form 9, and more; (3) improves the process of students’ assessment; and (4) provides a facility for all users to have firsthand information about PSCS updates or upgrades.

Records Management System

Developed in SY 2018-2019 and currently being pilot tested, the Records Management System (“RMS”) is a recordkeeping application system that captures or scans, manages, and provides access to student documents. It routinely captures all records of the students from the admission and graduation to continued engagement with STI. It also organizes the records and protects such from unauthorized alteration, destruction, or transfer. Moreover, the RMS provides an audit trail of the people who have

created and updated the records, and at the same time, provides ready access to all relevant records. The RMS was rolled-out to all campuses in SY 2019-2020.

eLearning Management System (“eLMS”)

STI ESG uses eLMS, a software application running on Amazon cloud, to better manage the delivery of educational courses and/or training programs to its students. The curricular course materials aim to augment classroom learning while the extra-curricular course materials are prepared to further nurture student development. The eLMS 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 which students can use to collect works to support learning and/or achievements.

STI ESG implemented a blended learning model for the past six years using eLMS for students to continue their studies at home uninterrupted despite any physical classroom disruptions.

One STI App

This free mobile app caters to both STI employees and students. Both apps are available for download on the Android platform only.

The One STI App for employees, launched in May 2018, houses major STI applications that perform coordinated functions, tasks, and activities for the network. For now, the app is running essential HR and Finance-related transactions for the Head Office.

On the other hand, the One STI Student Portal, is a must-have for both the senior high school and tertiary students since it allows them access to their respective records such as grades and academic performance per subject, day-to-day class schedule with room assignments and professors, and updates on any outstanding school fees and payment schedules. In addition, students will be able to catch up on current STI news and announcements from various campuses nationwide. The One STI Student Portal may be accessed via web or by downloading the app. Since its roll-out in December 2018, the app has registered 58,345 active users while there were 21,930 registered users via web.

Leaders Convention

More than a hundred STI leaders attended the 32nd Annual STI Leaders Convention held at the Hue Hotels and Resorts in Boracay from May 1-3, 2019. Mr. Eduardo Mapa, Jr., an expert in the field of digital marketing, advertising, strategic planning, public relations, media planning and buying, and publisher sales, shared with the delegates how digitalization has transformed the playing field in advertising and marketing and the role of technology in new consumer connections.

STI ESG’s VP for Communications & MIS, Mr. Elbert de Guzman, and VP for School Operations, Mr. Resty Bundoc, also shared network updates on marketing and operations.

STI Test Bank System

The STI Test Bank System is a repository of test questions that will be generated during the periodical examination period for the entire STI network of schools. This web application and its database are hosted on Cloud and are seen to hold big data in watertight control.

The system ensures that a pre-determined number of test questions is drawn for each level of difficulty and each item is used for a specific period to ensure that it is not repeatedly used within a term. The test bank

was likewise designed to follow certain workflows so that editing, correcting, and approvals of the exam materials are properly controlled and aligned with procedural rules.

Centralized Printing of Diploma and Transcript of Records

The Centralized Printing of Diploma and Transcript of Records (“CPDT”) System, now anchored on the PSCS, serves both the tertiary and senior high school graduates. The academic documents, upon request of the STI campus, are generated at the STI Head Office. These academic documents are then delivered either to the requesting school or the students’ preferred location. The documents are also printed with enhanced security features such as the use of check paper prescribed by the Philippine Clearing House Corporation which is sensitive to 36 falsifying agents, hidden fibers, and unique serial numbers, among others. This is to ensure that all information on the documents have been authenticated and to prevent fraud and proliferation of dubious documents.

STI WNU

In September 2017, STI WNU started accepting peace volunteers from the American Field Studies (“AFS”) – Intercultural and Study Abroad Programs in Europe into SHS and SBE. This aims to empower young people to develop the knowledge, skills and understanding needed to create a more just and peaceful world.

In October 2017, STI WNU simultaneously hosted the International Educators’ Conference and Early Childhood Education Conference. The latter is the first of its kind of event in Asia. Five hundred and sixteen (516) public and private school teachers attended the event.

In May 2018, the University teamed up with Teaching English to Speakers of Other Languages (“TESOL”) Asia, one of the biggest TESOL providers in Asia. It is one of the divisions of SITE Ltd Australia (Site Group International Limited).

In July 2019, four (4) freshman BSEd-English students from the College of Education and four (4) faculty members from the Senior High School (SHS) and Graduate Studies presented their research papers in the 7th HCU (Huachiew Chalermprakiet University) International Conference and Co-hosting Program. This is the third year of STI WNU to co-host with HCU since June 2017. This activity enables STI West Negros University to be aligned with CHED’s ASEAN connectivity emphasizing the physical, institutional, and people-to-people linkages that can contribute towards more competitive, inclusive, and cohesive ASEAN programs.

In September 2019, Keimyung University in Daegu Korea, accepted two (2) tertiary STI WNU students in its cultural exchange program. They are the first Filipinos to be accepted in the program.

In November 2019, Galuh University in West Java, Indonesia forged a partnership with STI WNU as its first partner in the Philippines. Included in the agreement is the collaboration of the universities on research, faculty and student trainings, and cultural exchange program.

STI WNU, represented by its Executive Vice President Mark Molina, was elected as President of the Negros Occidental Private Schools Sports Cultural Educational Association (“NOPSSCEA”) for SY 2018-2019 and SY 2019-2020 and was re-elected for another term beginning SY 2020-2021 up to SY 2021-2022. Mr. Molina also held the position of President of the Western Visayas Private Schools Athletic Association (“WVPRISAA”) in 2018. The University hosted the 2019 Regional Games where close to 5,000 athletes from all over Western Visayas participated.

iACADEMY

In October 2016, iACADEMY became a Unity authorized training and certification partner allowing the school to offer training courses and Unity Certification Exams on behalf of Unity Technologies. Unity is a cross-platform game engine that is used to develop video games for PCs, mobile devices, websites, and consoles.

iACADEMY became the official partner of the International Game Developers Association in hosting Manila Game Jam 2017 as part of the Global Game Jam in January 2017.

iACADEMY has been chosen by Amazon Web Services (“AWS”) as the first and only school in the Philippines to offer Cloud Computing Certification Courses in October 2018.

In January 2019, iACADEMY was appointed as the first and only Toon Boom Center of Excellence in Asia. Toon Boom Animation is the leading supplier of animation software and storyboard software for animation studios and media publishers.

On February 23, 2019, iACADEMY and PythonPH partnered in hosting PyCon APAC 2019. PyCon APAC is the largest gathering of Python developers in the Asia-Pacific region and it was the first time the gathering was held in the Philippines.

In September 2019, iACADEMY and PricewaterhouseCoopers (“PwC”) officially launched its Bachelor of Science in Accountancy (“BSA”) Program partnership. PwC world-class practitioners will also be the mentors and teachers of students in the program.

In October 2019, iACADEMY became the first educational institution partner of the Department of Tourism. Since then, iACADEMY has developed a mobile application that houses the travel website of the Philippines, Augmented Reality promotional materials, films featuring some of the country’s provinces and the Philippines’ first social distancing app called Maze.

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*.

iACADEMY formed a partnership with Unilab in October 2019. College students are given the chance to develop game-changing student output 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. Future programs include app development for one of its leading brands.

Faculty Achievements

STI ESG

Blockchain Xcellator Experts Program

STI ESG and UnionBank launched the Blockchain Xcellator Experts Program on October 5, 2019 that is intended to strengthen the STI faculty members and academic researchers’ knowledge about blockchain. Blockchain is known as the record-keeping technology behind the most popular digital currency in the world, Bitcoin. The said technology is a public ledger that records not only the assets but also the transactions of a business. It is also acknowledged for its capability to change how various industries manage data and information.

Seventeen (17) participants from the STI Head Office and STI Colleges Global City, Las Piñas, Ortigas-Cainta, and Pasay-EDSA underwent the extensive mentorship program from industry experts where they learned about the blockchain technology. At the end of the eight-week course, nine participants successfully passed the assessment and became Certified Blockchain and Ethereum Experts.

Hackathon

STI College Vigan's group of ICT faculty members John Carlo Malamug and Victoria Kristen Sison won in the professional category of Impact Hackathon on October 30-31, 2019. The event is an on-the-spot coding marathon organized by Impact Hub Manila that aims to tap the best coders and IT professionals in the Philippines to create new solutions for the social problems of the world. The group created a system named FIX IT, an online service provider, and went on to represent Vigan City in the grand national event held on November 19, 2019. For making it to the nationals, the team received a six-month incubation or training program and a cash prize.

STI WNU

Dr. Victoria Cainglet, Dean of the College of Education, Arts and Sciences became a member of the PACUCOA Accreditors' Regional Quality Assurance Team (Region VI) in September 2017.

On September 14, 2017, the Dean of the College of Business Management and Accountancy, Dr. Mima Villanueva, CPA, was elected President of the Council of Deans and Heads of Business, Management and Accountancy Schools in Western Visayas. Likewise, Engr. Erlyn Mae C. Getino, Dean of the College of Engineering, was elected Vice Governor for Education of the Institute of Electronics Engineers of the Philippines- Negros Occidental Chapter ("IECEP-NOC"). In February 2018, Engr. Getino was also elected Secretary of the Council of Engineering and Architecture Schools in Western Visayas ("CEAS-WV").

Dr. Maria Teresa T. Asistido, Director of the External Affairs and Linkages Office, presented the paper entitled "Constructed Models of Semantic Categories in the lyrics of Ismael Java's Anagas Musical: The Negrosanon Values Systems" during Tagpo: Values Research Conference at the Ateneo de Manila University in May 2018.

On June 22, 2018, Dr. Wilfredo O. Hermosura, Vice President for Academic Affairs, and Dr. Lilybeth P. Eslabon, Curriculum and Instructional Media Development ("CIMD") Director, presented their research papers during the 6th HCU International Research Conference in Huachiew Chalermprakiet University in Thailand.

Dr. Dioscoro P. Maranon Jr., the Program Chair and Project Research coordinator of STI WNU, continues to collaborate with Marinduque State College and Mapua University on the study "Vulnerability Assessment and Prompt Emergency Response System ("VAPERS")" for disaster preparedness funded by CHED. The project started in July 2018.

In December 2018, the research paper, entitled "Politeness Strategies Prevalent during the Senate Hearings on the Mamasapano Incident in Maguindanao, Philippines," of Dr. Maria Teresa T. Asistido and Dr. Randolph L. Asistido, the Director of Research and Development Extension Office, was published in Volume 20, Issue 12.3, of the Asian EFL Journal after successfully passing the peer-review and refereeing for international journal indexed in the highest Scopus (Elsevier).

In April 2019, Dr. Daisy Mae E. Octavio, Program Head in Physical Education, Dr. Christine P. Julom, member of the Faculty of College of Arts and Sciences, and Dr. Rey T. Eslabon, Principal of the Senior High School Department, were awarded the Military Merit Medal by AFP Reserve Command ("AFPRESKOM") – General Order #40 of the Armed Forces of the Philippines, Reserve Command for their meritorious and invaluable services rendered as members of the 5052 Technical Administrative Service ("TAS") Unit, 505th Technical Administrative Service Group ("TASG"), and 5th Technical Administrative Service Brigade Visayas.

Mr. Mario R. Gabuya, as part of the Speakers Bureau of Artists in Authority (Philippine Folk Dance) by the National Commission for Culture and the Arts (“NCCA”), presented the dance “ARIGAY” during the 39th National Folk Dance Workshop from May 20 to 24, 2019 at the Folk Arts Theatre, CCP Complex, Pasay City.

In May 2019, Mr. Mario R. Gabuya, Faculty of College of Education, conducted a Dance workshop as a Resource Speaker in the 39th National Folk Dance Workshop at the Folk Arts Theatre in Manila.

Zherry Antoinette P. Jacela, Assistant Principal of the Senior High School Department and a Visiting Professor at Keimyung College University in South Korea from May 2017 to February 2019, presented the “Research To Serve Society” at the 2019 7th Huachiew Chalermprakiet University (“HCU”) International Academic Conference in Thailand in July 2019.

Dr. Maria Teresa T. Asistido, member of the Faculty of the Graduate Studies, presented the paper entitled “Models of Class Identity in Joel Arbolario’s Plays: An Analysis of Negros in a Cultural Materialist Perspective” also during the 2019 7th HCU International Conference in Samutprakarn, Bangkok, Thailand, on July 12, 2019. She was also a peer reviewer of the research manuscripts of the conference. Furthermore, Dr. Asistido was granted a citation in the Globe Media Excellence Award (“GMEA”) in September 2019 in Cebu City.

Dr. James Andrew D. Oyo, Program Head of the College of Hospitality and Tourism Management (“CHTM”) was elected as Vice President for the Council of Hotel and Restaurant Educators of the Philippines Negros Siquijor Chapter in August 2019. He was also the organizer of the “7NEWJUANDERS: A Hospitality and Tourism Management Regional Summit” held in Iloilo Grand Hotel in February 2019.

In October 2019, Mr. Kenth Jaype, adviser of the Wesneco Torch (presently called “Unleashed”) was given a Special Citation for Adviser in Layouting (English) during the Philippine Information Agency – Region 6 (PIA – 6) Regional Press Conference.

Dr. Renith S. Guanzon, member of the Faculty of the College of Arts and Sciences, presented research entitled “The Ethnomathematics of the Bukidnon Karulano Indigenous People Towards the Development of Instructional Materials” in the 11th Asian Conference on Education organized by IAFOR, held from October 31 to November 3, 2019 in Tokyo, Japan. She also presented a Poster Research in the 6th National Research Conference in Science and Mathematics Education by DOST-SEI held from March 5 to 6, 2020 at Fort Ilocandia, Laoag City.

Mrs. Liza Joy B. Barican, a faculty member of College of Criminal Justice Education, published and co-authored textbooks entitled “CFLM Book 1: Nationalism and Patriotism” which was published in January 2020 by Wisemans Books Trading in Quezon City, Philippines.

In February 2020, Dr. Mima Villanueva, Dean of the College of Accountancy and Mrs. Edna Maricon Arca, Program Head, presented the paper “Sustainable Livelihood Development Program for Purok Arao, Barangay Vista Alegre” in the International Research Conference on Local Knowledge, sponsored by the Asian University Digital Resource Network (“AUDRN”) in Urios University, Butuan City.

iACADEMY

iACADEMY’s President, Maria Vanessa Rose Tanco, landed Top 6 in the Real Estate Broker’s Licensure Examination in February 2016 and was Top 4 in the Real Estate Appraiser Licensure Examination in April 2016.

Weena Espardinez, Chair of the Animation Program, was elected as one of the Board of Directors of the Animation Council of the Philippines in March 2017.

Gian Carlo Alcantara, SHS Faculty Member, earned his Master's degree in Communication with Specialization in Communication Management from the Polytechnic University of the Philippines in May 2018.

Irish Sta Ana, SHS administrative assistant, became a Board Exam Passer (Psychometrician) in November 2018.

SHS Assistant Principal Maria Melissa Obedoza became an Amazon Web Services Certified Cloud Computing Practitioner in January 2019.

Dean of Computing Mitch Andaya and Software Engineering/Web Development Chair Bennett Tanyag passed the Amazon Web Services Cloud Computing Practitioner Certification Exam in February 2019.

Student Achievements

STI ESG

In SY 2019-2020, the STI ESG community proudly won accolades in different fields from information technology and culinary to sports competitions. Some students and alumni also competed and won in international competitions.

International Competitions

With grit and determination, Brandhon Kyrielle Aquino from STI College Caloocan proved that he could withstand any difficulty in juggling both his school life and training as a member of the Philippine National Sailing Team. This was proven when he earned a bronze medal in the Sailing Category during the 2019 Southeast Asian ("SEA") Games.

Theresa Diana Pazcoguín, a BS Tourism Management graduate of STI College Tarlac, meanwhile proved that she has what it takes to be a beauty queen as she took home the 1st Runner-up title in the Miss Tourism Queen Worldwide 2019. The pageant aims to gather diverse individuals around the world and let them showcase the splendor of their nation's citizens and crafts as well as culture and cuisine. It focuses on promoting diversity and harmony by exhibiting majestic sights, colorful festivities, and exquisite food from various countries.

STI College Zamboanga's BS Business Administration alumna Honey Firmeza, together with her dance partner Jaime Marcial, also made the Filipinos proud by bagging the Championship title in the Amateur Rising Star Latin as well as placing 4th in the Asia Amateur Latin and 5th in the Seoulcup Open Amateur Latin of the 19th Seoulcup International Dance Championship on September 1, 2019 at Seoul Grand Hilton Hotel in Seoul, South Korea.

International Summit

STI College Cagayan de Oro sent sophomore BS Information Technology student John Carlos Montejo to the Developers Student Club ("DSC") South East Asia Summit in Kuala Lumpur, Malaysia as one of the 90 student representatives from South East Asia on September 9, 2019. The summit aims to assess the issues faced by IT graduates in the technology industry by immersing the participants in real-life problems so that they can build action plans to address concerns faced by their universities.

Aaron Jay Quitain, a BS Tourism Management alumnus from STI College San Pablo, represented the Philippines in the Bali Asia International Model United Nations ("BAIMUN") II on January 18-21, 2020 at the Bali International Convention Centre in Bali, Indonesia. Hosted by International Global Network, the event is a simulation of an actual United Nations conference where participants were tasked to solve a global issue through research, drafts, lobbying, and debates to pass a suitable resolution. Together with 243 delegates from 23 countries, Aaron also had the opportunity to also discuss issues such as the Philippine government's role in ensuring and promoting sustainable tourism.

Board Exam

With a rating of 89.40%, NAMEI's Carlo Marasigan topped the 2019 Naval Architecture and Marine Engineering Licensure Examination out of 89 board passers, while his classmates Adnan Paul Lucero and Marianne Castor both placed sixth with a rating of 87.20%.

Festivals

Fifteen senior high school Culinary Arts and 30 BS Hospitality Management students from STI College Balagtas wowed shoppers as they showcased on September 10, 2019 a giant Filipino rice cake, known as "biko," during the launch of SM City Marilao's Bulacan Food & Art BESTival, an annual event that displays the best in North Luzon. The cooking process of the rice cake took the students a total of 48 hours to finish, but with the guidance and support of their mentors, they confidently overcame the challenges encountered along their way and successfully produced the giant *biko*.

STI College Ormoc likewise dominated the most-anticipated Piña Festival 2019 in Ormoc City for three consecutive years. The school also received the following recognitions: Best in Ritual Grand Showdown, Best Festival Costume, Best Choreography, and Best Street Dancing. The Piña Festival is celebrated annually to promote the city's agricultural produce, the Ormoc Queen Pineapple, which is said to be one of the sweetest pineapples in the world.

Mobile Documentary

Freshman BS Information Technology student from STI College Pasay-EDSA, Gerome Viñas, emerged as the Grand Winner of Bayan Mo, Ipatrol Mo (BMPM) Digitales: A Mobile Documentary Contest on October 25, 2019. Powered by ABS-CBN's Integrated News and Current Affairs and in partnership with UNESCO and the Asian Institute of Journalism, Digitales is a mobile documentary contest that aims to combat disinformation online. With around 50 entries nationwide, three other STI campuses also made it to the Top 20 – STI Colleges Ortigas-Cainta, Novaliches, and Recto.

Hackathon

Students from STI College Caloocan were declared as the Overall Champions in the Coca-Cola Philippines' Code Festival 2019, a hackathon competition for college students, held on November 25, 2019. Team PrograDeation consisted of sophomore BS Information Technology students Katzuki Fushimi and Justine Santiago as well as freshman BS Business Administration student Rovic Morales.

Using the Microsoft Power Platform, the PrograDeation team came up with a mobile application entitled "PeraBubot," an information system that records the transactions of a junkshop. It aims to not only help junk-shop owners collect garbage but also aid the community in controlling the increase in solid waste.

STI College Vigan's BS Computer Science students Tristan James Adolfo, Joshua Rosueta, Tristan Joshua Uniana, and Charrie Rafanan dominated the Impact Hackathon. The Impact Hackathon event was an official entry to the Guinness World Records as an attempt to land the title, biggest hackathon competition. The group, which is named Team Hackdogs, created Herbal Plant, an augmented reality that aims to provide information on herbal plants. The team represented Vigan City in the grand national event where Team Hackdogs landed in the top 15, qualifying them for a one-year incubation program, intensive training, access to expert mentors, network and co-working, and a cash prize.

Sports Competitions

Achievers from STI College Ormoc once again participated and brought home recognitions during the Siglaro 2019 held from August to September 2019. Siglaro is an annual interschool sports competition in Ormoc that brings together young athletes through various competitions such as basketball, volleyball, badminton, swimming, archery, wushu, taekwondo, and chess, among others.

The school's Grade 11 Accounting, Business, and Management student Angel Mia Sesmundo earned gold in the chess tournament under the girls' category. Meanwhile, Zen Andre Doria, Grade 11 Science, Technology, Engineering, and Mathematics student, also bagged a gold medal for the poomsae event in taekwondo. Poomsae is a Korean term for taekwondo in which an individual is trained in a series of defined patterns of defense-and-attack motions.

Mhariel Claire Sacayanan, a Grade 12 Tourism Operations student from STI College Global City, also grabbed a gold medal in the Taekwondo Competition of the APSA-TAPAT (Association of Private School Administrators-Taguig City & Pateros) League 2019 held in November 2019 at the Signal Village National High School in Taguig City.

Students from STI College San Jose likewise made the STI community proud by bringing home different awards from the Division Meet 2019, organized by DepEd and participated in by both public and private schools in the city. Grade 11 Culinary Arts student James Nixon Plazo bagged the Championship title in the Billiards Competition while Grade 12 Culinary Arts student Allen Jhoy Andres emerged as the Champion in the Pencak Silat Contest. Meanwhile, Grade 12 IT in Mobile App and Web Development student Joshua Maducdoc placed 1st runner-up in the Table Tennis Competition.

The newbie duo of Al-Hamed Guiamal and Ashraf Isra, both sophomore BS Information Technology students from STI College Cotabato, meanwhile bagged the first runner-up title in the SHAPERS Beach Volleyball Tournament 2019 held at Cotabato City State Polytechnic College (CCSPC) on August 3-4, 2019. The duo faced the national champions of SCUAA (State Colleges and Universities Athletic Association) during the semi-finals.

Culinary Competitions

On the other hand, STI College Calamba's Grade 12 Culinary Arts students Trina Mikaela Java and Mark Carlo Palacio raised the bar high after being proclaimed as Champions in the 3rd Sweet and Salty Experience Recipe Cooking Contest which was spearheaded by the Cooperative and Livelihood Development Department of Calamba City on October 4, 2019. The cooking contest encourages the participants to create their own recipe incorporating the main ingredients produced by the local farmers. With this, Trina and Mark decided to use pineapple as the main ingredient of their winning dish called "Pineapple Pastillas."

Tourism Competitions

Sophomore BS Tourism Management students Mayuree Bacuño and John Michael Parcerero from STI College Puerto Princesa impressed the audience when they were declared as champions in the Airline Safety Demonstration category of the 1st Regional MIMAROPA Tourism and Hospitality Skills Competition on September 18, 2019 at SM City Puerto Princesa. As champions, Mayuree and John received a scholarship for the 15-day Flight Attendant Training Program courtesy of PTC MIL-COM Aviation Training Center.

Skills Competition

STI College Koronadal grabbed the coveted Overall Champion title in the T'nalak Skills Competition as its students reaped awards in different categories: Culinary Skills (Champion), Restaurant Service and Table Setup with Skirting (Champion), Table Napkin Folding (Silver), Bartending (Silver), Cake Decorating (Silver), Web Design (Silver), Waiter's Relay (Bronze), and Flower Arrangement (Bronze). Fifteen schools within the province participated in the competition.

Please visit www.sti.edu for prior years' 17A reports of STI ESG for the list of achievements in previous years.

STI WNU

From SY 2017-2018 to SY 2019-2020, STI WNU has proven its supremacy in the fields of academics, sports, and culture and arts through different regional and national competitions.

In Academics:

- Anthony Pineda (BSEd IV) – Regional Finalist, The Outstanding Students (May 2018, Negros Occidental)
- Kheziah Lingco (BSIT IV) – elected President of the Philippine Society of IT Students for Region 6, SY 2018-2019
- Anthony Bautista (BSTM IV) – Champion, Provincial Tourism Quiz Bee (September 2018, Bacolod City). Also, Champion, Council of Hotel and Restaurant Educators of the Philippines (“COHREP”) Regional Tourism Quiz Bee (September 2018, Dumaguete City).
- Programmer’s Guild of the College of Information and Communications Technology became a member of the Philippine Society of IT Students in Region 6 and was recognized as Most Outstanding Student Organization for SY 2018-2019.
- Trexia G. De Asis and Carlos V. Decipolo, Jr. (BSECE) – 3rd Place, Interscholastic Quiz Bee (September 12, 2019, Bacolod City)
- Sear Raphael Tabusares (BSME) – Champion, AutoCAD Challenge, Mechanical Engineering Week, Philippine Society of Mechanical Engineers – Negros Occidental Chapter (October 5, 2019, Talisay City)
- Joshua Bernabat (BSME) – 3rd Place, AutoCAD Challenge, Mechanical Engineering Week, Philippine Society of Mechanical Engineers – Negros Occidental Chapter (October 5, 2019, Talisay City)
- Richmond Hommer Erasmo and Kenth Villanueva (BSME) – 3rd Place, Quiz Bee, Mechanical Engineering Week, Philippine Society of Mechanical Engineers – Negros Occidental Chapter (October 5, 2019, Talisay City)
- Rudigelio D. Cortez and Cris Jhone Boy H. Enot (BSECE) – Finalist, Regional Invention Contest and Exhibits 2019, Department of Science and Technology (DOST – VI) (October 21-23, 2019, Iloilo City)
- Jeson S. Salimbot and Alfie L. Sumagaysay (BSEE) – 1st Runner Up, IECEP Day Breadboarding Competition, Institute of Electronics Engineers of the Philippines – Negros Occidental Students Chapter (November 23, 2019, Bacolod City)
- IECEP – STI WNU Students Chapter – Champion, IECEP Day Frisbee Competition – Institute of Electronics Engineers of the Philippines – Negros Occidental Students Chapter (November 23, 2019, Bacolod City)
- Jason Menor, Ryan Miguel Cornel and Jose Jairus Mesticampo (BSEE) – 2nd Place JSONO Safety Olympics Quiz Bee, Carlos Hilado Memorial State College (Talisay Campus) (November 30, 2019)
- Jose Jairus Mesticampo – 3rd Place RoboRace Event and Consolation Award, Robotics Skills Competition, Technological University of the Philippines – Visayas (March 4, 2020, Talisay City).
- Roselle Dugaduga (BSCE) – President, Philippine Institute of Civil Engineers – Negros Occidental Student Chapter (“PICE NOSC”) during the April 2019 election.

In Sports:

- Pauline V. Emague (BS Criminology IV) – Bronze Medalist, Karatedo (Kumite), 5th PCAP National Student Congress (September 2018)
- Shemaiah Angel Anzano (BS Criminology I) – Gold Medalist, Taekwondo, NOPPSCEA and PRISAA 2018
- Sean Kimwel Ornopia (BS Criminology I) – Gold medalist, Chess, NOPPSCEA 2018
- Chess College Men – Champion, NOPPSCEA Season 39 Sports Meet (October 2019); Western Visayas PRISAA Regional Meet (January 2020)
- STI WNU High School Football Team – Champion, Aspirants Category, NOPPSCEA Season 39 Football Tournament (November 2019)

- Taekwondo College Women – Champion, NOPSSCEA Season 39 Sports Meet (November 2019); Western Visayas PRISAA Regional Meet (January 2020)
- Karatedo Secondary Girls – Champion, NOPSSCEA Season 39 Sports Meet (December 2019)
- Chess Secondary Girls – Champion, NOPSSCEA Season 39 Sports Meet and Negros Occidental Provincial Meet (December 2019)
- Chess Secondary Boys – Champion, NOPSSCEA Season 39 Sports Meet (December 2019); Negros Occidental Provincial Meet (December 2019); Western Visayas PRISAA Regional Meet (January 2020)
- Taekwondo Secondary Girls – Champion, Western Visayas PRISAA Regional Meet (January 2020)

In the field of Culture and the Arts:

- Charlene Capole (BSEd III) and Alley Tumabine (BSEd III) – Hall of Famer: Champion, NOPSSCEA Vocal Duet 2017 (December 2017); Champion, PRISAA Vocal Duet; Champion, National PRISAA 2018 Vocal Duet (April 2018)
- STI WNU Elementary – Champion and STI WNU High School – 1st Runner Up, NOPSSCEA Folk Dance Competition held at the University of Saint La Salle (“USLS”) Bacolod (December 2018)
- STI WNU Elementary – 2nd Runner Up, NOPSSCEA Vocal Solo Classical Category held in USLS Bacolod (December 2018)
- STI WNU ROTC Unit – 1st Runner Up of the Bago City Invitational Fancy Drill Competition in celebration of the Cinco de Nobyembre Festivities (November 2019)
- Jaylloyd E. Garche (SHS12) – National Qualifier-Team Sarah of THE VOICE TEENS, a singing competition of ABS-CBN (December 2019)
- Maggi Rayo (Grade 6) – Champion, Vocal Solo – Classical Category, NOPSSCEA Season 39 Literary-Musical Contest (December 2019)
- STI WNU School of Basic Education – Champion, Folk Dance Elementary Level, NOPSSCEA Season 39 Dance Fest (January 2020)
- STI WNU West Street Camp – Champion, Pop Dance Competition, Net25 Tagisan Ng Galing – Bacolod (March 2020); Finalist in the Net25 Tagisan Ng Galing - Regional Level (April 2020)

In the field of Campus Journalism:

- Wesneco Torch – Champion, Photojournalism – 2nd University Publication Congress sponsored by Authors Solutions (Cebu City, September 2019); PIA-6 Regional Press Conference (Bacolod City, October 2019)
- Aliza Beloria (ABCom I) – Most Promising News Writer in Filipino and Promising Headline Writer in English, PIA-6 Regional Press Conference (Bacolod City, October 2019)
- Haron Kem Mahilum (BSPsych I) – Promising News Writer in English. PIA-6 Regional Press Conference (Bacolod City, October 2019)
- Justine Montoya (BSMath II) – Promising Sports Writer in English, PIA-6 Regional Press Conference (Bacolod City, October 2019)
- Jepher Sykay (BS Psych I) – Promising Layout Artist in English, PIA-6 Regional Press Conference (Bacolod City, October 2019)
- Roda Rebotala (BSIT I) – Promising Photojournalist in English, PIA-6 Regional Press Conference (Bacolod City, October 2019)

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

Engineering Board Examination

In the Registered Master Electrician Board Examinations conducted in September 2017, STI WNU got a 77.78% passing rate for new exam takers while the national passing rate was 68.40%. In September 2018,

the national passing rate was 62.31% while STI WNU's new exam takers got a passing rate of 54.55%. In September 2019, STI WNU's passing rate was 75% while the national passing rate was 59.54%.

In the Electrical Engineering Board Examinations conducted in August 2019, STI WNU got a 100.00% passing rate for new exam takers while the national passing rate was 67.16%.

Criminology Board Examination

In December 2017, the STI WNU College of Criminal Justice Education was the Number 1 Performing Criminology School in Negros Occidental based on the December 2017 Criminology board examination results where 26 new exam takers passed. This has a corresponding passing rate of 65%.

In June 2018, the University got a passing rate of 50% for new exam takers as against the national passing percentage of 33%. For the December 2018 board exam, new exam takers had a passing percentage of 52% while the national passing percentage was 35%. In June 2019, the STI WNU College of Criminal Justice Education had a passing rate of 66.67% as against the national passing percentage of 38.46%. For the November 2019 board exam, new exam takers had a passing rate percentage of 80.85% while the national passing percentage was 44.11%.

iACADEMY

In March 2017, BSBA students Janna Margarita Guidotti, Kyle Christoffer Alano, and Alexandra Gozum made it to the Top 7 finalists in the Shark Tank 2017 International Marketing Plan Competition.

In April 2017, 21 iACADEMY Game Development students took the Unity Certification Exam and became the 1st batch of students in the Philippines to become Unity Certified Developers. This class had a 95.5% passing rate.

Also in April 2017, AB in Multimedia Arts and Design students Paulo Jovellano, Ma. Kathleen Junio, Nicole Ferrares, and Fashion Design and Technology student Diana Roderno became finalists at the Adobo Design Awards Asia 2017.

iACADEMY JFINEX (Financial Management student organization) was nominated by the Junior Confederation of Finance Association Philippines ("JCFAP") for the Out of the Box Category and Best Local Junior Finance Organization Category during the JCFAP Awards 2017 in April.

Ana Laurice Apoderado, a 2nd year Marketing and Advertising student, was elected as the Vice President for Finance in the Philippine Junior Marketing Association in June 2017.

In August 2017, BS Animation student Joshua Villena won the Popular Vote Award at the ASEAN FEUTURE Poster-Making Contest and also became a finalist in the AAP Annual On The Spot Painting Competition 2017 and Patimpalak sa Pagpipinta Pangkalusugan Painting Competition of the Department of Health.

Also in August 2017, Software Engineering students John Matthew Alviz, Michael Angelo Cadavillo, Greg Marvin Cabrera, John Cuthpert Magbanua became finalists in Program the Future: The Accenture Technology Campus Challenge.

iACADEMY's Creative Team and Music Organization bagged the Honorable Mention award as one of the best student animators at the Sine Panitik: Alamat sa Animasyon competition held in August 2017 by the Film Academy of the Philippines. Their short animated film entitled "Alamat ng Unang Unggoy," competed against 30 other entries from various universities throughout the country.

In September 2017, Game Development students Basil Benitez, Dhanna Gail Colasito, Pamela Grace De Ramos, Christopher Andrew Del Rosario, Amiel Jake Frias, Aldrin Charles Ladaran, Cyrille Dan Lazaga, Juan Miguel Ocampo, Godryk Raphael Atento, Allen Paul Esperanza, Michael Angelo Bones, Michael

Francis Fernando, Enrico Usigan, and Jason Luis Fungo represented the Philippines and became finalists at the Global HIT Challenge 2017 of the Serious Games Association (Singapore).

Jeian Louell Nueva (Software Engineering), Amera Ayman Ibrahim (Software Engineering), Bryan Christopher Filamor (Web Development), Frances Capulong (Game Development), Joshua David Montelibano (Game Development), and Angeliz Reyes (Game Development) became Apprentice Track Champions in the Drupal Philippines AppHack 2017 held in October 2017.

In October 2017, Game Development students Dan Deaño, Janne Denesse Nedamo, Augustine Caesar Bayudan, Elijah Joseph Aldecoa, Jerez Yabut, Radj Inocalla, Amiel Jake Frias, Harrison Manalo, James Patrick Tañeda, Allen Hackett, Jason Fungo, Enrico Usigan, Michael Angelo Bones, Allen Esperanza, Mikee Lawrence Wong, Michael Francis Fernando, and Godryk Raphael Atento became School Track Finalists at the Electronic Sports and Gaming Summit (“ESGS”) Game Developers Association of the Philippines (“GDAP”) GameOn 2017.

BS Animation students Aaron Formilleza, Clarita Cailan, Lanz Manalo, Kenneth Lorenzo, Mia Crisostomo, Reynard Josen, Ingrid Cabrido, and Kyle Jun became finalists at Animahenasyon 2017 held in November 2017.

In December 2017, Kristine Ciara Baello (Multimedia Arts), Charisse Froilan (BSBA), Michael Angelo Cadavillo (Software Engineering), Greg Marvin Cabrera (Software Engineering), John Cuthpert Magbanua (Software Engineering), Louis Garcia (Game Development), Janna Margaritta Guidotti (BSBA), John Matthew Alviz (Software Engineering), Daniel Abalos (Software Engineering), Mark Luis Ticzon (Software Engineering), Rhys Santiago (Multimedia Arts), Elijah Reyes (Software Engineering), Kate Gwen Gispert (Software Engineering), Mary Margareth Domingo (Software Engineering), and Charles Ricky Villarin (Software Engineering) became Preliminary Round Finalists in UnionBank’s <U>HACK & PL@Y Competition 2017.

BSBA student Adrian de Leon became Winner of the Top 2 Outstanding Finance Students in the Philippines and Best Debater of the Junior Confederation of Finance Associations-Philippines (“JCFAP”) in January 2018.

Multimedia Arts and Design student John Michael Perez became a semifinalist in the Adobo Design Awards 2018 for his environmental advocacy campaign entitled "ECO101" in April 2018.

The short film entitled "Landas" of Multimedia Arts and Design students Gelo Mariano, Joan Gregorio, and Candy Cortez became a finalist in the GAWAD CCP Alternatibo in August 2018.

Animation student Joshua Villena bagged the 2nd Place at the 51st Shell National Students Art Competition (Watercolor Category) for his work entitled, "Magkakaiba Pero Magkakaipareha." He also won the Choice Winner Award at the annual On-the-Spot Manila Bulletin Sketch Fest in August 2018.

The project of Software Engineering students John Magbanua, Daniel Abalos, Mary Domingo and Michael Cadavillo entitled "Arduino-Based Emergency Monitoring System" also became a finalist in Accenture's Program the Future Contest in August 2018.

Fourth year Game Development students Nica Jan Alvarez, Raizel Angenie Martinez, Joseph Ian Litang, and Ninna Gabrielle Layug developed a top-down stealth-based action game called "Furtive" which won the Public's Choice Award during the Game Developers Association of the Philippines' GameOn Challenge in November 2018.

Multimedia Arts and Design students MJ Guillo, Adrian Halili, Rodolfo Pil, Laarneth Casison, Marc Ocampo, and Manz Silloriquuez represented iACADEMY in the WEAREINTRAMUROS 2018, a film-making contest of the Film Development Council of the Philippines. Their short film won the Panasonic Award in November 2018.

Also in November 2018, the project of Software Engineering students Jerwin Antivola, Mark Ticzon, Raymond Catacutan, Dexter Co, and Coleen Bartido entitled "Mayday" became a finalist in the 1st St. Luke's Innovation Contest and in Accenture's Program the Future Contest.

The thesis film of Animation graduates Ma. Isabella Parca, Alexandra dela Cruz, and Cheol Ung Kim entitled "Halimaw sa Basura" was chosen by the Canadian Embassy in the Philippines as part of its "What A Waste!" initiative in March 2019. The same film also won in the Student Category in Adobo Awards.

Software Engineering student Kate Gwen Gispert received the Most Outstanding IT Education Student ("MOITES") Award for SY 2018-2019 in March 2019. This was awarded by the Philippine Society of Information Technology Educators ("PSITE") – National Capital Region Chapter.

Fourth year Fashion Design and Technology students held their Fashion Show on April 3, 2019 as part of their graduation requirements during the 10th Panasonic Manila Fashion Festival.

In April 2019, Animation alumna Aleks Elizabeth Isla became the third Toon Boom Certification exam passer in the Philippines.

Fashion Design and Technology student organization PRIMA showcased its streetwear collection, elegant evening gowns, and avant-garde pieces to support the Hair Hero Foundation on August 19, 2019, at the HairX event that was held in the SMX Convention Center.

Another Fashion Design student Emanuel Riñoza saw his creations grace the red carpet during the Miss International pageant held in Japan on October 28, 2019 as Miss Philippines Atty. Patch Magtanong wore his Barong Tagalog-inspired design during the Sponsor Orientation. Celebrities and beauty queens such as young start Kisses Delavin and Miss International 2018 1st Runner-Up Ahtisa Manalo have worn his creations. His works were likewise featured in three MEGA fashion editorials and even gained entry in Photovogue Portfolio.

In December 2019, Fashion Design and Technology alumna, Coleen Dumlao, was featured as one of the fashion designers in the Metro Fashion Ball.

Multimedia Arts and Design students Aldrich Rivera, Betina Mascenon, and Justine Mallari represented iACADEMY in the international competition Adobe Design Achievement Awards 2019 as the only Philippine finalist.

The designs of Renz Rigonan, Patricia Ley, Hilary Drake Brockman, Hannah Felix, and Trixie Shaira Que from School of Design and the Arts were chosen by the judges from the Metropolitan Manila Development Authority ("MMDA"). Their creations will deck the streets of Metro Manila for the "Design Your Way, See it on a Highway" contest.

Second-year Multimedia Arts student Tricia Nuque was one of the artists invited to the annual Kamalayan Art Festival on December 14 to 15, 2019 in BGC, Taguig.

Another second-year Multimedia Arts student, Kim Nicole Del Rosario placed second for her digital design entry in CM Lux Japan's online competition. Her design was inspired by a bouquet of flowers.

In June 2020, outstanding alumnus Jethro Ian Lacson had his artworks showcasing LGBTQ+ characters recognized by Netflix. Jethro was a Vanessa Tanco Presidential Scholar who earned his Bachelor of Arts degree in Multimedia Arts and Design in 2017. He graduated cum laude and won the Best Thesis award for Multimedia Arts (Print and Imaging) for his work titled "BAYOC: A Graphic Novel Exploring Gender Fluidity through the Role of a Pre-Colonial Male Babaylan."

Animation student Joshua Villena bagged the 1st Prize at the ASEAN 52nd Founding Anniversary - Advancing Partnership for Sustainability, poster making contest. He was awarded by no less than CHED Chair Dr. Prospero de Vera III.

The 2D animated film entitled "Pass" of Animation students Christian Lemuel P. Ibong and Kinn Arden R. Galdones won the Grand Prize Award (Student) and Best in Storytelling Award (Student) in the Animahenasyon 2019.

In November 2019, Animation alumna Arianne Arbolado passed the Toon Boom Certification Exam. There are only six Toon Boom certified animators in the Philippines and four of them are from iACADEMY.

Business Administration with specialization in marketing and advertising batch 2016 alumnus, LR Lancero II represented the country in the Ice Hockey Competition of the SEA Games 2019.

In November 2019, iACADEMY's esports organization Nimbus made it to the EAA Luzon Regionals for League of Legends. They are freshmen Adrian Angeles (Software Engineering), Raphael Carlo Gochuico (Multimedia Arts and Design), second-year Robin James Javate (Game Development), Francis Geoffrey Parrenas (Software Engineering), and Juwan Melad (Game Development). Their student coach was second-year Symoun Seguis (Game Development).

Software Engineering Blue Entity team were finalists in the Philam Life Hack that was held from November 9 to 10, 2019. The competition is an innovation contest for creative thinkers to generate ideas that help more Filipinos live healthier, longer, better lives in the future. The team is composed of second-year Software Engineering Paul Vincent Magbojos, and first-year Software Engineering students Aironne Mark Quintela, John Louie Valencerina, and Benjamin Gatchalian.

On November 23, 2019, a group of second-year and third-year Marketing Management, Design, and Game Development students garnered the Top 9 Finalist spot at the 2019 PANAnaw Awards under the Brand Communications Students' Competition. PANA, is the oldest and biggest non-stock, non-profit organization of advertisers in the country. The students' entry was a case study entitled TOSTAS Chips. The group was composed of Julianne Denise H. Febiar (Business 2nd year), Zoe Samantha O. Panganiban (Design 3rd year), Lisa Nicole V. Vasquez (Design 3rd year), Christopher Punla (Game Dev 3rd year), Geoffrey Allen T. Tan (Business 2nd year), Eunice Ann G. Lising (Business 2nd year) and Jilian O. Alicpala (Design 3rd year).

Industry partner Knowledge Channel, through its Knowledge Channel Volunteer and Internship Program ("KCVIP"), recognized through the KCVIP Virtual Graduation 2020 held on July 16, 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.

Senior High school students' research outputs were presented during the 2nd Singapore Institute of Multidisciplinary Professions-Ascendens Asia Group Joint Multidisciplinary Research Conference held in Manila, Philippines on September 1, 2017.

- Loise Marie Ambat, Thomas Reese Cabagnet, Daniel Jasper Flores, and Ryan Christopher Tiong (ABM students) for "A Study on Designing a Marketing Plan for a Start-Up Business in the Philippines"
- John Zander Bulilan, Monique Bridget Guinto, Yen Kyla Noche, Dune Myra Ellis Paulo, and Charlene Sahagun (ABM students) for "Social Media and its Role in the Intention of Customers and Non-Customers of Halp-U"
- Nicole Agustin, and Kaaia Hymna Tala Endaya (HUMSS students) for "Traversing Religious Freedom in the Philippine Setting from Pre-colonial Period to Present: A Historical Case Study"

- Sophia Bernadette Eslabon, Stephanie Nadine Saroca, and Ma. Sophia Sian (HUMSS students) for “Trends and Challenges: Religious Pluralism in Indonesia and Singapore”
- Samantha Grace Battung, Yechan Lee, Josephine Arabella Revereza, Kiri Anna San Jose, and Jose Gabriel Tagala (Multimedia Arts (“MMA”) students) for “Filipino Youth’s Preference for Local Films with Mainstream Celebrities”
- Elisha Gabriel Briones, Density Kind Empleo, Joshua Realosa, and Miguel Andre Soliven (Animation students) for “Interactive Art Used as a Vessel to Help Raise Awareness and Preserve the Cebu Flowerpecker”
- Maria Eloisa Boac, Angelo Louis Vincenzo Capulong, Rose Anthonette Plariza, and Ysabella Therese Martinez (Animation students) for “The Awareness of iACADEMY Senior High Students: Activism Art and Endangered Wildlife”
- Anne Coleen Bulilan, Ulysses Caragayan, Jhemica Hernandez, Eisley Navela, and Ashlley Tiempo (Fashion Design students) for “The Perceptions of Contemporary Filipino Fashion Designers on Promoting the Filipino Cultural Identity Through Modern Textile Design”
- Marc Gavriel Abinuman, Jean Michel Gabrielle Gomez, Abdul Mu’izz Haider Janjua, Jindev Mann, Erik Mariano, Charles Wenzel Orlanda, and Symeon Peter Seguis (Software Development (“SD”) students) for “Using CCTV Cameras with Sensors to Help Lessen Traffic in Makati City”
- Ariel Arevalo II, William Henry Datu, Phillip Justine Garay, Anthony Lance Jarlega, Mel Ivan Magsino, James Ronald Temblor, Basil Nicolo Urrutia, and Robin Benjamin Yabyabin (SD students) for “Virtual Traffic Lights in Reducing or Alleviating Traffic Congestion”

The abovementioned research projects were also digitally published on Ascendens Asia Journal of Multidisciplinary Research Conference Proceeding on September 23, 2017; The Public Knowledge Project of Canada on November 13, 2017; and the National Library Board of Singapore on January 25, 2018.

On November 19, 2017, the artwork of Jim Natanauna, Grade 11 MMA student, won third place in the age 17-18 category of the Eighth Annual Space Foundation International Art Contest.

On December 15, 2017, John Raynard Alvarez, Grade 11 MMA student, won as runner-up in the 7th Cocolife Colors of Life Visual Art Competition High School category.

On December 21, 2017, photographs of James Saluta, Grade 11 MMA student, were featured in Scout Magazine. These photographs aimed to promote the importance of environmental awareness through highlighting responsible waste management.

From January 10 to 13, 2018, SHS Grade 12 ABM students Yen Kyla Noche, Earlich Ibon and Thomas Cabagnet represented iACADEMY as startup exhibitors in the National Youth Business Convention 2018 held at the SMX Convention Center in Manila.

Earlich Ibon, Michelle Lapiña, and Loise Marie Ambat, Grade 12 ABM students, won as Grand Champion in the DICT YouthHack MNL Startup Challenge High School Edition on January 28, 2018 at the Asian Institute of Management.

The works of Jamsem De Guzman, Grade 12 Animation student, were featured in the Graphika Manila 2018 book on February 4, 2018.

On March 8, 2018, Michael Ong, Kyle Jamolangue and Paul Magbojos, Grade 12 Computer Programming students, won 3rd place in Reboot Programming Open 2018 sponsored by the Philippine Science High School.

On August 17, 2018, Jia Ramoran and Frances Eridio, Grade 12 students enrolled in the Humanities and Social Sciences and Multimedia Arts strands respectively, won the 4th Annual Spoof Ads competition.

On October 30, 2018, Grade 12 Software Development students Reinald Josef Kristjan Tomenes, Joshua Roi Redita, Danyel Dondon, Francis Sulit and Julian Lamela won the PEACE category of the #HackSociety 2018: Build Tomorrow nationwide competition. This competition was sponsored by Rappler, in partnership with the Youth Co:Lab initiative of the United Nations Development Programme (“UNDP”) and Citi Foundation.

Grade 12 MMA students Jovelle Bolusa, Alris Esteban, Andrea Montenegro, Larla Ong, Brijetta San Jose, Jefei Yeh, Jon Raynard C. Alvarez, Maxine Reese V. Bautista, Petrie Mari L. Braulio, Fayette Caroline Benette Capahi, Mojaimen M. Datucali, Lois Abigail D. To, Sophitia Datu, Mikaela Nicole Favoreal, Faith Kabigting, Samantha Luzon, Jeremy Obrero, and Pauline Zabal were invited to display their mixed media works in the "Thinking Outside of the Box" exhibit at Galeria de las Islas, Intramuros, Manila from January 15 to 31, 2019.

On February 23, 2019, Grade 12 ABM students Angelo Ruelan, Hosanna Dagdag, Nicolas Villapando, Eliza Babasa and Samantha Anggala won 2nd place at the Insular Life & UP Circle of Entrepreneurs Case Competition 2019 (SHS division).

On February 26, 2019, Grade 12 MMA students Kyle Kimston Camaongay, James Cenen Laman, Juancho Daniel Laus, Faith Marianne Lawas, Angelica Manuel, and Lean Sebastien Artates won the Cardinal Gold Film, Best Original Soundtrack, Best Film Editing, Best Cinematography, Best Director, Best Actor, and Best Production awards in the high school category of CineMapua 2019 for their short film entitled, “Press Conference.”

StyleFest Awards 2019 is a local competition that aims to promote and discover fresh Fashion Designers that would eventually be at the forefront of a fashion retail brand. Grade 12 FD student, Jayanne Santos, was part of the Top 16 Fashion Designers on July 25, 2019 with the theme “Filipino RTW Design Collection”. The event was held at the Grand Hyatt Manila.

Grade 12 MMA students Aldrich Rivera, Betina Mascenon and Justine Mallari were recognized as Top Talent 2019 for the Adobe Design Achievement Awards (“ADAA”) 2019. The Adobe Design Achievement Awards is a global digital media competition for student and emerging creators. Connected to industry professionals, academic leaders, and top brands, ADAA aims to launch the next generation of creative careers. The event was held on August 14, 2019.

The Team of Grade 12 MMA students Praise Lacsama and Timothy Fort Ocampo placed 16th out of 29 teams who joined the Speech choir contest in October 2019 held in Colegio De San Juan De Letran.

Grade 12 SD students Paul Magbojos, Aironne Quintela, Louie Valencerina and Benjamin Gatchalian forming the team “Blue Entity” were finalists in the Philam Life Hack Competition held on November 9-10, 2019 in Metrotext Pasig. The Philam Life Hack is an innovation contest for creative thinkers to hack and generate ideas to help participants help more Filipinos live healthier, longer, better lives in the future.

On November 16, 2019 the Grade 12 MMA students joined the Spoof Ads Design contest with the theme “Media Literacy”. High school students critically deconstructed and creatively re-constructed advertisements showcasing their amazing critical media literacy skills. Out of 45 teams that participated, three teams from iACADEMY Senior High School were recognized: Felicci Salgado and Micheu Reyes placed 5th for “It’s a Trap”, Carmela Rivera and Mark Malabanan placed 7th Place for “Footprints” and Dyanne Esguerra and Andrea Tomo placed 19th for “One Tap Away.”

During the World Soil Day on December 5, 2019 in Bureau of Soils and Water Management Office, SRDC Building, Quezon City, a team of Grade 11 MMA Students ranked 3rd in the World Soils Day Quiz Contest. Anton Simone Sabino, Raissa Margaret Bool, Alexandra Mauree Dela Cruz, Kaitlyn Raine Cua, and Katrina Isabel Santos were the minds behind the winning of iACADEMY Team Nexus. World Soil Day is held annually on December 5th to focus the world's attention on the importance of soil and the most suitable ways to use it. The aim of the formal establishment of World Soil Day (“WSD”) is to promote global awareness and educate the public on topics related to soils in all regions.

CINEMAPUA showcases the skills students from different schools, colleges and universities in producing short film and in appreciating the value of film making. Grade 12 MMA students namely Jomig Malabanan, Praise Lacsamana, Apple Esturco, Zoe Olavides and Timothy Fort Ocampo were nominated on December 24, 2019 for their short film entry entitled “Press Conference”.

Grade 12 MMA student Timothy Fort Ocampo and Grade 11 GI student Chev Cedric Celicious joined the 10th Annual Space Foundation International Student Art Contest on January 7, 2020 and won First Place (Age 17-18 Category). The Space Foundation International Student Art Contest is an annual art contest created by the Space Foundation with the purpose of encouraging students' interest in art and in space. International contestants were the competitors in the said contest.

On March 6, 2020, Grade 12 ABM student Kurt Symon Boquiren was hailed as 2nd Runner-up at the Senior High School Marketing Student of the Year Agora Youth Awards by the Philippine Marketing Association.

iACADEMY was represented by the Grade 12 MMA students Rigel Kent Evangelista, Timothy Fort Ocampo, Maria Evita C. Miraflor, Zoe Olavides, Faith Moreno and Miles Cua with a short film titled “Ten Seconds” at the Merlion Film Festival which was held on June 11 - 15, 2020 at the Singapore School Manila.

On January 25, 2020, Lance Ocampo, a Grade 12 Software Development Student, was awarded with a contract to play for the Azkals Development Team (“ADT”) in the Philippine Football League.

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.

- Ranie Mae A. Yu (AB in Multimedia Arts and Design) received this award on June 24, 2017.
- John Andrew Gabriel Simbulan (AB in Multimedia Arts and Design), Angelo Victorino Mariano (AB in Multimedia Arts and Design) and John Alfred de Aquino Pangan (AB in Multimedia Arts and Design) received this award on June 16, 2018.
- The award was given to 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) on June 29, 2019.

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.

- During the 12th Commencement Exercises on June 24, 2017, Sean Marteen G. Arcega (BSIT with specialization in Digital Arts), Sakura Banayat (BSBA Marketing and Advertising Management), Vic Emmanuel A. Babasa (AB in Multimedia Arts and Design) and Michael T. Chang (BSCS with specialization in Software Engineering) received this award.
- On June 16, 2018, during the 13th Commencement Exercises, Arianne Arbolado (BS in Animation), Ciara Bello (AB in Multimedia Arts and Design), Karen Pante (AB in Multimedia Arts and Design),

Coleen Bartido (BSCS with specialization in Software Engineering) and Nathan Remante (BSCS with specialization in Software Engineering) likewise received this award.

- During the 14th Commencement Exercises on June 29, 2019, Francis Cholo Carpio (BS in Entertainment and Multimedia Computing (Game Development)), Kate Gispert (BSCS with specialization in Software Engineering), Khamille Kate Viray (BSIT with specialization in Web Development), Adrienne Pauline Guinto (AB in Multimedia Arts and Design), Marianne Novencido (AB in Multimedia Arts and Design), Jan-Philip Buen (BS in Animation) and Bianca Costa (BS in Animation) received this award.

Faculty Development and Certification

STI ESG

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

The Courseware-based trainings (“CBT”) are training programs held during semestral 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.

Academic Heads and Assistant Principals likewise underwent trainings to better understand and appreciate their roles within the school operations in SY 2017-2018. There were 132 participants in the said training that was conducted in May 2017. During the same school year, 154 Program Heads across the network also participated in a training aimed to strengthen and harmonize OBE implementation, and 237 faculty members attended the APTIS Advanced assessment in collaboration with the British Council. In this training, the faculty members’ proficiency in speaking, writing, listening, and reading the English language was assessed. British Council also sponsored another workshop on English as Medium of Instruction that was attended by 59 faculty members from select campuses in Metro Manila.

In SY 2018-2019, the institution launched STI aHead: Academic Heads Development Training 2018. Attended by 76 Academic Heads nationwide, this training intended to re-orient and enhance the understanding of the duties and responsibilities of an Academic Head in three (3) key areas: academic program management, faculty development, and student development. Another major training also conducted within the same school year was the Program Heads Training 2018. With 213 participants, the training focused on preparing the Program Heads for their roles in academic program management, faculty supervision and development, and student development and support. This training, moreover, aimed to sustain STI’s OBE effort by building the Program Heads’ skills in the areas of facilitation and use of various teaching tools.

The training for Academic Heads continued in SY 2019-2020 focusing 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.

During the same school year, a Professional Culinary Arts training was also conducted among 26 faculty members. The training aimed to assist schools who were planning to offer the new Professional Culinary Arts (“PCA”) program. After the training, the participants also applied for and passed TESDA’s National TVET Trainer Certification in the following areas: Cookery NCII, Commercial Cooking NCII, Commercial Cooking NCIV, and Bread & Pastry Production NCII. Another training that was held in support of the PCA program was the Essentials of Culinary Arts training that was attended by 68 faculty members. Rounding up the trainings for SY 2019-2020 was the SAP Faculty Training attended by 94 faculty members. This was

conducted to better prepare the faculty members for the integration of SAP in select Accounting and IT programs.

STI ESG also administers a Faculty Competency Certification program (“FCC”) which serves to evaluate a faculty member’s knowledge of a particular course to ascertain that he or she has the minimum level of competence needed to teach that course. Certification requirements include passing a comprehensive certification exam and garnering above average faculty evaluation ratings from superiors, peers, and students.

In SY 2017-2018, 1,513 faculty members were certified and 2,916 certificates were released. The numbers further increased in SY 2018-2019 with 3,327 FCCs granted and 11,346 certificates released. In SY 2019-2020, 3,824 FCCs were granted and 10,834 certificates were released.

STI ESG also opened the Graduate Studies Assistance Program for Master in Information Technology for part-time full-load faculty members. This assistance program features a socialized tuition scheme based on the enrollee’s capacity to pay which would require the faculty member to pay only a portion of the tuition and other school fees for every semester. For SY 2019-2020, 12 faculty members enrolled in the program.

STI WNU

In February 2018, Executive Vice President Ryan Mark S. Molina was conferred by the world’s largest Professional Institution, the Royal Institution (“RI”) of Singapore, the title of Senior Fellow of the Royal Institute of Management during the 16th International Conference and Conferment Ceremony in Liceo de Cagayan University, Cagayan De Oro. In the same event, Dr. Daisy Mae Octavio, Dr. Christine Julom, Dr. Rey Eslabon and Dr. Lilybeth Eslabon, all from STI WNU, were conferred the title of Fellow of the Royal Institute of Educators.

Dr. Christine P. Julom and Dr. Mercia Ann M. Apostol, members of the Faculty of College of Education Arts and Sciences (“CEAS”), attended a National Seminar on “How to Teach Field Methods: Workshop on Qualitative Research in Psychology on February 28, 2019 in Iloilo City.

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 will be equipped with a well-rounded education that will help them reach their highest potential, STI ESG allows 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 due to the implementation of the enhanced community quarantine in key areas in the country in response to the COVID-19 pandemic.

The STI National Youth Convention (“STI NYC”)

Since 1995, the STI NYC has been an annual venue where students are provided with opportunities to learn the latest trends from industry leaders and motivate them to apply the values and information they have gained with the objective of contributing to their school and community. The theme and topics vary every school year but always focus on alternative and innovative learning to discover the latest trends in technology, acquiring the most in-demand and job-ready skills, and enhancing specific values anchored on attributes that a model citizen should exhibit.

On February 21, 2017, CHED issued a memorandum on the imposition of moratorium on field trips and other similar activities covered under CHED Memorandum series order no. 17. In view of this, certain activities such as convention of the students, hotel immersion, culinary and tourism exposure, bartending

seminars and educational tours were cancelled. The moratorium was lifted during SY 2017-2018. The 23rd STI NYC was then held in SY 2018-2019 and attended by 28,511 delegates from 10 legs: Legazpi, San Fernando, Baguio, Cagayan de Oro, Davao, General Santos, Kalibo, Bacolod, Cebu, and a combined leg for Metro Manila and South Luzon at Filinvest Alabang. For SY 2019-2020, a total of 14,152 students attended the convention from eight legs: Cebu, Iloilo, Bacolod, San Fernando, Baguio, Davao, General Santos, and Naga. Two legs scheduled in Cagayan de Oro and Metro Manila were cancelled following the implementation of community quarantine measures in key areas in the country due to the global COVID-19 pandemic.

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. STIers also witnessed the launch of three new competitions in SY 2017-2018 – Codefest, Travelogue, and Mix ‘n Flair.

For SY 2017–2018, 1,022 students participated in the competitions. The number increased to 4,226 in SY 2018-2019 and 5,903 in SY 2019-2020.

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. In SY 2017-2018, 922 students from STI campuses nationwide participated in the TNS. The number of participants registered in SY 2018-2019 was 1,079 and 1,267 in SY 2019-2020.

Talent Search

The STI Talent Search uncovers the innate talent of STIers nationwide – from singers and musicians to dancers and up-and-coming models. Every year, all STI campuses nationwide send a total of over 100 contestants to compete in nine (9) 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.

National Basketball Tournament (“NBT”)

To promote sportsmanship, camaraderie, and team spirit amongst students, STI conceptualized the National Basketball Tournament, a sports program for STI basketball teams nationwide. In SY 2017-2018, 53 schools joined the tournament with STI West Negros University declared as champions. In SY 2018-2019, STI College Balagtas came out on top and ruled over the different teams from 53 campuses.

National Volleyball League (“NVL”)

Following the success of the Women’s Volleyball Challenge, the sports program was redeveloped and launched to include all STI-branded campuses nationwide. With the same objectives of instilling in the students the value of discipline and further strengthening their character, the first National Volleyball League was staged in SY 2017-2018 with 44 campuses joining the national tournament and STI West Negros University claiming the first NVL championship title. In SY 2018-2019, the tournament opened with 42 teams and STI West Negros University successfully defended its championship title for the second year.

Philippine National eSports League Association

The Philippine National eSports League Association introduced the first franchise model eSports circuit, The Nationals, in the country. Together with five other companies, STI joined the league and became one of its founding members. In SY 2019-2020, the league launched The Road to The Nationals, a series of open qualifier tournament games held nationwide. The tournament featured three game titles: DOTA2 for PC, Mobile Legends for mobile, and Tekken 7 for the console game.

Leaders Enhancement of Attributes Program and Student Engagement and Educational Development

The Leaders Enhancement of Attributes Program (“LEAP”) is a leadership program for the senior high school students. It aims to empower the student leaders in embracing and establishing a dynamic and concrete culture of excellence in academics, extra-curricular activities, and also career planning through various sessions, and activities. In each session, the participants are tasked to create action plans in which the new information and learnings they gained must be echoed and transferred to their classmates in their homeroom class through the Student Engagement and Educational Development (“SEED”).

The program was piloted in STI College Ortigas-Cainta with 72 student leaders as participants. The program participants received various internal and external awards such as academic honors, leadership awards, and recognitions during their graduation. Fueled by the positive results of the pilot program, STI ESG implemented LEAP in select campuses in SY 2018-2019. Eighteen (18) SHS homeroom advisers and club moderators, also referred to as LEAP and SEED Champions, who came from Calamba, Lipa, Meycauayan, Global City, Pasay-EDSA, San Pablo, Cubao, Dagupan, and Sta. Maria were invited for a training held on July 27, 2018.

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.

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.

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, larong lahi (games), concerts and fellowships are held.

iACADEMY

Student Activities and Leadership

The Office of Student Experience and Advancement (“OSEA”) 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 OSEA undertakes is engaging students in curricular and extra-curricular 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 30 iACADEMY Student Organizations which include the following:

College Student Organizations:

- iACADEMY Business Association (College Chapter) – is comprised of committed Business Administration students who aim to spread knowledge and skills in the marketing profession.
- FORGE – envisions a healthy and enjoyable environment for all its members to help them discover, learn, and develop many of the broad skill sets necessary in Game Development.
- Software Engineering through Academics and Leadership (“SEAL”) – 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.
- Creative Society - aims to find and realize the hidden talents and creative skills of its members. It reaches out not just to Animation Students but also to students of other programs.

- Student Athletes Society (College Chapter) – is an organization that promotes health and wellness through sports and other outdoor activities. It also aims to develop sportsmanship, camaraderie, and teamwork among iACADEMY students.
- 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.
- iACADEMY’s Company for Theater (“iACT”) – is a theater guild that focuses on the art of theater and stage management.
- iACADEMY Making Positive Action (“iMPACT”) – aims to create a positive change in society by providing outreach and civic opportunities to its members and to the rest of iACADEMY.
- Nimbus – is an esports organization who regularly hosts gaming events and competes in tournaments outside the school and focused on the positive development of esports programs.
- Velocity – is actively involved in implementing sustainability practices in iACADEMY.
- 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 comprised 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.
- Student Athletes Society (SHS Chapter) – is an organization that promotes health and wellness through sports and other outdoor activities. It also aims to develop sportsmanship, camaraderie, and teamwork among iACADEMY students.
- 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 High School department.
- Basic Integrated Theater Arts Guild of iACADEMY (“BITAG of iACT”) – is the Official Senior High School Theatre Arts Organization of iACADEMY that 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 for 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 a two-day outdoor, interactive seminar-workshop that aims to build a good working relationship among iACADEMY Student Organizations, Central Student Organization (College) and the Student Council (SHS). It provides students with activities that align their organizations’ shared purpose, goals, and plans. It also helps in establishing the students’ roles as leaders as they discover effective ways of implementing their projects amidst differences and challenges.

Career Enrichment Programs

One of the programs that the Office of Student Affairs and Services (“OSAS”) leads is the Career Guidance and Monitoring Session (“CGMS”) being conducted for fourth year students that are enrolled in the Internship Course. It is a bi-monthly session that allows the students to discuss projects and challenges at work as well as process the learning experiences that they have in their host companies.

Various career enrichment seminars are also conducted for students from other year levels. These seminars tackle topics such as preparing for an interview, power dressing, and creating resume and portfolio, 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.

Post-Graduation Report

STI ESG

The STI Alumni Relations, Placement, and Linkages (“STI APL”) department conducts a survey of the graduating class to track employment rate months after graduation. This is facilitated through each STI School’s Alumni and Placement Office. Based on most recent reports, 63% of our surveyed graduates are employed within one year after they graduated.

Interactive Career Assistance and Recruitment System (“ICARES”)

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 ICARES 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 for the job placement of STI graduates are enabled to post their job openings and request for lists of graduates through www.i-cares.com or the ICARES at no cost. Registration with ICARES is required for all graduating STI students. In SY 2017-2018, 161 partners utilized the ICARES, 131 of whom were able to post job vacancies on the ICARES website. In SY 2018-2019, there were 51 unique job postings with 87 partner companies utilizing the ICARES website. For SY 2019-2020, the website registered 84 partner companies with 44 of them posting job opportunities. The recruitment season, which usually occurs from February to May, was affected by the implementation of the community quarantine which then led to a decline in the number of job postings.

On-the-ground school activities such as job fairs are conducted for recruitment purposes and to provide employment preparation seminars to graduating STI ESG students. Forty-two (42) institutional partners participated in STI ESG job fairs in SY 2017-2018 and 161 joined in SY 2018-2019. Schools nationwide also have local partnerships within their community to provide graduating students more avenues. For SY 2019-2020, the job fairs were cancelled as mass gatherings or activities have been disallowed due to the implementation of community quarantine measures in key areas in the country in response to the COVID-19 pandemic.

The STI Distinguished Alumni Awards

The STI Distinguished Alumni Awards (“STIDAA”) was launched in 2014 in which STI campuses nationwide were encouraged to nominate their own alumni who have received distinctions and achievements in their chosen fields. Since its inception up to SY 2018-2019, 41 alumni have been awarded and recognized for their outstanding accomplishments.

In SY 2019-2020, STIDAA added 21 alumni to its list of notable national awardees. This group of alumni stood out from 89 nominees and will be honored in a virtual ceremony. The 2020 STIDAA National Awardees are Marlon Lopez, Ralph Rolly Maliwat, Mary Grace Araneta, Sergiris Ortega, Ronnel Ybañez, Jastine Ann Montilde, Ronnie Arap, Jr., Joseph John Martinez, Ronnie Cabanjin, Niño Algura, Darren Quijano, John Christian Mirasol, M.D., Roque Louie Aliyas, Clark Ty, James Olarte, Joseph Del Rio, Grace Jude, Neil Defeo, Greggje Mercado, Allan Jay Dumanhug, and Karen Jane Salutan.

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 2017-2018, 100% of the 563 graduates from SY 2017-2018 were tracked and 309 were already employed. For SY 2018-2019, 85% of the 624 college graduates of the University were tracked and 289 were already employed.

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 2017-2018, STI WNU APO and Guidance Services Office invited twenty-one (21) companies for the 563 graduating college students. There were 237 attendees from five departments who participated in the job fair interview: 22% of the participants came from the College of Business Management and Accountancy, 6% from the College of Criminal Justice Education, 37% from the College of Education, Arts and Sciences, 7% from the College of Hotel and Tourism Management, and 28% from the College of Information and Communications Technology.

In SY 2018-2019, twenty-three (23) companies participated in the job fair for the 624 graduating students. There were 229 attendees from the 5 departments: 49% from the College of Information and Communications Technology, 30% from the College of Education, Arts and Sciences, 10% from the College of Hospitality and Tourism Management, 10% from the College of Business and Management Accountancy, and 1% from the College of Criminal Justice Education.

Likewise, starting SY 2018-2019, the Guidance Services Center, in collaboration with STI WNU APO, has initiated seminars to prepare the graduating students for the world of work. A total of 323 students attended the Personality Enhancement Seminar; 438 students attended the Psychological Readiness at Work Seminar; 360 students attended the Resume Writing Seminar; and 211 students attended the Dress-Up and Make-up for Success Seminar.

In SY 2019-2020, 207 students from 5 departments attended the Personality Enhancement Seminar; 220 students attended the Psychological Readiness at Work Seminar; 207 students attended the Resume Writing Seminar and Interview Appropriate Tips; and 204 students attended the career talks.

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. For SY 2016-2017, the newly elected officers were inducted by Pres. Monico V. Jacob on March 2, 2017.

On February 17, 2018, the University held its 70th Grand Alumni Homecoming at the STI WNU Gymnasium with 530 alumni in attendance.

On February 16, 2019, 402 alumni from different batches attended the 71st Grand Alumni Homecoming at the same venue. Part of this whole day activity was the election of the new set of Alumni Officers.

The following year, 275 alumni attended the University's 72nd Grand Alumni Homecoming which was held at the STI WNU Gymnasium on February 20, 2020.

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 Alumni Homecoming in February 2018, the following were given the Outstanding Alumni Award for their exemplary performance in their respective fields – Ma. Corazon A. Stamper and Samuel D. Moyani both from the field of Education, Judith M. Simeon for Engineering, Rey T. Eslabon from the Military, and Elvis C. Atinado for Arts, Culture and Sports.

In a program held during the 71st Grand Alumni Homecoming in February 2019, Most Outstanding Alumni Awards were given to Dr. Dennis G. Develos from the field of Education, Engr. Edwin Acosta for Engineering, Sigrid Ortiz for Business, and Richard Somes for the Arts, Culture and Sports.

Most Outstanding Alumni Awardees were once again recognized during the 72nd Grand Alumni Homecoming in February 2020. Awarded were Luningning C. Amancio from the field of Education, Engr. Annaliza A. Neri and Engr. Aladino A. Agbones for Engineering, Atty. Leo Irving V. Sedonio for Law, Rita Carlota G. Lacson from the field of Medicine, Emeterio A. Flores and Nestor I. Gabalda for Business, and Mary Sulyn A. Sagorsor for Public Service.

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 partnership 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.

Institutional Linkages

STI ESG

STI ESG establishes, maintains, and promotes partnerships with the legitimate members of the industry to increase its students and graduates’ employability under the institutional linkages. Through these linkages, opportunities such as on-the-job training (“OJT”), employment, courseware enhancements, and faculty development are made available to STI ESG, its students, and partners. In addition, activities such as mock interviews, employment preparation seminars, job fairs, granting of scholarships, postings of employment opportunities, and faculty trainings are also made possible.

Junior Achievement of the Philippines, Inc. (“JA Philippines”)

STI ESG partnered with JA Philippines, a member of the international organization Junior Achievement Worldwide, a non-profit group dedicated to educating young business minds about workforce readiness, entrepreneurship, and providing financial literacy through hands-on programs.

This collaboration will bring JA Philippines’ Business Skills Pass (“BSP”) program to select STI campuses for the ABM students. It is divided into two programs: Be Entrepreneurial for the Grade 11 students and the JA Company of the Year Program for the Grade 12 students. For SY 2017-2018, the Be Entrepreneurial program was implemented in select STI ESG campuses. The culminating activity for the Be Entrepreneurial program is the business plan development and presentation. In the said activity, STI College Novaliches placed 2nd runner-up in the Business Plan Presentation Competition.

The program continued in SY 2018-2019 where three campuses, namely STI Colleges Ortigas-Cainta, Novaliches, and Caloocan, successfully passed the first stage of the Company of the Year competition. In the final round, STI Colleges Ortigas-Cainta and Novaliches earned numerous awards.

For SY 2019-2020, all students who joined the program underwent mentoring sessions with industry practitioners and participated in the JA and Ortigas Malls Trade Fair held at Estancia Mall in Pasig City. From the numerous mini-companies who joined the program, three entries from STI Colleges Caloocan, Fairview, and Las Piñas qualified as finalists.

The Ascott Limited

The Ascott Limited (“TAL”) is a Singapore-based company that has grown to be one of the world’s leading international serviced residence owner-operators. It has over 43,000 operating serviced residence units in key cities of the Americas, Asia Pacific, Europe, the Middle East and Africa, as well as more than 31,000 units which are under development, making a total of more than 75,000 units in over 500 properties.

STI ESG's partnership with TAL ensured that its students underwent the latter's formal training program and let them experience working in a professional environment.

Marco Polo Hotel

The partnership between STI ESG and Marco Polo Hotel in Ortigas provided STI ESG students with on-the-job training experience that is relevant to the demands of the industry. Students participated in an extensive training in housekeeping and front office management that is at par with international standards.

InterContinental Hotels Group ("IHG")

The alliance between STI ESG and IHG will provide internship programs to qualified STI ESG students in any 4-year program from any campus nationwide. This program includes the following: (1) an orientation to prepare interns; (2) a formal training in a real-life workplace; and (3) other activities conducted by the facilitators to help gauge the students' practical aptitude. Their performance was monitored by industry experts through monthly and term-end evaluations. Upon the completion of the program, interns were granted certificates to recognize their participation and accomplishment. With the promise of providing students with a memorable and unparalleled internship experience, interns can look forward to gainful learning at the Holiday Inn and Crowne Plaza.

Philippine Airlines

Philippine Airlines, owned by PAL Holdings, is the flag carrier of the Philippines and is the first and oldest commercial airline in Asia. STI ESG's partnership with PAL allowed students enrolled under the BS Tourism Management program to participate in an on-the-job training program where they were given opportunities to familiarize themselves with actual office and technical operations and management to augment their formal learning.

Accenture, Inc.

The partnership between Accenture and STI ESG aims to launch various collaboration activities that were intended to train and develop the new generation of information technology professionals through on-the-job training programs, campus recruitment activities, learning sessions, and workshops or seminars, among others.

Department of Labor and Employment ("DOLE")

DOLE exempts STI ESG schools from applying for a job fair permit provided that it will be held within the school premises. In addition, DOLE will provide a speaker to join the schools' job fair events to educate graduates on their rights and responsibilities as prospective employees to become productive members of society. In return, STI ESG extends its assistance by promoting and cascading DOLE's mandate of ensuring the jobseeker's protection in any employment facilitation related activities to its schools nationwide.

STI WNU

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.

TESOL Asia SITE Ltd Australia

On May 3, 2018, STI WNU partnered with TESOL Asia, an Australian-based company, in providing special training 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.

Chonbuk National University

In March 2017, Chonbuk National University in Korea accepted three BSED English students in its Exchange Student Program for Language and Culture.

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 Hospitality, 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.

Today English LTD Partnership ("TELP"); Teacher Internship Thailand Program ("TITP") & 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.

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.

CENECO, NONECO, PLDT & other Establishments

STI WNU partnered with several companies for the on-the-job-training of its Engineering students. These include Central Electric Company (“CENECO”); Asian Alcohol Corporation; Northern Negros Electric Cooperative (“NONECO”); Philippine Long Distance Telephone Company; Dynamic Properties and Realty Corporation; Alfie’s Construction and Construction Supply; Sagay Central Incorporated; Dynamic Builders and Construction Company; Amaia Land Corporation; and Department of Public Works and Highways.

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.

“ACT-CIS Party List” Program, PESO, AFP Educational Benefit System Office (“AFPEBSO”) and Skills Enhancement and Educational Development for Students (“SEEDS”)

STI WNU has students who have scholarship grants from several institutions who tie-up with CHED under the Tulong Dunong (ACT-CIS Party List) Program, PESO, AFPEBSO and SEEDS. The latter provides STI WNU students training through Jollibee Foods Corporation, Chowking and Greenwich.

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 2017-2018 , SY 2018-2019 and SY 2019-2020 , enrollees in the program were 352 , 364 and 214, respectively.

iACADEMY

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.

Acudeen Technologies Inc.

Acudeen Technologies is an online technology platform that connects Small and Medium Enterprises to Financial Institutions through Invoice Discounting.

Adspark, Inc.

Adspark is a data-driven mobile-first digital marketing solutions company wholly owned by Globe Telecom. They are on a mission to accelerate digital and mobile advertising in the Philippines.

Advocate 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.

Artsmith Creative House

Artsmith 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.

Benefit Cosmetics

Benefit Cosmetics is one of the most recognized and trusted cosmetics brands in the world. Founded by successful models-turned-makeup artists Jean and Jane Ford, Benefit was built on the premise that "makeup doesn't have to be serious to look good." For the twin Fords, laughter is always the best cosmetic, a belief they infused into each of their products from the get-go.

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.

Climate Change Commission ("CCC")

The CCC is the lead policy-making body of the government tasked to coordinate, monitor and evaluate government programs and ensure mainstreaming of climate change in national, local, and sectoral development plans towards a climate-resilient and climate-smart Philippines. The Climate Change Commission PH and iACADEMY had the opening reception of the CTRL+S Now: A Print Exhibition on Climate Change Awareness and Action on November 19, 2020 at the One Esplanade in Pasay City.

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.

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.

Department of Tourism (“DOT”)

The DOT is executive department of the Philippine government responsible for the regulation of the Philippine tourism industry and the promotion of the Philippines as a tourist destination. The partnership is meant to produce films and augmented reality (“AR”) app that can deliver cutting-edge promotional materials to help the country’s tourism efforts. The MOA signing was held on October 4, 2019.

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 solution 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.

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.

Grab Philippines

Grab is a Singapore-based technology company that offers the only ride-hailing, ride sharing, and logistics services through its app in Singapore and neighboring Southeast Asian nations – Malaysia, Indonesia, Philippines, Vietnam, Thailand, Myanmar, and Cambodia.

Gumi Asia Pte Ltd

Gumi Asia Pte Ltd is a subsidiary of Gumi Inc. that branched out over the South East Asian countries of Singapore and Philippines with Group CEO Hironao Kunimitsu starting it in 2012. It specializes in publishing and operating mobile games on iOS, Android & Amazon platforms.

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.

IBM

In 2010, iACADEMY was appointed by IBM as its first IBM Center of Excellence (“CoE”) 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.

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.

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.

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.

Lotus Academic Institute

iACADEMY is the first Lotus Academic Institute Partner in the Philippines and the ASEAN region.

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 that delivers metro-wide services. 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.

Mothership, Inc.

Mothership, Inc. was launched in 2011 to provide world class quality visual effects for Philippine film and broadcast entertainment industry, spearheaded by Mr. Dondon Monteverde, a veteran film producer and Mr. Erik Matti, a multi-awarded director.

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.

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.

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.

Pageone Media

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

Philippine Mental Health Association, Inc. ("PMHAI")

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.

Philippine Stock Exchange

The Philippine Stock Exchange ("PSE") has chosen iACADEMY to offer the PSE Certified Financial Analyst Program.

Pineapple Lab

Pineapple Lab is a creative art space and gallery dedicated to finding innovative ways to showcase the works of Filipino art makers, international artists and collaborators.

PlayPark, Inc.

Formerly known as Playweb Games, Inc., PlayPark, Inc. is the publisher and operator of Level Up! and PlayPark in the Philippines. With a vast portfolio of hugely popular Massively Multiplayer Online Games, which include Cabal, Assault Fire, World in Audition, Phantasy Star Online 2 and Ragnarok Online, the game that started the online gaming craze in 2003, PlayPark, Inc. is the leading game publisher in the online gaming industry in the country today.

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.

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 the theme of friendship.

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.

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.

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.

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.

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.

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.

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.

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. Future program include app development for one of its leading brands.

Unity Technologies

iACADEMY has partnered with Unity Technologies, one of the leading cross-platform game engines used to develop video games, making the school its official Authorized Training and Certification Partner Program in the Philippines.

The Unity Certification and Training is the first certification program for students and the only certification for game engines. It is an industry credential that has helped developers worldwide to validate their game design knowledge and skills in Unity to their future employers. This gives students a competitive edge in the job market and in the Game Development industry.

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.

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.

Yeaps Corp.

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

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. Sixty-five (65) scholars were registered through the TV programs in SY 2017-2018, 28 scholars in SY 2018-2019, and 54 scholars in SY 2019-2020.

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 400 scholars nationwide in SY 2017-2018. The number of scholars continued to increase, reaching 1,284 in SY 2018-2019 and 1,119 in SY 2019-2020.

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”)
- Associated Planters of Silay-Sarabia, Inc. (“APPSSI”)
- 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)
- Green Scholars – Engr. Dioscoro Marañon and Engr. Paolo Petalver
- Hawaiian Philippine Company (“HPCO”)
- Kabankalan City
- MALIPAI Foundation
- Municipality of La Castellana
- Negros Women for Tomorrow Foundation Incorporated (“NWTFI”)
- Perpetual Educational Foundation (“PEF”)
- Public Employment Services Office (“PESO”)
- Sagay Central
- SEEDS (Scholarship from Jollibee, Greenwich and Chowking)
- STI Foundation Scholarships
- Transcom (“Earn while you Learn” Program)
- U.S. Veterans Affairs (“USVA”)

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 ESG’s 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 address the digital divide and 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 problem in the growing number of students who drop out of school every year.

STI ESG then 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. The ALS sessions are conducted every Saturday and employ blended and collaborative modes of instruction (face-to-face instructions), e-learning materials (e-Skwela), and performance-based assessment to prepare and equip the ALS learners with the knowledge required to pass the Accreditation and Equivalency ("A&E") Test given by DepEd. From SY 2016-2017 to SY 2017-2018, 134 ALS Learners have taken the A&E test with 55 learners passing the test and receiving certificates equivalent to high school diploma. For SY 2018-2019, 30 ALS learners took the test in February 2019. However, the results were put on hold since the Department of Education deemed it better to review the assessment test and align it with the current senior high school curriculum. The postponement still continued into SY 2019-2020. There are five STI campuses currently offering ALS – STI Colleges Ortigas-Cainta, Batangas, Lipa, Muñoz-EDSA, and Rosario.

The STI Mobile School

The STI Mobile School is a fleet of tourist-sized buses that have been 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 2019-2020, the STI Mobile School has travelled to 1,230 sites and trained 172,556 participants nationwide. Today, a total of six mobile school buses travel across Luzon, Visayas, and Mindanao.

Adopt-a-School Program

STI ESG received a Certificate of Appreciation from DepEd for being one of its active partners in the implementation of the Adopt-a-School program. With this alliance, STI Mobile School or the computer laboratory on wheels was utilized to provide alternative learning facilities to DepEd's high schools in far-flung communities to teach basic skills on computer concepts, GNU Image Manipulation Program ("GIMP"), multimedia animation, audio editing, and movie presentation through ICT-enhanced training sessions.

STI Foundation 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 Foundation and STI ESG went to Taytay National High School in Taytay, Rizal on June 3 and 10, 2017 to assist in the clean-up and installation of computers donated by the DepEd Central Office in the school's computer laboratory. For SY 2019-2020, the STI Foundation participated in two Brigada Eskwela activities: in Alfonso Central School in Alfonso, Cavite where 20 ALS learners were taught GIMP animation and in Maria Perpetua E. Brioso National High School

in Masbate where 116 public school teachers were trained on Computer Concepts (MS Office), multimedia tools, and video editing and layout.

Community and Civic Engagements

STI Foundation collaborated with Caritas Manila's Segunda Mana Project in the latter's goal of generating in-kind donations such as clothes, toys, shoes, and others to be given away to the recipients of the Caritas Manila. Meanwhile, STI Foundation worked with the Ortigas Library Foundation and turned over English and Science books to select provincial public schools and libraries. The Foundation also donated uniforms to the beneficiaries of the Religious Missionaries of the Divine Savior, the victims of the Mayon Volcano eruption through the DepEd Central Office, and the beneficiaries of the National Youth Commission.

In SY 2017-2018, 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.

On April 21, 2017, STI Foundation inked a Memorandum of Agreement with Jollibee Foods Corporation ("JFC") and launched the Agroenterprise Training for Farmer Facilitators. With the help of the courseware learning materials developed by STI, Jollibee Foundation trained agroentrepreneurs facilitators so the latter will be able to organize farmer clusters that shall provide the vegetable supply to various JFC distributors, retailers, and institutional markets. In SY 2019-2020, three faculty members from STI College Ortigas-Cainta joined the program as co-facilitators and later on passed the TESDA National Certification IV assessment on Agro-entrepreneurship.

STI WNU

Community Extension and Outreach Programs

The English Department of STI WNU extends its expertise in TESOL in Puroks/Barangays where out-of-school youth, willing mothers and pupils need extra help in English. English teachers take turns in teaching English for Speakers of Other Languages ("ESOL") to these children as well as to their mothers. This is conducted during weekends until their Christmas Party in December. This project has been ongoing since 2009.

STI WNU also continues to conduct outreach activities in its partner communities in Purok Tunggoy, Mandalagan, and Brgy. Banago, Bacolod City and a partner school in Granada, Bacolod City, the Vista Alegre Granada Relocation Elementary School ("VAGRES") and ABKASA National High School.

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 terephthalate 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: Monitoring of Solid Waste Management ("SWM") implementation during the Panaad sa Negros Festival; collaboration with LGUs and private companies for the International Earth Day Celebration; Tree Growing and Community Immersion in Kalipay Village, Cadiz Viejo; Let's Do It Philippines Orientation for the International Coastal Clean Up Drive; and Tree Growing Project at VAGRES.

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. KAWSA Organization, was created and organized with participation of students.

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. In SY 2018-2019, three (3) Scholars from the said municipality qualified and availed of the program. They are now sophomores. In SY 2019-2020, the University had two (2) additional scholars with the City of Kabankalan, its new partner Local Government Unit (“LGU”). 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 potentials that can motivate the community. They engage in activities that address issues concerning the environment, arts and culture, leadership and children in conflict with the law.

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 its Punong Barangay in the implementation of CBMA’s sustainable livelihood development program for Purok Arao, Barangay Vista Alegre, Bacolod City.

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. At present, five (5) communities benefit from fresh produce resulting from the project.

In SY 2018-2019 and SY 2019-2020, 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. 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. The partners are also benefactors of the University’s Urban Gardening Project.

STI WNU also lends its expertise in setting up and maintaining the newly established computer laboratory of the Vista Alegre Granada Relocation Elementary School (“VAGRES”). For sustainability, the University conducted trainings on the “Maintenance of the Computer Laboratory”.

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 (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. It has a campus along Gil J. Puyat Ave. in Makati - the Central Business District of Metro Manila. Its second campus is located on Yakal St., also in Makati.

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.

Neschester was a 100% owned subsidiary of STI Holdings. Its major asset was a parcel of land in Makati City with an area of 2,332.5 square meters which serves as the location of iACADEMY Nexus, the school's Yakal campus. On September 7, 2017, the Board of Directors ("BOD") of Neschester and the Board of Governors of iACADEMY 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 between iACADEMY and Neschester and the related increase in the authorized capital stock of iACADEMY were filed with the SEC on January 24, 2018 and January 30, 2018, respectively. On April 10, 2018, the SEC approved the Plan of Merger and the increase in authorized capital stock of iACADEMY.

STI ESG School Programs

BS in Information Systems
BS in Computer Science
BS in Information Technology
BS in Information Technology major in Network Engineering*
BS in Information Technology major in Digital Arts*
BS in Accountancy
BS in Management Accounting
BS in Accounting Information System
BS in Accounting Technology*
BS in Business Administration major in Operations Management
BS in Business Management major in Operations*
BS in Office Administration*
BS in Office Administration with specialization in Customer Relations*
BS in Hospitality Management
BS in Culinary Management*
BS in Hotel and Restaurant Management*
BS in Tourism Management
BS in Travel 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**
Bachelor of Secondary Education major in Mathematics
Bachelor of Secondary Education major in Computer Education
Master in Information Technology

3-year Hotel and Restaurant Administration*
2-year Information Technology Program
2-year Hospitality and Restaurant Services
2-year Tourism and Events Management
2-year Computer and Consumer Electronics Program*
2-year Multimedia Arts Program*
Senior High School

**These tertiary programs are offered only senior college students.*

***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
- Broadband Installation
- Computer Hardware Servicing

Home Economics Strand with specializations in:

- Commercial Cooking
- Cookery
- Bartending
- Food and Beverage Services
- Tour Guiding Services
- Travel Services
- Tourism Promotions Services
- Front Office Services
- Housekeeping

Industrial Arts Strand with specialization in:

- Consumer Electronics Servicing

STI WNU School Programs

College of Criminal Justice Education

Bachelor of Science in Criminology

College of Engineering

Bachelor of Science in Civil Engineering
Bachelor of Science in Electrical Engineering
Bachelor of Science in Mechanical Engineering
Bachelor of Science in Electronics Engineering
Bachelor of Science in Chemical Engineering

College of Education, Arts and Sciences

Bachelor of Elementary Education

Major in:

- General Education

Bachelor of Secondary Education

Major in:

- Mathematics
- English
- Filipino
- Values Education (“VAED”)

Bachelor of Physical Education

Bachelor of Early Childhood Education

Bachelor of Science in Psychology

Bachelor of Science in Mathematics

Bachelor of Arts in English Language

Bachelor of Arts in Communication

Teachers’ Certificate Program (“TCP”)

College of Business Management and Accountancy

Bachelor of Science in Accountancy

Bachelor of Science in Business Administration

Major in:

- Financial Management
- Marketing Management

Bachelor of Science in Management Accounting

College of Hospitality and Tourism Management

Bachelor of Science in Hospitality Management

Bachelor of Science in Tourism Management

College of Information and Communications Technology

Bachelor of Science in Information System

Bachelor of Science in Computer Science

Bachelor of Science in Information Technology

School of Basic Education

Nursery

Kinder (1 & 2)

Elementary

Secondary (Grades 7 to 10)

Senior High School

Academic Track

Accountancy, Business and Management

Science, Technology, Engineering and Mathematics

Humanities and Social Sciences

General Academic Strand

Technical-Vocational Track

Maritime Specialization Strand

ICT Strand with specialization in:

- Computer Programming

- Computer Hardware Servicing
- Broadband Installation
- Contact Center Services

Home Economics Strand with specialization in:

- Bread and Pastry Production
- Cookery
- Food and Beverage Services
- Front Office Services
- Housekeeping
- Local Guiding Services
- Tourism Promotion Services
- Travel Services

Sports Track

Arts and Design Track

School of Graduate Studies

Doctor of Philosophy in Educational Management (“Ph.D.”)

Doctor of Public Administration (“DPA”)

Master in Public Administration (“MPAD”)

Master in Business Administration (“MBA”)

Master in Nursing (“MN”)

Master of Arts in Education (“MAED”)

Major in:

- Administration and Supervision
- Guidance and Psychology
- Early Childhood Education
- Physical Education
- Filipino
- Mathematics
- English
- Values Education

iACADEMY School Programs

College

School of Computing

Bachelor of Science in Computer Science (Software Engineering)

Bachelor of Science in Entertainment and Multimedia Computing (Game

Development)

Bachelor of Science in Information Technology (Web Development)

School of Business and Liberal Arts

Bachelor of Science in Business Administration major in Marketing Management

Bachelor of Science in Business Administration major in Financial Management

Bachelor of Science in Real Estate Management

Bachelor of Arts in Psychology

School of Design

Bachelor of Science in Animation

Bachelor of Arts in Multimedia Arts and Design

Bachelor of Arts in Fashion Design and Technology

Bachelor of Arts in Film and Visual Effects

Senior High School

Academic Track

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

Technical-Vocational Track

ICT Strand with specialization 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)

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 was awarded the ISO 9001:2015 certification on February 5, 2018 for its Learning Delivery System. It is another milestone for STI ESG as it became one of the pioneer institutions in the country to be recognized as ISO 9001:2015 certified. For the surveillance audit conducted in November 2019, the scope was expanded to include Placement Assistance and Learning Delivery Compliance. STI ESG likewise received positive findings on its process improvements and Quality Management System’s awareness campaign. The re-certification was released in February 2020.

STI WNU

The various programs of the University are accredited under any of the following bodies: PACUCOA Accreditation, International Organization for Standardization 9001:2015 (“ISO 9001:2015”) by Det Norske Veritas Germanischer Lloyd (“DNV GL”) and FAPE. The following table shows the accreditation status of the different programs:

PROGRAM	LEVEL	EXPIRATION
Liberal Arts	Level III 1st RA	December 2020
Business Administration	Level III 1st RA	December 2020
Bachelor of Science in Elementary Education	Level III 1st RA	December 2020

Bachelor of Science in Secondary Education	Level III 1st RA	December 2020
Master of Arts in Education	Level III 1st RA	July 2022
Master in Public Administration	Level III 1st RA	July 2022
Doctor of Philosophy in Education Management	Level II 1 st RA	February 2021
Bachelor of Science in Psychology	Level II 1 st RA	November 2020
Bachelor of Science in Criminology	Level II 1 st RA	November 2023
Marine Engineering	ISO: 9001:2015	07 November 2021
Marine Transportation	ISO: 9001:2015	07 November 2021
High School	Re-certification FAPE	SY 2021-2022
MTC- Consolidated Marpol 73/78, Annexes I-VI	ISO: 9001:2015	07 November 2021
MTC- SSAT/SDSD	ISO: 9001:2015	07 November 2021
MTC- SSO	ISO: 9001:2015	07 November 2021
MTC-Ratings Forming Part of a Navigational Watch	ISO: 9001:2015	07 November 2021

In addition, the University has been an Education Service Contracting (“ESC”) participating school for FAPE from SY 2014-2015 to SY 2019-2020 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 2,050 employees – 1,336 of whom were faculty members, 479 were non-teaching personnel, and 235 employees were from the main office as of March 31, 2020. 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	12
Managers	66
Staff	157
Subtotal	235
STI Schools	
Teaching Personnel (wholly-owned schools)	1,336
Non-teaching Personnel (wholly-owned schools)	479
Subtotal	1,815
TOTAL	2,050

STI WNU

STI WNU has employed 89 non-teaching personnel assigned to various departments and 212 full-time and part-time teaching personnel.

FUNCTION	NUMBER OF EMPLOYEES
Senior Management	5
Managers	26
<i>Total</i>	31
Teaching Personnel	
Full time	111
Part time	101
Total	212
Non-teaching personnel	89
 <i>STI WNU GRAND TOTAL</i>	 332

iACADEMY

iACADEMY has 242 employees, 136 of whom are faculty members, both full-time and part-time and 90 non-teaching personnel, from rank-and-file to executive level.

FUNCTION	NUMBER OF EMPLOYEES
Senior Management	8
Managers	8
<i>Total</i>	16
Teaching Personnel	
Full-time	56
Part-time	80
Total	136
Non-teaching personnel	90
<i>Total</i>	226
 <i>iACADEMY GRAND TOTAL</i>	 242

Item 2. PROPERTIES

STI Holdings

The Parent Company owns properties located in Quezon City and in Davao which are recognized as investment properties in the statement of financial position. 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. This Davao property will be the new site of STI College Davao.

STI ESG

STI ESG has an extensive list of properties, either owned or under long-term lease which serve as sites for campuses and warehouses. There are also properties which are not yet put to use and 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	School Campus	-	3,172
Fort Bonifacio, Global City	Building Land is on long term lease	School Campus	2,632	10,101
Kalibo, Aklan	Land	School Campus	1,612	-
Kauswagan, Cagayan de Oro	Land and building	School Campus	17,563	2,704
Las Piñas	Land	School Campus	10,000	10,469
Legazpi	Land	School Campus	4,149	4,898
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
Valencia, Bukidnon	Land and building	School Campus	300	1,137
Ternate, Cavite	Townhouse	Training Center	107	-
BF Homes, Las Piñas (GS)	Land and building - GS	Warehouse	4,094	2,865
BF Homes, Las Piñas (HS)	Land and building - HS	Warehouse	3,091	2,003
Almanza, Las Piñas	3 Condominium Units (37.2sqm/unit) and Parking	Investment Property	-	153
Ayala Avenue, Makati City	Condominium Units (4 th , 5 th & 6 th floors of STI Holdings Center)	Investment Property	-	3,096

LOCATION	TYPE (Owned unless otherwise indicated)	USE	AREA (IN SQ.M)	
			LOT	FLOOR
Caliraya Springs, Cavinti Laguna	Land	Investment Property	948	-
Cebu City	Land	Investment Property	1,100	-
Gil J. Puyat Avenue Makati City	Condominium Units (10 th , 11 th , 12 th , and Upper Penthouse of TechZone Building)	Investment Property	-	7,928
Sto. Tomas, Baguio	Land	Investment Property	512	-

Listed in the table below is the campus ownership of franchised schools as of SY 2019-2020.

Owned by the School		Owned by STI Franchisee		Leased from other parties			
1	Balagtas	12	Alabang	19	Alaminos	29	Ormoc
2	Bohol	13	Baliuag	20	Angeles	30	Parañaque
3	Dasmariñas	14	Balayan	21	Bacoor	31	Pasay
4	General Santos	15	Cotabato	22	Calbayog	32	Recto
5	Koronadal	16	San Francisco	23	Cauayan	33	Rosario
6	La Union	17	Surigao	24	Dipolog	34	San Fernando
7	Malolos	18	Vigan	25	Dumaguete	35	San Jose
8	Santa Rosa			26	Maasin	36	Tagaytay
9	Tacurong			27	Marikina	37	Tarlac
10	Tanay			28	Muñoz	38	Zamboanga
11	Tagum						

Campus Expansion Projects

STI ESG decided to shift its focus to a more organic expansion instead of a geographical expansion. This direction is part of STI ESG's commitment to continuously improve the delivery of education to 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.

In recent years, STI ESG embarked on expansion and capital improvement projects as it encouraged schools to move from rented space into school-owned, stand-alone campuses. Likewise, several franchised schools started their own facilities expansion programs. To date, STI ESG has 19 wholly-owned campuses with newly constructed or renovated buildings while 13 of the franchised schools constructed/renovated their own buildings and upgraded their facilities. STI ESG has a total student capacity of 158,897 students, with 101,532 pertaining to owned schools and 57,365 for franchised schools as at March 31, 2020.

On April 21, 2017, STI ESG and STI College Tanauan led by Mr. Eusebio H. Tanco, Mr. Tan Caktiong, and Injap Investments, Inc. led by Edgar “Injap” Sia signed an agreement to transform STI Tanauan into a Joint Venture Company which shall operate a farm-to-table school which shall offer courses ranging from farm production to food service. Designed to accommodate 6,000 senior high school and college students, the new Academic Center will stand on a 25,202-square-meter property at Soledad Park Subdivision, Barangay Darasa, Tanauan, Batangas. The six-storey building with roof deck will be located in the main commercial area of Tanauan, Batangas.

STI Academic Center Legazpi, on the other hand, had its groundbreaking ceremony on April 26, 2018. Located at Rizal St., Cabangon East in Legazpi City, the four-storey school building will stand on a 4,149-square-meter property with an estimated capacity of 2,500 senior high school and college students. The new STI Academic Center Legazpi was completed in September 2020, before the start of classes for SY 2020-2021.

Meanwhile, STI ESG inaugurated on February 20, 2019 another prime hub of world-class education. An eight-storey structure with roof deck built on a 3,222-square-meter property at CM Recto Avenue, Barangay 6, Lipa City in Batangas, the new STI Academic Center Lipa is expected to accommodate as many as 6,000 students.

The nine-storey STI Academic Center San Jose del Monte, with roof deck, sits on a 4,178-square-meter lot area within the Altaraza Town Center, a 109-hectare master planned urban community by Ayala Land, located along Quirino Highway, San Jose del Monte City, Bulacan. The school had its groundbreaking ceremony on May 23, 2017 and was inaugurated on March 4, 2019. The new campus is set to accommodate up to 6,000 senior high school and college students.

The new STI Academic Center Sta. Mesa is located at P. Sanchez Street, Sta. Mesa in the City of Manila. The 11-storey academic center, with roof deck, broke ground on May 23, 2017. The school which can accommodate 9,000 senior high school and college students opened its doors on March 11, 2019.

Located on P. Celle corner EDSA, Pasay City is the nine-storey, with roof deck, STI Academic Center Pasay-EDSA. The structure stands on a 3,911-square-meter property. It can accommodate up to 9,000 senior high school and college students. STI ESG marked the construction of the new STI Academic Center on May 9, 2017 in a groundbreaking ceremony. The campus was inaugurated on February 26, 2020.

STI ESG, driven by its desire to provide relevant education and world-class opportunities to youth across the country, announced in February 2019 its acquisition of NAMEI Polytechnic Institute, Inc., an educational institution that offers programs such as Marine Transportation, Marine Engineering, and Naval Architecture and Marine Engineering. STI ESG also acquired NAMEI Polytechnic Institute of Mandaluyong Inc. which operates, manages and maintains an educational institution that offers basic education up to Senior High School. NAMEI is based in the newly constructed STI Academic Center Sta. Mesa.

Likewise, a number of franchised schools embarked on facilities expansion programs. STI College Tanay constructed additional classrooms which were completed in time for the 1st semester of SY 2017-2018. This resulted in an increase in the school's capacity from 1,800 to 2,640 students or an additional capacity of 840 students. STI College Santa Rosa also constructed additional classrooms which were completed in time for the opening of SY 2017-2018; hence, the school's capacity increased to approximately 1,600 students. Meanwhile, STI College General Santos gave up the annex building, which it used to lease, as the school completed the construction of its additional four-storey building, with a total floor area of 3,593 square meters and an incremental capacity of almost 800 students, on September 15, 2017. Meanwhile, on March 27, 2019, the assets of STI Tagum, a former branch of STI ESG, were assigned to STI College Tagum, Inc. STI Tagum became a franchised school effective on April 1, 2019. It was granted a college status by CHED effective SY 2019-2020 and has an increased capacity of 1,800 students.

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 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 HM Building, three-storey IT Building, two-storey Engineering Building, four-storey IS 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, IT and HM buildings 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. All in all, the Main Building has 60 classrooms and laboratories that are equipped with air-conditioning and multimedia projection systems.

The IT building houses eight computer laboratories and eight classrooms, while the HM Building houses the re-modeled HRM Laboratories such as the Kitchen, Food & Beverage Room, Hotel Suite and Front Desk Area. The HM Building also provides a multi-purpose area and six additional classrooms that are also 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.)
Burgos and Malaspina	Land and building	Maritime	1,176
Burgos and Malaspina	Land and building	Engineering	4,839
Burgos and Malaspina	Land and building	Engineering	2,266
Burgos and Malaspina	Land and building	Football/Open court	5,803
Burgos and Malaspina	Cemented lot	Parking lot	814
Burgos and Malaspina	Land and building	Gymnasium	1,512
Burgos and Malaspina	Land and building	Sports Office	494
Burgos and Malaspina	Land and building	Main building	139
Burgos and Malaspina	Land and building	Main building	364
Burgos and Malaspina	Land and building	Main building	6,097
Burgos and Malaspina	Land		179
Hilado	Land		1,044
Hilado	Land		1,135
Hilado	Land		733
Hilado	Land		400
Hilado	Land		1,292

iACADEMY

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, computer laboratories, fashion studios, green room, sound room, library with 276 seating capacity, cafeteria with 836 seating capacity and an auditorium which can seat 1,000 people. The basketball court and running track are located at the lower and upper penthouse.

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 in RTC Manila (“PWU Rehabilitation Case”). The PWU Rehabilitation Case was raffled to Branch 46 of the RTC Manila (“Rehabilitation Court”).

On March 26, 2015, the Parent Company filed a Notice of Claim with the Rehabilitation Court.

On August 29, 2015, the Rehabilitation Court rendered a decision dismissing the PWU Rehabilitation Case.

After filing of the Motion for Reconsideration and responsive pleadings thereto, on January 21, 2016, the Rehabilitation Court denied the respective Motions for Reconsideration filed by HZB and PWU.

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.

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 provides that the Parent Company will be committed to fund and advance all taxes, expenses and fees to the extent of ₱150.0 million in order to obtain the Certificate Authorizing Registration (“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 are less than ₱150.0 million, the excess shall be given to Unlad. However, if the ₱150.0 million will be insufficient to cover the expenses, the Parent Company will provide the deficiency without any right of reimbursement from Unlad.

Consequently, the Parent Company recognized the Quezon City and Davao properties as “Investment properties” (see Note 11).

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

- (i). *Complaint filed by the Heirs of the Family of Villa-Abrille relative to Unlad’s Davao Property.* On October 21, 2015, the Parent Company and AHC each received copies of the Complaint filed by the Heirs of Carlos Villa-Abrille, Heirs of Luisa Villa-Abrille, Heirs of Candelaria V.A. Tan, Heirs of Adolfo V.A. Lim, Heirs of Saya V.A. Lim Chiu, Heirs of Guinga V.A. Lim Lu, Heirs of Rosalia V.A. Lim Lua, Heirs of Lorenzo V.A. Lim, and Heirs of Fermin Abella against the Philippine Women’s Educational Association (“PWEA”), Unlad, the Parent Company, and AHC for cancellation of certificate of title, reconveyance of real property, declaration of nullity of real estate mortgage, damages, and attorney’s fees. The subject matter of the case is Unlad’s property located in Davao City.

The Plaintiffs claim that ownership of Unlad’s property in Davao City should revert back to them because PWEA and Unlad violated the restrictions contained in the Deed of Sale covering the property. The restrictions referred to by the Plaintiffs provide that PWEA shall use the land for educational purposes only and shall not subdivide the land for purposes of resale or lease to other persons. The Plaintiffs also claim that the real estate mortgage constituted over Unlad’s property in Davao City in favor of the Parent Company and AHC should be declared null and void because PWEA and Unlad have no capacity to mortgage the property based on the restrictions contained in the Deed of Sale.

On November 20, 2015, the Parent Company and AHC filed the Motion to Dismiss (“First Motion to Dismiss”) before Branch 10 of the Regional Trial Court of Davao City. In the First Motion to Dismiss, the Parent Company and AHC asserted that the Plaintiffs’ cause of action against PWEA and Unlad has prescribed considering that the alleged violation of the restrictions in the Deed of Sale occurred in 1987 or more than ten (10) years from the filing of the case. In addition, Plaintiffs cannot seek the cancellation of the real estate mortgage in favor of the Parent Company and AHC because (a) Plaintiffs are not privy/real parties in interest to the said mortgage, and (b) the restrictions in the title and Deed of Sale do not prohibit the mortgage of the subject property. The First Motion to Dismiss was scheduled by the Trial Court on December 4, 2015.

On December 4, 2015, the Plaintiffs failed to attend the hearing of the Motion to Dismiss. The Trial Court instead ordered the Plaintiffs to file their comment to the Motion to Dismiss within ten (10) days from receipt of its order while the Parent Company and AHC are given the same period to file their reply thereto.

The Trial Court also noticed that the records failed to show that PWEA and Unlad received the Summons. The Trial Court then ordered the branch sheriff to cause the service of the Summons to PWEA and Unlad.

Despite the extensions given to the Plaintiffs, Plaintiffs belatedly filed its Comment/Opposition to the First Motion to Dismiss. Subsequently, AHC and STI Holdings filed an (1) Omnibus Motion, which seeks to expunge Plaintiffs’ Comment/Opposition to the First Motion to Dismiss for belatedly filing the same, and (2) a Second Motion to Dismiss dated March 22, 2016 (“Second Motion to Dismiss”).

In the Second Motion to Dismiss, the Parent Company and AHC informed the Trial Court that they were able to discover that the Plaintiffs filed a similar case against PWEA and Unlad with another Trial Court of Davao City (Civil Case No. 20,415-90 filed before Branch 15 of the Regional Trial Court of Davao City), which was dismissed without qualifications for their failure to comply with the said Trial Court’s order. Said dismissal was eventually affirmed with finality by the Supreme Court. Because of this information, the Parent Company and AHC moved to dismiss the case for res judicata and willful and deliberate forum shopping for filing the same case to the Trial Court.

After filing their respective responsive pleadings to the above-mentioned Motion(s) to Dismiss, the Trial Court issued the Order dated October 20, 2016, which granted the Motions to Dismiss and dismissed the instant case on the basis of (a) prescription, and (b) res judicata. The Trial Court likewise affirmed that there were no violations of the provisions and/or restrictions in the Deed of Sale annotated on the title of the subject property because (a) the mortgage of the subject property between the Parent Company and AHC and Unlad is not a prohibited act; and (b) there is no allegation that the subject property shall not be used by the Parent Company and AHC for educational purpose.

On November 24, 2016, the Plaintiffs filed a Notice of Appeal of the Order dated October 20, 2016, and sought the reversal of the same with the Court of Appeals-Cagayan de Oro (“Court of Appeals”).

After due proceedings on the appeal by the Plaintiffs, the Court of Appeals issued the *Decision* dated 17 August 2018, which affirmed the dismissal of the Plaintiffs-Appellants’ case on the ground of (a) res judicata and (b) failure to state a cause of action against the Corporation insofar as the nullification of the mortgage contracts over the subject property.

After the Plaintiffs filed a Motion for Reconsideration dated August 31, 2018, the Court of Appeals affirmed its Decision in its Resolution dated December 14, 2018.

On March 14, 2019, the Parent Company received the Petition for Review (“Petition”) under Rule 45 of the Rules of Court filed by the Plaintiffs before the Supreme Court. In the Petition, the Plaintiffs sought to annul and reverse the aforesaid Decision and Resolution issued by the Court of Appeals.

Instead of requiring the Parent Company and AHC to file its Comment to the Petition, the Supreme Court issued the Resolution dated July 24, 2019, which denied the Petition filed by the Plaintiffs. The Supreme Court determined that the Plaintiffs failed to show that the Court of Appeals committed any reversible error in the challenged decision and resolution of dismissing their case.

After receipt of the Plaintiffs’ Motion for Reconsideration dated November 19, 2019, the Parent Company and AHC filed their Motion to Admit attached Comment to the said Motion for Reconsideration on January 2, 2020. In the said Comment, the Parent Company and AHC reiterated the validity of the Court of Appeals’ findings in its Decision dated 17 August 2018.

On July 13, 2020, the Parent Company received the Resolution dated February 13, 2020 of the Supreme Court, which denied the Plaintiffs’ Motion for Reconsideration.

On July 28, 2020, the Parent Company received the Entry of Judgment on the aforesaid Resolution.

With the issuance of the Entry of Judgment, the case is terminated.

(ii). *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 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 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 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 for expenses and reimbursement of cost of suit, expenses, and other fees.

On July 12, 2016, the Parent Company, AHC and EHT received the Notice of Arbitration from the PDRCI, and said parties were required to file their Response to the Request for Arbitration filed by the Claimant within thirty (30) days from receipt thereof, or until August 11, 2016.

Upon verification with the PDRCI, the Claimant has yet to pay the full amount of fees required by the PDRCI.

Based on the rules of the PDRCI, the Respondents in the arbitration case need not file their Response until full payment of the Claimant.

Based on said circumstances, the Parent Company, AHC, and EHT filed an Entry of Appearance with Manifestation ("Manifestation"). In the Manifestation, they informed the PDRCI that the filing of their Response shall be deferred until full payment of the provisional advance of cost by the Claimant as required under the PDRCI Rules. Likewise, they manifested that the Claimant should be compelled to pay said fees in order for the PDRCI and/or the arbitral tribunal to be constituted to rule on the defenses and/or claim to be raised by the Parent Company, AHC and EHT.

On September 7, 2016, 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.

In view of the foregoing, the case is deemed suspended pending the settlement by the Claimant of the provisional advance on cost.

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 September 24, 2020, 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 Parent Company, ABB and AHC (collectively, the "Defendants") docketed as Civil Case No. 16-136130 in the RTC of Manila (the "Derivative Suit"). The Derivative Suit was raffled to Branch 24 of the RTC of Manila presided over by Judge Ma. Victoria A. Soriano-Villadolid.

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, ₱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. Under the relevant laws and arbitration clause of the Loan Documents, only parties to said contracts may be required to submit themselves to arbitration. EHT has ceased to be a party to the Joint Venture Agreement when he assigned all his rights and interests thereto to the Parent Company, while he is not a party to the Omnibus Agreement. EHT further asserted that the Petitioner's only motive of including him in said case is to destroy his good name with the latter's blatant lies and baseless allegations.

The Petitioner then filed his Consolidated Reply to the Joint Answer and Answer of EHT.

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 filing of their Answer(s), the other co-defendants filed (1) Notice to take Deposition Upon Oral Examination and (2) their respective Motion(s) to Set Preliminary Hearing on the Special and Affirmative Defenses raised in their respective Answers ("Motion(s)"). The said Motion and pleading were denied by the Trial Court upon motion by the Plaintiff.

While the Parent Company, AHC and EHT also filed their respective Motion to Set Hearing on Affirmative Defenses to cause for the immediate dismissal of the case, the Trial Court denied the said Motions.

The Trial Court then issued the Order dated March 3, 2017, which set the case for pre-trial conference on April 18, 2017 with pre-marking of documentary evidence on April 7, 2017 ("Notice of Pre-Trial"). The Notice of Pre-Trial further requires the parties to file their respective (a) pre-trial briefs, (b) documentary evidence, (c) affidavits of witnesses, and (d) special power of attorney of counsels, in case any of the party-litigants cannot attend the pre-trial conference.

The parties participated in the pre-trial conference and complied with the filing of the aforesaid pleadings and documents.

The parties also underwent mediation before the Court-Annexed Mediation with the Philippine Mediation Center ("PMC") as allowed during pre-trial. During said hearings, the Parent Company, through counsel, manifested that it rejects the Petitioner's proposal,

and moved to terminate the mediation hearing. Upon said motion, the Court-Annexed Mediation was terminated.

While said mediation hearings were ongoing, Petitioner filed an Urgent Motion (For Issuance of Temporary Restraining Order and Writ of Preliminary Injunction) (“Motion for TRO/Injunction”) in relation to the construction work being initiated by the Parent Company on the Davao Property.

While the defendants filed their respective opposition thereto, the same was eventually withdrawn upon motion by the Petitioner on May 25, 2017. The Petitioner alleged that instead of conducting hearings on the issuance of said injunction, 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.

On July 5, 2017, the Parent Company, AHC and EHT received the Trial Court’s Order dated June 23, 2017. In the Order, the parties were required 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 Republic Act No. 8799 (“Interim Rules”).

On July 25, 2017, all of the parties filed their respective Memoranda.

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.

After the parties filed their respective Comment(s) to the aforesaid Petition for Review, the Court of Appeals referred the case for a court-annexed mediation on January 17, 2019. The same was immediately terminated upon agreement by the parties.

While the said Petition for Review is pending, the Parent Company filed a Motion to Cancel Lis Pendens. In the Motion, the Parent Company alleged that the Plaintiff annotated the instant case as a lis pendens on the titles of the Parent Company over the Quezon City properties subject of the amicable settlement with Unlad. Considering the impropriety and/or invalidity of the same, the Parent Company sought for the Court of Appeals to order the cancellation of the lis pendens.

On April 24, 2019, the Parent Company received the Court of Appeals’ *Resolution* requiring all of the parties to file their respective Memoranda. Upon submission of the same, the case would be submitted for resolution.

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.

Said issue on substitution is subject for resolution by the Court of Appeals.

Meanwhile, the appeal of the Petitioner and Motion to Cancel Lis Pendens of the Parent Company remain pending for resolution by the Court of Appeals.

(iii) *Ejectment Case against Philippine Women University of Davao involving Unlad's Davao Property.* On March 11, 2019, the Parent Company filed the Complaint for Unlawful Detainer against Philippine Women's College, Inc. 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 Resources Development Corporation ("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. In the Answer, PWC-Davao asserted the following defenses:

- (1) The defendant should be *Philippine Women's College of Davao, Inc.*;
- (2) PWC-Davao has been in an open, notorious and peaceful possession of the Subject Premises since in or about the 1950's and not by mere tolerance of or any contract with the Parent Company;
- (3) The proceedings should be suspended in light of the pending derivative suit filed by Mr. Conrado Benitez II; and
- (4) The Parent Company came to court with unclean hands when it allegedly took possession of the Property sans the Subject Premises.

The case was referred to Court-Annexed Mediation on September 26, 2019 by the Trial Court through its Order dated July 23, 2019.

Both parties attended the aforesaid mediation hearing. During the mediation hearing, the Parent Company insisted that it should be in possession of the Subject Premises.

Without offering any proposal to amicably settle the case, the counsel and representative of PWC-Davao rejected aforesaid position and moved to terminate the mediation hearing.

Consequently, the Mediator terminated the Court-Annexed Mediation due to failure of the parties to amicably settle. As provided by law, the Mediator referred the above-captioned case back to the Court.

The Trial Court then referred the case to Judicial Dispute Resolution and set the same on March 20, 2020.

However, the aforesaid hearing was cancelled due to the Community Quarantine declared by National Government due to the NCovid-19.

As at September 24, 2020, the Trial Court has not issued any notice regarding the next hearing/proceeding for the said case.

- 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 Agustins' a portion of the balance of the purchase price.

On June 2, 2016, the Parent Company received the Agustins' Reply to the Answer. In the Reply, the Agustin family is asserting that (a) the Memorandum of Agreement, Share Purchase Agreement and Deed of Absolute Sale (the "STI WNU Contracts") provide that the Parent Company can withhold the payment of the remaining balance of ₱50.0 million, which alleged to be pursuant to the license to operate the Maritime Programs of STI WNU, and (b) the Parent Company should be deemed to have agreed on the ₱400.0 million purchase price. Likewise, the allegations in the Answer are also against the Parol Evidence Rule which provides that the parties to a written agreement cannot change the stipulations provided therein.

The Agustin family also filed and served a Request for Admission to the Parent Company's counsel wherein they sought the Parent Company to submit (a) the existences and authenticity of the STI WNU Contracts, (b) issues of the instant case are (i) determination of the final purchase price based on the STI WNU Contracts and (ii) final purchase price should be either the ₱400.0 million or the adjusted price of ₱350.0 million, and (c) the STI WNU Contracts constitute the entire written agreement of the parties.

On June 17, 2016, the Parent Company filed its Comment/Opposition to the Agustin family's Request for Admission. In the Comment/Opposition, the Parent Company filed their objections thereto and sought the same to be denied or deemed ineffectual on the following grounds; (a) defective service because it should have been served directly to the Parent Company and not to its counsel as required under the Rules of Court, (b) redundant because the matters raised therein have already been addressed in the Answer, and (c) improper and irrelevant because it sought admission of issues which are proper during pre-trial and not in a Request for Admission.

Pending the resolution on the aforesaid objections, the Agustin family filed an Omnibus Motion, which seeks, among others, a judgment on the pleadings to be issued against the Parent Company by the Trial

Court. The Agustin family asserted that the Parent Company is prohibited from presenting parol evidence.

Pursuant to the order of the Trial Court, the parties filed their respective responsive pleadings in relation to the Agustin family's Omnibus Motion.

On March 27, 2017, the Trial Court issued the Omnibus Order, which denied the Agustin family's Omnibus Motion. In the Omnibus Order, the Trial Court affirmed that the matter raised in the Request for Admission has already been admitted by the Parent Company. The Trial Court also adopted the Parent Company's position that the affirmative defenses raised in the Answer may only be resolved in a full-blown trial, and consequently, the Agustin family's Judgment on the Pleading should be denied for lack of merit.

On May 2, 2017, the Parent Company received the Agustin family's Motion for Reconsideration. In the Motion for Reconsideration, the Agustin family reiterated its position that the Parent Company could not question or insist the reduction of the purchase price of WNU Shares due to its failure to submit the CHED Permits when the Share Purchase Agreement and Deed of Absolute Sale of the WNU Shares stipulated that the purchase price is for the amount of ₱400.0 million. The Motion for Reconsideration was set for hearing on May 5, 2017.

During the May 5, 2017 hearing, the Trial Court allowed the parties to file their respective responsive pleadings to the Agustin family's Motion for Reconsideration, wherein the Parent Company had to file its Comment/Opposition thereto on May 22, 2017. After the filing of all of the said responsive pleadings of the parties, the Motion for Reconsideration was submitted for resolution. The Trial Court likewise set the pre-trial of the instant case on August 15, 2017.

On October 19, 2017, the Parent Company received the Trial Court's Order dated October 3, 2017. In the Order, the Trial Court granted the Agustin's Motion for Reconsideration insofar as the proceedings in the instant case should no longer be through a full-blown trial. The Trial Court considered that an expeditious disposition of the case is warranted considering the age and medical condition of the Agustins. Consequently, the Trial Court required the parties to file their respective Memoranda with supporting affidavits and deposition, if any, within twenty days from receipt of the Order, or until November 8, 2017.

While the Parent Company sought for the reconsideration of the aforesaid order and suspension of the filing of the Memorandum, the Agustin filed their Memorandum in Support of the Summary Judgment dated October 23, 2017 ("Agustins' Memorandum"). In the Agustins' Memorandum, the Agustins asserted that they are entitled to the (a) full purchase price of ₱400.0 million and not ₱350.0 million as asserted by the Parent Company; (b) moral, nominal, temporal, exemplary damages; and (c) attorney's fees.

The Parent Company filed an Urgent Omnibus Motion to suspend the filing of the Memorandum due to its pending Motion for Reconsideration.

During the hearing on the aforesaid motions of the Parent Company, both parties were given the opportunity to present their respective arguments on the (a) reconsideration for a summary judgment and (b) issue on the non-filing of the Memorandum of the Corporation.

Meanwhile, the presiding judge proposed that the Parent Company should file its Memorandum, and waive the Omnibus Motion in order for the Trial Court to resolve the case through summary judgment.

While the Parent Company insisted that the Trial Court should resolve the Omnibus Motion before proceeding to summary judgment, the Parent Company filed and served its Memorandum without prejudice to the Omnibus Motion.

On January 29, 2018, the Parent Company received its Order dated January 10, 2018, which denied the Parent Company's Motion for Reconsideration but, in the interest of justice, admitted the Memorandum of the Parent Company. With the admission of the said Memorandum, the case was deemed submitted for resolution.

In view of the Trial Court's order to proceed to summary judgment, the Parent Company sought to annul the same by filing a Petition for Certiorari with application for Temporary Restraining Order and Writ of Preliminary Injunction with the Court of Appeals of Cebu City (the "Petition"). The Petition was docketed as CA-G.R. S.P. Case No. 11645. Upon receipt thereof, the Court of Appeals required the Plaintiffs to file their comment to the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction.

While the Petition was pending, the Trial Court rendered its Decision dated April 4, 2018. In the Decision, the Trial Court ordered the Parent Company to pay the Agustin family the amount of ₱50.0 million with legal interest of 6% from the filing of the case until full payment only.

On May 11, 2018, the Parent Company filed the Motion for Reconsideration Ex Abudanti Ad Cautelam. In the said Motion, the Parent Company asserted that the findings of the Trial Court are contrary to law and facts of the case. Moreover, the Parent Company manifested that the filing of the said Motion is without prejudice to the Petition filed to the Court of Appeals of Cebu City, which questions the propriety of the summary judgment procedure followed by the Trial Court in the case.

Considering that the Petition was still pending with the Court of Appeals, the Parent Company filed a Manifestation and furnished the Court of Appeals the aforesaid Motion for Reconsideration Ex Abudanti Ad Cautelam. Said Manifestation informed the Court of Appeals of the status of the case and moved for the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction.

The Agustin family filed their Opposition to the said Motion. Besides reiterating the validity of findings of the Trial Court, the Agustin family raised the issue of forum shopping due to the pending Petition in the Court of Appeals of Cebu City. The Agustin family also sought the execution of the Decision dated April 4, 2018.

As to the Petition, the Agustin family filed its Opposition to the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction. The Agustin family also prayed for the denial of the Petition. Consequently, the issue on the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction is also submitted for resolution by the Court of Appeals of Cebu City.

On August 29, 2018, the Parent Company received the Order dated August 6, 2018, which denied its Motion for Reconsideration Ex Abudanti Ad Cautelam. In the same Order, the trial court also denied the Agustins family's prayer for the execution of the Decision on April 4, 2018.

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") of the Decision dated April 4, 2018 and Order dated August 6, 2018.

Meanwhile, the Agustin family filed its (a) Motion for Execution Pending Appeal dated September 5, 2018 and subsequently, (b) Comment and Opposition to the Notice of Appeal dated September 21, 2018 and (c) Supplemental Comment and Opposition to the Notice of Appeal dated September 24, 2018 (collectively, "Opposition(s) to Notice of Appeal").

In response thereto, the Parent Company filed its (a) Comment and Opposition dated September 14, 2018 to the Motion for Execution Pending Appeal and (b) Reply to the Opposition(s) to the Notice of Appeal.

After the filing of the aforesaid responsive pleadings, the (a) Motion for Execution Pending Appeal, (b) Notice of Appeal and (c) Opposition(s) to the Notice of Appeal are submitted for resolution.

On December 11, 2018, the Parent Company received the Omnibus Order of the Trial Court. In the said Omnibus Order, the Trial Court granted the Motion for Discretionary Execution Pending Appeal. In the same order, the Trial Court affirmed the Parent Company's position that the Notice of Appeal was timely filed and consequently, was given due course.

On December 13, 2018, the Parent Company received the Writ of Execution dated December 6, 2018. In the said Writ, the Branch Clerk of Court ordered the sheriff of the Trial Court to cause the execution of the summary judgment in favor of the Plaintiffs.

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 ("Motion(s)"). While the said Motion(s) were pending, the Parent Company also sent a letter to the Provincial Sheriff of the Regional Trial Court of Bacolod City to inform them of the aforesaid pending Motion(s) and reminded them that such incident necessarily required them to suspend any action to enforce the Writ of Execution.

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 One Hundred Million Pesos (₱100.0 million) (the "Stay Order").

On January 24, 2019, the Parent Company filed a Compliance with Motion. In the said pleading, the Parent Company filed with the Trial Court a supersedeas bond issued by Pioneer Insurance and Surety Corporation.

Meanwhile, the Plaintiffs filed an Urgent Motion for Reconsideration, which questioned the order to stay the execution pending appeal of the summary judgment. The Plaintiffs were asserting that the Trial Court no longer has any jurisdiction to issue said order.

In response thereto, the Parent Company filed a Comment/Opposition on January 25, 2019. In the said Comment/Opposition, the Parent Company asserted that both the Rules of Court and jurisprudence recognize the residual jurisdiction of the Trial Court to issue such order while the records of the case were still in its possession.

On March 29, 2019, the Parent Company received two (2) Order(s) from the Trial Court both dated March 14, 2019. In the First Order, the Trial Court denied the Urgent Motion for Reconsideration of the Agustins. Meanwhile, the Second Order provided that the Trial Court approved the supersedeas bond posted by the Parent Company and consequently, the execution pending appeal of the judgment award was ordered stayed.

The following are the pending cases before the Court of Appeals – Cebu:

(i) *Petition for Certiorari filed by the Parent Company (CA-G.R. S.P. Case No. 11645)*

On December 20, 2019, the Parent Company received the Decision of the Court of Appeals. In the Decision, the Court of Appeals deemed that the Trial Court's order to allow a summary judgment procedure instead of a full-blown trial is merely a mistake of judgment and not grave abuse of discretion amounting to lack of jurisdiction.

On January 6, 2020, the Parent Company filed its Motion for Reconsideration. In the Motion for Reconsideration, the Parent Company asserts that the Trial Court committed grave abuse of discretion when it allowed such procedure not sanctioned in the Rules of Court.

On January 28, 2020, the Parent Company received the Vehement Opposition to its Motion for Reconsideration filed by the Agustin family.

As at September 24, 2020, the Motion for Reconsideration filed by the Parent Company is pending for resolution.

(ii) *Ordinary Appeal of the Parent Company (CA G.R. CV No. 07140)*

The instant appeal seeks to reverse and set aside the Trial Court's Decision dated April 4, 2018, which ordered the Parent Company to pay the Agustin family the amount of ₱50.0 million with legal interest of 6% from the filing of the case until full payment only (the "Summary Judgment").

After the approval of the Notice of Appeal and transmittal of the records of the case, the Court of Appeals required the Parent Company to file its Appellant's Brief.

After filing a Motion for Extension of Time to File Appellant's Brief, the Parent Company filed the Appellant's Brief on August 8, 2019. In the said Appellant's Brief, the Parent Company sought to reverse and set aside the Decision dated April 4, 2018 on the ground that the payment of Fifty Million Pesos was conditioned on the issuance of the CHED permit for STI WNU to offer the Maritime Engineering Courses as agreed upon by the parties in the MOA. Said condition was also embodied in the Share Purchase Agreement and recognized by the parties through their representations and actions during the relevant period in this case.

The Parent Company also moved to consolidate the instant ordinary appeal with CA-G.R. S.P. Case No. 11645.

Meanwhile, the Agustins filed their Motion to Dismiss Ad Cautelam to the appeal and Opposition to the Motion for Consolidation. In the Motion to Dismiss Ad Cautelam, the Agustins moved to dismiss the appeal on the ground that the Appellant's Brief was not filed within the original period to file the same. The Agustins further asserted that the Parent Company could not rely on its Motion for Extension of Time to File Appellant's Brief because there was no order granting the same by the Court of Appeals.

While the aforesaid Motion to Dismiss Ad Cautelam was pending, the Agustins filed their Appellees' Brief Ad Cautelam. In the said Brief, the Agustins asserted that the findings of the Trial Court were correct and should be upheld by the Court of Appeals. The Agustins also sought for the payment of damages and attorney's fees in their Appellees' Brief.

Within the period allowed by the Rules of Court, the Parent Company filed its Reply Brief. Aside from reiterating that the findings of the Trial Court were erroneous, the Parent Company opposed the prayer for damages and attorney's fees of the Agustins on the ground that the same (a) was not awarded nor prayed for in the court a quo and (b) unsubstantiated and baseless.

On October 22, 2019, the Court of Appeals issued the *Resolution*, which denied the (a) Parent Company's Motion to Consolidate and the (b) Agustins' Motion to Dismiss Ad Cautelam.

On November 20, 2019, the Agustin family filed its Rejoinder to the Reply Brief.

On March 12, 2020, the Court of Appeals declared the Parent Company's Appeal submitted for resolution.

(iii) *Petition for Certiorari filed by the Agustins (CA G.R. CV No. 12663)*

After the Trial Court suspended the execution of the Summary Judgment upon posting by the Parent Company of a supersedeas bond of ₱100.0 million, the Agustin family sought to annul the Stay Order by filing a Petition for Certiorari dated April 10, 2019 before the Court of Appeals.

On June 3, 2019, the Parent Company received the Resolution by the Court of Appeals, which dismissed the Petition for Certiorari of the Plaintiffs on technical infirmities.

On June 24, 2019, the Agustin family filed a Motion for Reconsideration on the aforesaid Resolution. In the Motion for Reconsideration, the Agustin family, among others, attached a Petition for Certiorari which rectified the technical infirmities cited in the Resolution.

Upon receipt of the Court of Appeals' Resolution dated August 29, 2019 which admitted the Petition for Certiorari of the Agustins, the Parent Company filed its Comment and Opposition to the Petition for Certiorari. In the said Comment and Opposition, the Parent Company asserted that the suspension of the execution pending appeal of the Summary Judgment is (a) within the residual powers of the Trial Court and (b) allowed under the relevant provisions of the Rules of Court.

On December 19, 2019, the Agustin family sought for early resolution of the instant case.

As at September 24, 2020, the Agustin's Petition is pending for resolution.

- c. *Tax Assessment Case. Tax Assessment Case.* STI ESG filed a petition for review with the Court of Tax Appeals ("CTA") on October 12, 2009. This is to contest the Final Decision on Disputed Assessment issued by the BIR assessing STI ESG for deficiencies on income tax, and expanded withholding tax for the year ended March 31, 2003 amounting to ₱124.3 million. On February 20, 2012, STI ESG rested its case and its evidence has been admitted into the records.

On June 27, 2012, the BIR rested its case and has formally offered its evidence. On April 17, 2013, the CTA issued a Decision which granted STI ESG's petition for review and ordered the cancellation of the BIR's assessment since its right to issue an assessment for the alleged deficiency taxes had already prescribed. On May 16, 2013, STI ESG received a copy of the Commissioner of Internal Revenue's ("CIR") Motion for Reconsideration dated May 8, 2013. STI ESG filed its Comment to CIR's Motion for Reconsideration on June 13, 2013. The CTA issued a resolution dated July 17, 2013 denying the CIR's Motion for Reconsideration. On August 22, 2013, the CIR filed its Petition for Review dated August 16, 2013, with the CTA En Banc. On October 29, 2013, STI ESG filed its Comment to the CIR's Petition for Review. The CTA En Banc deemed the case submitted for decision on May 19, 2014, considering the CIR's failure to file its memorandum. On March 24, 2015, the CTA En Banc affirmed the decision dated April 17, 2013 and the resolution dated July 17, 2013 and granted STI ESG's Petition for Review and ordered the cancellation of the BIR assessment for the fiscal year ended March 31, 2003. On April 21, 2015, the CIR filed a Motion for Reconsideration with the CTA En Banc. On July 3, 2015, STI ESG filed its Comment on the Motion for Reconsideration. On September 2, 2015, the CTA En Banc denied the CIR's Motion for Reconsideration. On October 30, 2015, the CIR filed a Petition for Review with the Supreme Court. On January 26, 2016, STI ESG received a notice from the Supreme Court requiring it to file its Comment on the Petition for Review filed by the CIR. On February 5, 2016, STI ESG filed a Motion for Extension of Time to File Comment on the Petition for Review requesting an additional period of twenty (20) days from February 5, 2016, or until February 25, 2016, within which to file the Comment. On February 25, 2016, STI ESG filed another Motion for Extension of Time to File Comment on the Petition for Review requesting an additional period of fifteen (15) days from February 25, 2016, or until March 11, 2016, within which to file the Comment. On March 11, 2016, STI ESG, through its counsel, filed its Comment on the Petition. On October 27, 2016, STI ESG received a notice from the Supreme Court in which the Court, *inter alia*, required the CIR to reply to STI ESG's Comment (to the Petition for Review) within ten days from receipt of the notice. On November 25, 2016, the CIR filed its reply to STI ESG's Comment.

On October 4, 2017, STI ESG received the decision from the Supreme Court dated July 26, 2017. In its decision, the Supreme Court denied the petition for review filed by the CIR and affirmed the Decision dated March 24, 2015 and Resolution dated September 2, 2015 of the Court of Tax Appeals En Banc in CTA EB No. 1050. The Supreme Court ruled that the Waivers of Statute of Limitations, being defective and invalid, did not extend the CIR's period to issue the subject assessments. Thus, the right of the government to assess or collect the alleged deficiency taxes is already barred by prescription. On

October 25, 2017, the CIR has filed a Motion for Reconsideration of the Supreme Court's decision dated July 26, 2017.

On April 5, 2018, STI ESG received the decision from the Supreme Court dated December 14, 2017. In its decision, the Supreme Court denied the Motion for Reconsideration filed by the CIR and affirmed the Decision dated July 26, 2017. The Supreme Court ruled that there is no substantial argument to warrant a modification of the Supreme Court's decision. Thus, the Supreme Court denied the Motion for Reconsideration with finality. The Supreme Court also resolved that no further pleadings or motions shall be entertained in the case.

Thus, the Supreme Court ordered the immediate issuance of the Entry of Judgment.

On July 2, 2018, STI ESG received the Entry of Judgment issued by the Supreme Court dated May 7, 2018 which certified that its decision dated December 14, 2017 became final and executory and was recorded in the Book of Entries of Judgments on the said date.

d. *Labor Cases.*

- i. A former employee filed a Petition with the Supreme Court after the Court of Appeals denied the former employee's claims and rendered prior decisions in favor of STI ESG. On August 13, 2014, STI ESG received the Supreme Court's decision dated July 9, 2014 annulling the decision of the Court of Appeals and ordered that STI ESG reinstate the former employee to her former position and pay the exact salary, benefits, privileges and emoluments which the current holder of the position is receiving and should be paid backwages from the date of the former employee's dismissal until fully paid, with legal interest.

On November 17, 2014, the Supreme Court issued a resolution which denied with finality STI ESG's Motion for Reconsideration. As a result of the decision, STI ESG recognized a provision amounting to ₱3.0 million representing the estimated compensation to be made to the former employee.

On October 20, 2015, a Bank Order to release was issued to one of STI ESG's depository banks for the release of the garnished amount of ₱2.2 million. The bank released the garnished amount to the National Labor Relations Commission ("NLRC").

The garnished amount was put on hold for fifteen (15) days because of the filing of STI ESG's Petition questioning, among others, the Writ of Execution issued by the labor arbiter, which was docketed as LER-CN-10291-15.

While the Petition was pending for resolution by the NLRC and without any injunction order being issued by the said Commission, the garnished amount of ₱2.2 million was released to the former employee.

On March 1, 2016, the former employee filed an Entry of Appearance with Manifestation/Motion for Computation dated February 24, 2016. In the said motion, the former employee sought for computation of her backwages, inclusive of monetary equivalent of leaves and 13th month pay from July 22, 2004 until the same is actually paid.

In addition, the former employee waived the reinstatement aspect of the March 31, 2016 decision of labor arbiter, and sought the payment of separation pay.

On October 28, 2015, STI ESG filed another Petition with the NLRC, which sought to inhibit the labor arbiter from continuing the execution proceedings for the former employee's judgment award. In the said Petition, STI ESG alleged that the actions of the labor arbiter showed partiality and bias in favor of the former employee.

On October 29, 2015, STI ESG filed a Motion to Consolidate with the NLRC. In the said Motion, STI ESG moved that the aforesaid Petitions would be consolidated and resolved by the same Division of the NLRC.

The former employee, thru her new counsel, filed two (2) Entry of Appearance with Motion for Leave (To Admit Attached Answer with Comment/Opposition) for the two (2) Petitions of STI ESG. In the said Comment/Opposition, the former employee averred that (a) the Writ of Execution was issued pursuant to the Supreme Court's Decision dated July 9, 2014 and (b) the acts of labor arbiter were above-board.

Before the NLRC resolved the pending Petitions filed by STI ESG, the garnished amount was released to the former employee as partial payment for the judgment award. Based on the record of the NLRC, the amount of ₱2.2 million was released for the partial execution of the judgment award of the former employee.

On February 29, 2016, the Sixth Division of the NLRC issued a Decision wherein it, among others, nullified the Writ of Execution, and ordered the inhibition of labor arbiter. In the same Decision, the Sixth Division of the NLRC also set a guide for the enforcement of the judgment award in favor of the former employee, which provides, among others, that the computation of the backwages of the former employee shall be from May 18, 2004 until October 30, 2006.

After the denial of the former employee's Motion for Reconsideration on the aforesaid Decision, STI ESG received on September 6, 2016 the former employee's Petition for Certiorari filed with the Court of Appeals. Said Petition questioned the aforesaid decision of the NLRC.

After the filing of their respective pleadings in relation to the former employee's Petition for Certiorari, STI ESG received on June 6, 2017 the Court of Appeals' Decision wherein it determined that there is no need to resolve the issue on the nullification of the Partial Writ of Execution because both parties agreed that the funds garnished by virtue of said Writ to the former employee shall be considered as partial satisfaction of her judgment award.

The Court of Appeals likewise clarified that the issue on the former employee's waiver of reinstatement pending appeal should have been resolved by the new labor arbiter, and not the NLRC. Contrary to the former employee's assertion that the former labor arbiter resolved the said issue, the Court of Appeals took into consideration that the NLRC validly ordered the re-raffle of the case to a new labor arbiter who should resolve all pending incidents and issues.

Without making any findings and/or rulings contrary to STI ESG's claim that the former employee waived her reinstatement pending appeal in October 2006 and consequently invalidated her assertion that her backwages should be computed from May 2004 until present day, the Court of Appeals affirmed the re-raffle of the execution proceedings of the former employee's judgment award to a new labor arbiter to make an independent determination of all pending incidents and issues.

Considering the aforesaid Decision did not prejudice STI ESG's position, STI ESG decided to refer all pending issues on the execution of the judgment award of the former employee, including the waiver of backwages pending appeal, to the new labor arbiter.

On September 19, 2017, STI ESG received the former employee's Manifestation with Omnibus Motion filed with the new labor arbiter. In the said Manifestation with Omnibus Motion, the former employee sought for (a) computation of the updated judgment award, (b) resolution of the issue on waiver of reinstatement by the former employee raised by STI ESG and (c) issuance of Writ of Execution based on the updated judgment award.

The new labor arbiter set the pre-execution hearing on January 31, 2018. During the said hearing, STI ESG filed its Comment with Manifestation. In the Comment with Manifestation, STI ESG

asserted that the only issues to be resolved are the computations of the (a) backwages, (b) legal interest and (c) separation pay. STI ESG further reiterated that the former employee is entitled to receive backwages from May 2004 until October 2006 and separation pay from November 1999 until February 2016. Based on said premises, STI ESG paid the former employee ₱2.0 million in January 2018.

Based on the record, STI ESG has paid the total amount of ₱4.2 million, exclusive of withholding taxes, to the former employee. STI ESG then moved for the new labor arbiter to issue a resolution that STI ESG has fully paid the judgment award of the former employee. While the former employee accepted the aforesaid amount, she manifested that the same is only partial payment of the judgment award, and moved that she would be given ten (10) days to file her reply to the Comment with Manifestation.

In the hearing on February 13, 2018, the former employee filed her Reply dated February 12, 2018. In the Reply, it was argued that the alleged waiver of reinstatement pending appeal in October 2006 did not interrupt the running of backwages until present day. She insisted that the return to work order of STI ESG was (a) vague, (b) served only through her former counsel and (c) belatedly served or after four (4) months from STI ESG's receipt of the former labor arbiter's order to reinstate her. Based on the foregoing the former employee presented her computation of her judgment award to date, which amounted to ₱11.0 million, less payments already made by STI ESG.

On February 28, 2018, STI ESG filed and served the Rejoinder. In the Rejoinder, STI ESG reiterated that the notice to return to work was (a) clear and (b) duly received by her through her former counsel. It was asserted that the former employee was fully aware of said return to work order because she refused the same by filing a counter-manifestation with the former labor arbiter. Moreover, the belated service of said return to work order does not prevent STI ESG to choose actual reinstatement pending appeal as provided in the Labor Code.

After the parties filed their respective Rejoinder and Sur-Rejoinder, the new labor arbiter granted STI ESG's motion to submit the pending issues on the computation of the former employee's judgment award for resolution.

As at September 24, 2020, the new labor arbiter has not issued any resolution on the aforesaid computation of the former employee's judgment award.

- 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 when 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. For its part, 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. 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. A Petition for Certiorari questioning the decision of the NLRC was filed before the Court of Appeals.

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 with Prayer for Payment of Separation Pay in Lieu of Reinstatement.

Subsequently, a hearing on the motion for execution was set on June 5, 2017. In the said hearing, 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. When asked for how much is she willing to settle the matter amicably, she insisted that she be paid the total amount of her backwages and separation pay. When asked if STI ESG has any counter-offer on the payment of 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 same. At that point, the hearing officer showed STI ESG a computation of the backwages which amounted to ₱0.5 million. STI ESG then manifested that it will bring the matter to management. On the part of complainant, she manifested that she will file her reply to STI ESG's opposition. The hearing officer then said that upon submission of said reply, the motion for execution is deemed submitted for resolution.

Also, in the motion for execution, it was also alleged that the Court of Appeals already denied the Petition for Certiorari of STI ESG. However, STI ESG did not receive any copy of said resolution by the Court of Appeals. Upon inquiry with the Court of Appeals, it appeared that the copy of the resolution dismissing the petition for certiorari was returned to sender due to "RTS-UNKNOWN ADDRESS". Apparently, the indicated address of counsel of record simply states Ortigas Ave., Extension, Cainta, Rizal. STI ESG then filed a manifestation with the Court of Appeals manifesting that it has yet to receive a copy of its minute resolution and clarifying that the complete address where a copy of the said resolution may be sent is "3rd Flr. STI Academic Center, Ortigas Avenue Extension, Cainta, Rizal 1900".

On June 2, 2017, STI ESG received a copy of the Minute Resolution dated January 12, 2017 dismissing its Petition for Certiorari based on the following grounds: a) failure to attach a copy of the Resolution dated June 30, 2017 of the NLRC; b) failure to attach the Secretary's Certificate authorizing Mario Malferrari, Jr. as representative for STI ESG to file the petition for certiorari; c) failure to verify the petition; and d) failure to attach affidavit of service.

On June 21, 2017, STI ESG filed its Motion for Reconsideration.

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. On July 21, 2017, STI ESG received 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 November 7, 2017, STI ESG received a copy of the Resolution of the Court of Appeals dated September 25, 2017 on its motion for reconsideration. The Court of Appeals resolved to grant the motion for reconsideration and reinstated STI ESG's petition for certiorari. Complainant was then directed to file her comment to the petition within ten (10) days from receipt of the said resolution and STI ESG was given five (5) days to file its reply to Complainant's comment.

On January 31, 2018, STI ESG received a copy of a Minute Resolution dated January 15, 2018 issued by the Court of Appeals which 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 within fifteen (15) days from receipt of said minute resolution. Thereafter, the petition for certiorari is deemed submitted for decision.

On February 15, 2018, STI ESG filed through registered mail its Memorandum with the 22nd Division, Court of Appeals, CDO. On April 25, 2018, STI ESG received a copy of Complainant's

Memorandum. In a resolution of the Court of Appeals dated April 19, 2018, 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 (Special Former Twenty-First [21st] Division). On October 31, 2018, STI ESG received the resolution of the said court directing STI ESG to file its Comment to the Motion for Reconsideration filed by the complainant within ten (10) days from notice. On November 12, 2018, STI ESG filed its Comment to the Motion for Reconsideration of complainant. With the filing of the Comment, the Motion for Reconsideration is deemed submitted for resolution.

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. With this development, STI ESG will now initiate proceedings to recover the amount of ₱0.5 million, more or less given to the complainant based on the overturned decision of the NLRC

As at September 24, 2020, STI ESG is preparing the necessary motion for the recovery of the ₱0.5 million.

- iii. Former part-time faculty members of STI College Legazpi who were erroneously issued employment contracts for regular employees filed an illegal dismissal case against STI College Legazpi, a school owned by STI ESG, following their stubborn refusal to sign their respective job offers as required by CHED. The labor arbiter rendered a Decision finding the complainants as regular employees of STI ESG; declaring STI ESG as guilty of illegal dismissal; and ordering STI ESG to pay them separation pay of ₱0.22 million, ₱0.18 million, ₱0.15 million, respectively, plus backwages, moral and exemplary damages of ₱0.2 million each, plus 10% attorney's fees.

Upon appeal to the NLRC, the case filed by one of the faculty members was dropped, while the rest of the Decision was affirmed. Accordingly, a Motion for Reconsideration of the NLRC Decision was filed wherein it prayed for the dismissal of the complaints of Brazil and Garcera as well, invoking well-settled cases as jurisprudential authorities to persuade the NLRC to dismiss the cases against STI ESG

As it developed, STI ESG prevailed at the NLRC, and the complaint was dismissed. The former faculty members assailed said Decision of the NLRC at the Court of Appeals which denied the Petition.

Both parties here may have been mistaken in believing that the former faculty members have become regular faculty members by their length of service and seemingly satisfactory performance. Because of such incorrect grant of regular employment status, STI ESG, for years, has paid to complainants the salaries and benefits ought to be received by regular faculty members, which they did not deserve considering their failure to meet the qualifications set out in the Manual of Regulations for Private Schools ("MORPS") and Manual of Regulations for Private Higher Education ("MORPHE"). To punish STI ESG for such act of giving Petitioners more than what they deserve would run contrary to the basic tenets of equity and justice. In fact, STI ESG sought to remedy its mistake by formulating its two-year compliance consideration program, wherein

affected teachers such as complainants shall continue to receive the same benefits they are currently enjoying, subject to the completion of their master's degree within a period of two (2) years. Even complainants admitted that their job offers stipulated a higher monthly salary. In spite of all these, complainants chose not to sign the said job offers.

The former faculty members filed a motion for reconsideration of the said decision of the Court of Appeals. STI ESG filed its Comment on the motion for reconsideration emphasizing the following points: (1) that the instant motion for reconsideration is pro-forma and should be denied outright; and (2) that the petitioners failed to raise any substantial argument to warrant a modification of the Court's decision considering that (a) the Court of Appeals did not err in finding that the NLRC did not commit grave abuse of discretion in dismissing petitioner's complaint for illegal constructive dismissal; and (b) the Court of Appeals did not err in upholding the NLRC's finding that petitioners were mere part-time teaching personnel of STI ESG. In a Resolution dated June 30, 2017, the Court of Appeals denied the Motion for Reconsideration filed by the former faculty members.

On September 6, 2017, STI ESG received a copy of the Petition for Review on Certiorari of the Decision of the Court of Appeals dismissing the complaint for illegal dismissal of the former faculty members with the Supreme Court. STI ESG filed its Comment to the petition on November 10, 2017.

In a decision dated November 21, 2018, the First Division of the Supreme Court denied the petition filed by petitioners and affirmed the November 9, 2016 Decision as well as the June 30, 2017 Resolution of the Court of Appeals.

As at September 24, 2020, STI ESG has yet to receive a motion for reconsideration by the petitioners of the decision dated November 21, 2018.

- iv. The case stemmed from a Complaint for illegal dismissal filed by former employees of STI Davao. They were formerly the Chief Executive Officer ("CEO") and Chief Operating Officer ("COO"), respectively, of STI Davao, until they were separated from service effective June 23, 2009.

On September 03, 2009, STI Davao filed a Motion to Dismiss before the Labor Arbiter and prayed for the dismissal of the Complaint for illegal dismissal on the ground that the Labor Arbiter and the NLRC have no jurisdiction over the case. STI Davao argued that Complainants are not mere employees, but are rather corporate officers, of STI Davao. As such, the controversy involving their removal involves an intra-corporate dispute which falls within the jurisdiction of the regular courts.

On December 16, 2009, the Labor Arbiter issued an Order which granted the Motion to Dismiss filed by STI Davao. The Labor Arbiter ruled that Complainants are corporate officers, and are not mere employees, of STI Davao.

Not satisfied with the ruling of the Labor Arbiter, Complainants filed an appeal before the NLRC. On September 30, 2010, the NLRC issued a Resolution affirming the Labor Arbiter's Order dated December 16, 2009 finding that Complainants are corporate officers whose removal from office is not within the ambit of the jurisdiction of the NLRC. While they subsequently filed a Motion for Reconsideration, such motion was denied by the NLRC.

Complainants then elevated the case to the Court of Appeals via a Petition for Certiorari. On February 14, 2014, the Court of Appeals rendered a Decision annulling the assailed Resolutions of the NLRC and found that Complainants are not corporate officers, but are rather mere employees, of STI Davao. The case was thus ordered to be remanded to the Labor Arbiter for reception of evidence. While STI Davao filed a Motion for Reconsideration, such motion was denied by the Court of Appeals.

STI Davao eventually elevated the case to the Supreme Court via a Petition for Review on Certiorari. Unfortunately, through a Resolution dated August 19, 2015, the Supreme Court denied the Petition. STI Davao's Motion for Reconsideration was likewise denied by the Supreme Court.

On August 23, 2017, STI Davao received a Notice of Hearing from the Office of Labor Arbiter for a preliminary conference set on September 18, 2017. STI Davao attended the said hearing. During the hearing, Complainants proposed for the amicable settlement of their claims the payment of their separation pay, backwages, monetary benefits, as well as damages with attorney's fees. STI Davao requested that Complainants provide the exact amount of what they are asking for the amicable settlement of their claims. Another hearing was made for October 26, 2017 for the continuation of the preliminary conference.

In the October 26, 2017 hearing, Complainants provided STI Davao with a computation of what they are willing to accept for the amicable settlement of the case with total amount of ₱33.2 million.

In the December 5, 2017 hearing, considering the substantial amount being demanded by Complainants for the amicable settlement of their claims, no amicable settlement was reached by the parties, hence, they were directed to file their respective position papers within ten days from the receipt of the order from the Office of the Labor Arbiter. The last day of the ten-day period to file STI Davao's position paper was on February 5, 2018. However, a Motion for Extension of Time to File Position Paper were filed by STI Davao on February 5, 2018.

On February 19, 2018, STI ESG filed its position paper by registered mail. In the Position Paper, the following important points were raised: (1) the complainants' termination from employment is clearly legal having been grounded on just and valid causes since (a) the adoption of the Company's Basic Operations Manual and Code of Conduct providing, among others, disciplinary rules and regulations on willful disobedience of the lawful orders, instructions, policies and procedure of the Company, is well within the ambit of management prerogative, (b) complainants' willful disregard and violation of the Company's Basic Operations Manual and Code of Conduct providing guidelines and standards for employees to effectively go about their roles and prohibiting willful disobedience as well as failure to perform assigned tasks, constitute sufficient bases for termination of employment, (c) complainants' acts or omissions in willful disregard of the Company's general work policies and procedures, amounted to gross and habitual neglect of duties, (d) complainants' willful disregard of the Company's operating procedures and systems amounted to serious misconduct, and (e) the Company's evidence sufficiently established facts and incidents upon which the loss of confidence in the complainants may fairly be made to rest considering that (i) complainants held a position of trust and confidence, and (ii) complainants' termination was based on willful breach of trust and founded on clearly established facts; (2) the School observed the requirements of due process before effecting complainants' dismissal from employment; (3) complainants are not entitled to their claims for reinstatement and the payment of monetary benefits, such as allowance, as well as damages and attorney's fees; and (4) complainants have no cause of action for illegal suspension and against individual respondent of STI ESG.

On March 14, 2018, STI ESG received a copy of the Position Paper of complainants. On April 5, 2018, STI ESG filed its Reply to the Position Paper of complainants. In said reply, STI ESG emphasized the following important points: (1) the Company's prerogative to terminate the complainants' employment on just and valid causes does not run afoul with the enshrined right to security of tenure; (2) complainants' termination from employment was warranted by just and valid grounds as (a) the just and valid causes were proven with substantial evidence, and (b) the penalty of dismissal is warranted under the circumstances; (3) there is no necessity to dwell on the issue of whether the respondents observed and complied with the requirements of due process before effecting complainants' dismissal from employment; and (4) complainants are not entitled to their claim for reinstatement with payment of full backwages, and other monetary claims such as damages and attorney's fees.

In a decision dated June 28, 2018, the labor arbiter dismissed the complaint for lack of merit. On August 2, 2018, STI ESG received a copy of the Memorandum of Appeal filed by complainants with the NLRC. On August 28, 2018, STI ESG filed its Answer to Appeal with the Eighth Division of the NLRC in Cagayan De Oro City where it was emphasized that the complainants had failed to show that the Arbiter a quo committed grave abuse of discretion and/or serious errors in rendering the assailed Decision, particularly in declaring that the complainants were lawfully terminated on the ground of loss of trust and confidence. In support of STI ESG's counter-arguments to the complainants' arguments, STI ESG stressed on the following important points: (a) the Appeal is just a 90% verbatim reproduction of the facts, arguments and discussion in their Position Paper; and (b) there was no such grave error shown in the case at bar considering that there is more than sufficient basis for the School to lose the trust and confidence it bestowed upon the complainants (i) as one of the complainants demonstrated, through repeated infractions, that complainant is not fit to continue undertaking the serious task and heavy responsibility of a CEO, and this holds true for the other complainant, being the COO of STI Davao, (ii) the willful act of disregarding the Operating Procedures and Systems equates to abuse of authority and, therefore, is sufficient basis for STI to lose its trust and confidence on the complainants, and (iii) the task of ensuring the integrity of the RFA by warranting the completeness and accuracy of the information and required supporting documents thereto, definitely falls within the complainants' scope of responsibilities.

In a Decision dated February 13, 2019, the Eighth Division of the NLRC in Cagayan De Oro City dismissed the Appeal filed by the complainants and hereby affirmed the earlier Decision of Labor Arbiter dated June 28, 2018. A motion for reconsideration dated March 4, 2019 was filed by the complainants. On March 25, 2019, STI ESG filed its Opposition to the Motion for Reconsideration filed by the complainants. In a Resolution dated March 26, 2019, the Eighth Division of the NLRC in Cagayan De Oro City denied the Motion for Reconsideration filed by the complainants.

On June 10, 2019, STI ESG received a copy of the Petition for Certiorari filed by complainants with the Court of Appeals in Cagayan De Oro City. On July 4, 2019, STI ESG received a copy of the Resolution dated June 25, 2019 of the Court of Appeals in Cagayan De Oro City dismissing the Petition for Certiorari filed by complainants for failure to comply with the requirements for filing said petition.

A motion for reconsideration dated July 18, 2019 on the said resolution of the Court of Appeals in Cagayan De Oro City dismissing the Petition for Certiorari was filed by complainants. As at September 11, 2019, STI ESG filed its Comment to the motion for reconsideration of the complainants.

Without having received the resolution of the Court of Appeals on the motion for reconsideration filed by complainant, as at August 03, 2020, STI ESG received a copy of petitioner Belinda Torres' Petition for Review on Certiorari filed before the Supreme Court. As at September 24, 2020, STI ESG has yet to receive any action by the Court of Appeals on the motion for reconsideration filed by complainants. The Supreme Court likewise has yet to render its initial action on the Petition.

- v. This is a case for illegal dismissal (constructive), underpayment of salary/wages, non-payment of salary/wages, separation pay, moral and exemplary damages and attorney's fees filed by a former school nurse of STI College Fairview Branch.

Complainant was cited in several instances for her excessive tardiness, negligence, and other violations of the school's Code of Conduct. On January 15, 2016, she submitted her resignation letter effective immediately and processed her clearance. On the same day, she proceeded to the NLRC and filed a request for assistance.

Complainant claimed that she was forced to resign when her benefits were reduced, she was deliberately given difficult work assignments, she was cited for several violations of the company's code of conduct to build-up a case against her and was given poor working conditions.

The labor arbiter dismissed her complaint for lack of merit saying that resignation due to the enforcement of disciplinary measures for violations does not constitute unbearable working condition, hence, her resignation does not constitute constructive dismissal.

Complainant appealed the decision of the labor arbiter to the NLRC.

On April 21, 2017, STI College Fairview received the Decision dated March 31, 2017 of the 4th Division, NLRC, denying her appeal and affirming the labor arbiter's decision but with modification by awarding ₱75.0 thousand as financial assistance based on the higher interest of equity, social and compassionate justice.

On May 2, 2017, STI ESG filed its Motion for Partial Reconsideration of the decision of the NLRC, particularly, on the award of financial assistance in the amount of ₱75.0 thousand on the basis that she is not entitled to any financial assistance since there was no dismissal to speak of. Moreover, her failure to comply with the 30-day notice requirement in case of resignation makes her even liable for damages instead of financial assistance.

However, on June 1, 2017, STI ESG received a copy of the resolution dated May 30, 2017 of the 4th Division, NLRC denying the motion for reconsideration.

On July 28, 2017, STI ESG filed its Petition for Certiorari with prayer for the issuance of a restraining order and a writ of preliminary injunction with the Court of Appeals. On August 19, 2017, STI ESG received a copy of the resolution of the Court of Appeals dated August 9, 2017 directing complainant to comment on STI ESG's petition while holding in abeyance the action on the prayer for injunctive relief. Pending resolution of the STI ESG's prayer for the issuance of a restraining order and a writ of preliminary injunction with the Court of Appeals, on August 31, 2017, STI ESG received a copy of the Motion for Execution filed by complainant. On September 4, 2017, a notice of pre-execution conference was received by STI ESG setting the same on September 14, 2017 before the labor arbiter. On September 11, 2017, STI ESG filed an Opposition to the Motion for Execution. STI ESG, likewise, filed an Omnibus Motion for Immediate Resolution of Application for Issuance of a Restraining Order and Writ of Preliminary Injunction. In the pre-execution conference, STI ESG reiterated its opposition to the motion for execution of complainant and manifested that it has a pending application for the issuance of a restraining order and a writ of preliminary injunction with the Court of Appeals. In a Notice of Order of Execution dated October 11, 2017, the labor arbiter issued a Writ of Execution against STI ESG since no temporary restraining order was issued by the Court of Appeals for the amount of ₱76.2 thousand. On November 2, 2017, a check in the said amount was then deposited to the account of the National Labor Relations Commission for the satisfaction of the writ of execution. As per Order dated November 17, 2017 of the labor arbiter, the said amount was released to Complainant as full satisfaction of the judgment award.

On February 28, 2018, STI ESG received a Resolution dated January 5, 2018 of the Court of Appeals noting STI ESG's Omnibus Motion for Immediate Resolution of Application for Issuance of a Restraining Order and Writ of Preliminary Injunction and informing STI ESG that its Resolution dated August 9, 2017 addressed to complainant returned to the court with the annotation "RTS-No One to Receive" and directed STI ESG to inform the court of complainant's correct and current complete address. In a manifestation of compliance dated April 12, 2018, STI ESG informed the Court of Appeals that the only record of complainant's address in its possession is that which is stated in its petition which is the same as what is found in the pleadings filed relative to the case. In a Resolution dated June 21, 2018 received by STI ESG on July 5, 2018, the Court of Appeals dismissed the petition of STI ESG on the ground that it failed to include in its petition the current address of complainant.

A motion for reconsideration of the subject resolution of the Court of Appeals was filed by STI ESG on July 20, 2018. On October 31, 2018, STI ESG received a copy of the Resolution of the Court of Appeals (Former Eleventh Division) granting the motion for reconsideration. However, STI ESG is given a period of ten (10) days from notice to submit proof of actual receipt by complainant of

its petition and to furnish the court with her correct, actual and present address, otherwise, the petition will be dismissed. On November 12, 2018, STI ESG filed its manifestation with the Court of Appeals and Motion for Extension to Submit Proof of Service.

On February 20, 2019, STI ESG received a copy of the Resolution of the Court of Appeals (Fifth Division) dated January 29, 2019 granting the Motion for Extension to Submit Proof of Service. However, STI ESG was also required to show cause why its petition shall not be dismissed for failure to comply with the Resolution dated October 18, 2018. On March 4, 2019, STI ESG filed its Manifestation of Compliance manifesting that it was able to serve a copy of the petition to complainant by personal service.

On May 27, 2019, STI ESG received a copy of the Resolution dated April 29, 2019 of the Court of Appeals (Fifth Division) finding the Manifestation of Compliance filed by STI ESG to be sufficient and directed the complainant to file her comment to STI ESG's petition.

As at September 24, 2020, STI ESG has yet to receive any copy of the comment of the complainant to STI ESG's petition.

- e. *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 basis of an alleged perfected contract to sell.

On March 15, 2016, STI ESG, as the surviving corporation in the merger between STI ESG and STI Cebu, filed a Motion to Dismiss.

After the filing of their respective pleadings to the said Motion(s) to Dismiss, the Defendants received on February 28, 2017 the Resolution of the Trial Court wherein it denied the Defendants' Motion(s) to Dismiss.

On March 6, 2017, the Defendants filed their Joint Motion for Reconsideration Ad Cautelam in relation to the Resolution.

On March 14, 2017, the Defendants received the Plaintiffs' Comment/Opposition to Joint Motion Reconsideration Ad Cautelam and/or Motion to Declare Defendants in Default dated March 11, 2017 (Comment with Motion). In the Comment with Motion, Plaintiffs alleged that the Defendants should have filed their Answer instead of the Joint Motion for Reconsideration Ad Cautelam after the denial of their Motions to Dismiss. Considering that the Defendants did not file their Answer, Plaintiffs moved to declare the Defendants in default.

After due proceedings and filing of their respective responsive pleadings to the aforesaid (a) Joint Motion and (b) Motion to Declare in Default, the Trial Court issued the Resolution dated August 16, 2017, which denied the said Motions.

After seeking an extension to file the Answer to the Plaintiffs' Amended Complaint, 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.

While Plaintiffs opposed the (a) motion for extension and (b) subsequent filing of the Consolidated Answer, the Trial Court affirmed the admission of the Consolidated Answer and set the case for pre-trial.

After the parties were referred to court-annexed mediation and judicial dispute resolution as required under the relevant rules, the parties failed to reach an amicable settlement of the case.

As required by the rules, the case was re-raffled to a new presiding judge who would handle the trial and disposition of the case.

On August 3, 2018, STI ESG received a Notice from the new Presiding Judge setting the case for pre-trial on August 14, 2018.

After the unsuccessful judicial dispute resolution, the case was re-raffled from Branch 6 to Branch 42 of the Regional Trial Court of Manila.

On August 14, 2018, Plaintiffs filed a Motion for Leave to Admit Second Amended Complaint, whereby they sought the substitution of STI ESG as one of the Defendants.

After the filing of opposition thereto, STI ESG received the Summons dated September 26, 2018, directing it to file its Answer to the Plaintiff's Second Amended Complaint.

On October 17, 2018, the Defendants filed their Amended Consolidated Answer with Compulsory Counterclaims.

On November 8, 2018, the Defendants received the Order dated October 26, 2018 of the Trial Court. In the Order, the Trial Court set the pre-trial conference on November 14, 2018 and required the parties to file not later than five (5) days before pre-trial their respective Judicial Affidavit(s) of their witnesses.

On November 9, 2018, the Defendants filed their Amended Pre-Trial Brief and Judicial Affidavit(s) of their witnesses.

On November 14, 2018, the parties attended and participated in the scheduled pre-trial conference. Based on the plaintiffs' pre-trial brief and manifestation during said hearing, the Plaintiffs intended to include in their list of witnesses two senior officers of STI ESG. While there were no interrogatories sent to said adverse witnesses as required by the Rules of Court, the Defendants reserve their right to file the appropriate pleading on said matter.

The Trial Court then gave the Plaintiffs six (6) hearing dates to present their witnesses. Within the said period, the Plaintiffs presented four (4) witnesses. Based on their respective testimonies, the said witnesses testified the discussions and/or communications between the Plaintiffs and STI ESG's Finance Officer regarding the sale of the subject property.

During their respective cross-examination, the said witnesses failed to provide any document and/or evidence showing (a) the authority of the Finance Officer to bind STI ESG on said negotiations and (b) approval of the BOD of STI ESG on the terms and conditions discussed during said negotiations.

After the Plaintiffs presented their fourth (4th) witness, the Plaintiffs orally moved for the issuance of Subpoena to two Senior Officers of STI ESG.

In relation to said subpoena and to comply with the relevant provisions of the Rules of Court, the Plaintiffs served written interrogatories to the said Senior Officers.

After STI ESG objected on the same, the Trial Court ordered the Senior Officers to file their respective Answer(s) to the written interrogatories.

After the filing and admission of their Answer(s) to the written interrogatories of the Plaintiffs, the case was set for continuation of the Plaintiffs' presentation of evidence on June 19, 2019.

Despite being allowed by the Trial Court to propound additional oral interrogatories to the Senior Officers, the Plaintiffs waived the same before the scheduled hearing.

Consequently, the Trial Court required the Plaintiffs to file their Formal Offer of Evidence in order to terminate the presentation of their evidence.

On August 6, 2019, the Defendants received the Formal Offer of Evidence of the Plaintiffs.

After the Defendants filed its Objections to the Formal Offer of Evidence, the Trial Court issued its Order dated September 27, 2019. In the Order, the Trial Court denied the admission of, among others, the SMS messages relating to the communications between certain officers of STI ESG and Plaintiffs, and a certification issued by the Finance Officer on the receipt of an earnest money from the Plaintiffs marked as Exhibit "G-2".

On October 21, 2019, the parties appeared before the Trial Court to set the schedule for the presentation of the testimonies of the witnesses of STI ESG. Upon agreement of the parties, the same was set for hearing on November 12, 19, 29 and December 3, 2019.

On October 23, 2019, STI ESG received the Plaintiffs' Motion for Partial Reconsideration of the Order dated September 27, 2019. In the said Motion, the Plaintiffs sought for the admission of the evidence excluded by the Trial Court except Exhibit "G-2".

After filing the Comment to the Plaintiffs' Motion for Partial Reconsideration on November 8, 2019, the Trial Court issued its Omnibus Order dated November 11, 2019. In the Omnibus Order, the Trial Court admitted the exhibits enumerated in the Motion for Partial Reconsideration except the SMS messages. However, the Trial Court also admitted Exhibit "G-2" despite (a) the Defendant's valid objections and (b) the same was not included in the exhibits sought to be admitted in the Motion for Partial Reconsideration.

On November 12, 2019, the Defendants presented their first witness, Defendant Finance Officer, to testify, among others, that (a) he acted as liaison of STI Cebu and STI ESG on the negotiations for the sale of the subject property and (b) the Boards of Directors of STI Cebu and STI ESG did not approve the proposal/offer to purchase of the Plaintiffs.

After cross-examination, the Defendants terminated the presentation of said witness' testimony.

On November 29, 2019, the Defendants presented their external counsel's accountant who testified on their counterclaim against the Plaintiffs for legal cost/fees incurred for the case.

On January 17, 2020, the Defendants terminated the presentation of their evidence.

On January 22, 2020, the Defendants filed their Formal Offer of Evidence.

On January 29, 2020, the Defendants received the Plaintiffs' Comment to the Formal Offer of Evidence.

After due proceedings on the Defendants' Formal Offer of Evidence, the Trial Court issued the Order dated February 13, 2020, which admitted all the documentary evidence of the Defendants.

After both 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 its Finance Officer to sell the Property in favor of the Plaintiffs.

However, the Trial Court determined that STI ESG's Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages. The Trial Court also 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%) per annum from receipt thereof on March 30, 2011 until the 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 Fifty Thousand Pesos (Php50,000.00) as attorney's fees in favor of the Plaintiff. The rest of the findings in the Decision is affirmed.

On September 16, 2020, the Plaintiffs filed a Notice of Appeal.

Consequently, the parties will comply with the appeal procedures required under the Rules of Court.

- f. *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% of the amount to be awarded and ₱3.0 thousand per court appearance.

On January 23, 2017, STI ESG filed its Motion to Dismiss Ad Cautelam. In the said Motion, STI ESG asserted that the dismissal of the case was warranted on the following grounds; (a) lack of jurisdiction over STI ESG due to improper service of Summons to a Human Relations Officer ("HR Officer"), and (b) failure to state a cause of action because GATE has no right for the renewal of the Licensing Agreement when (i) the same already expired and (ii) it clearly provides that it may be renewed by mutual agreement of the parties. The Motion to Dismiss Ad Cautelam was set for hearing on February 3, 2017.

On February 3, 2017, STI ESG received GATE's Comment /Opposition. In the said Comment/Opposition, GATE alleged that (a) the HR Officer was allegedly authorized by its in-house counsel to receive the Summons, and (b) the decision of STI ESG not to renew the Licensing Agreement was not based on its mutual agreement provision but the violations of GATE. Consequently, such decision of STI ESG to cancel the Licensing Agreement was allegedly in bad faith.

Upon the filing of all the pleadings in relation to the Motion to Dismiss Ad Cautelam of STI ESG, the Trial Court issued its Resolution dated May 16, 2017, which denied the said Motion. The Trial Court also required STI ESG to file its Answer to the Complaint within the non-extendible fifteen (15) days from receipt of said Resolution on May 25, 2017 or until June 9, 2017.

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.

Both parties have been required to attend and participate in the court-annexed mediation, and subsequently, the judicial dispute resolution with the Trial Court. After the aforesaid proceedings, the parties failed to reach an amicable settlement, and terminated the judicial dispute resolution on October 27, 2017. As mandated by the relevant rules, the case was raffled to a new presiding judge.

The new presiding judge issued an Order setting the case for a pre-trial hearing on May 11, 2018.

The pre-trial proper was re-scheduled by the Trial Court in order for the parties to pre-mark their documentary evidence before the branch clerk of court on May 23, 2018.

On May 23, 2018, both parties attended and caused the pre-marking of their respective documentary exhibits.

Meanwhile, the pre-trial was set by the Trial Court and upon agreement of the parties on August 31, 2018.

On August 31, 2018, the pre-trial conference commenced and terminated on the same day. The Trial Court then scheduled the presentation of the testimony of the Plaintiffs' witnesses on October 9 and 30, 2018.

On October 9 and 30, 2018, the Plaintiff presented its two witnesses.

Thereafter, the Plaintiff terminated their presentation of evidence and filed their Formal Offer of Evidence.

On December 11, 2018, STI ESG filed the Comment and Objections to the said Formal Offer of Evidence.

On February 6, 2019, the Trial Court issued the Order dated January 10, 2019. In the Order, the Trial Court denied the admission of two (2) letters issued by both parties as part of the evidence of the Plaintiff.

After the Plaintiffs filed the Motion for Reconsideration, the Trial Court admitted the aforesaid two (2) letters, and set the presentation of evidence by STI ESG.

STI ESG presented three (3) witnesses in relation to its defense that the decision not to renew the Licensing Agreement was (a) in accordance with the contractual stipulations therein, and (b) devoid of any bad faith. Moreover, STI ESG presented evidence to show the attorney's fees it incurred in the instant case.

After the presentation of the last witness, STI ESG formally offered its evidence by filing its Formal Offer of Evidence on May 22, 2019.

After the Plaintiffs filed their Comment/Objections to the Formal Offer of Evidence, the Trial Court issued its Order dated July 18, 2019. In the Order, the Trial Court denied the admission of only one (1) exhibit, which was the letter of Plaintiffs' counsel to STI ESG insisting that the cancellation of the Licensing Agreement was erroneous and in bad faith.

In the same Order, the Trial Court required the parties to file their respective Memoranda. After the filing of said Memoranda, the case was submitted for decision by the Trial Court.

On February 4, 2020, STI ESG received the Decision dated January 16, 2020. In the Decision, 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.

Consequently, the parties will comply with the appeal procedures required under the Rules of Court.

- g. *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 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 sixteen (16) months have elapsed since the matter was submitted for resolution.

As at September 24, 2020, the Office of the City Prosecutor of Taguig City has yet to issue a resolution in the instant case.

- h. *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 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 SY2016-2017 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 ₱0.9million.

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.

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 6, 2019, 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 the last trading date which was on March 31, 2020, the high share price of the Parent Company was ₱0.65 and the low share price was ₱0.36. As of June 30, 2020, the high share price of the Parent Company was ₱0.40 and the low share price was ₱0.28. As of July 20, 2020, the high share price of the Parent Company was ₱0.33 and the low share price was ₱0.28.

The following table sets forth the Parent Company’s high and low intra-day sales prices per share for the past two (2) years and the first and second quarters of 2020:

	High	Low
2020		
Third Quarter (As of July 20, 2020)	0.33	0.28
Second Quarter	0.40	0.28
First Quarter	0.65	0.36
2019		
Fourth Quarter	0.69	0.59
Third Quarter	0.83	0.66
Second Quarter	0.77	0.63
First Quarter	0.87	0.68
2018		
Fourth Quarter	0.95	0.52
Third Quarter	1.17	0.59
Second Quarter	1.55	1.11
First Quarter	1.65	1.30

The Parent Company’s public float as of March 31, 2020 is 3,501,687,842 shares equivalent to 35.35% and 3,372,737,842 shares equivalent to 34.05% as of June 30, 2020 of the total issued and outstanding shares of the Parent Company.

(2) Holders

As of March 31, 2020, there were 1,266 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 March 31, 2020.

NAME OF STOCKHOLDER	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
PCD NOMINEE CORP (FILIPINO)	2,659,921,012 ¹	26.8548 %
PCD NOMINEE CORP (NON-FILIPINO)	1,721,657,398	17.3820 %
PRUDENT RESOURCES, INC.	1,614,264,964	16.2978%
TANCO, EUSEBIO H.	1,253,666,793	12.6572%
BIOLIM HOLDINGS AND MANAGEMENT CORP. (FORMERLY: RESCOM DEVELOPERS, INC.)	794,343,934	8.0198%
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%
MANILA BAY SPINNING MILLS, INC.	47,583,562	0.4804%
TANCO, ROSIE L.	13,000,000	0.1312%
VITAL VENTURES MANAGEMENT CORPORATION	2,800,000	0.0283%
YU, JUAN G. YU OR JOHN PETER C.	1,300,000	0.0131%
CASA CATALINA CORPORATION	1,000,000	0.0101%
HTG TECHNOLOGIES, INC.	1,000,000	0.0101%
EDAN CORPORATION	861,350	0.0087%
MENDOZA, ROSELLER ARTACHO	600,000	0.0061%
YU, JUAN G. YU OR JOHN PHILIP	600,000	0.0061%
LERIO CABALLERO CASTIGADOR AND/OR VICTORINA P. CASTIGADOR	399,000	0.0040%
LELEN VALDERRAMA ITF YASMIN AYN VALDERRAMA	300,000	0.0030%
LELEN VALDERRAMA ITF YADIN AYN VALDERRAMA	300,000	0.0030%
LELEN VALDERRAMA ITF GERENT ARN VALDERRAMA	300,000	0.0030%
LELEN A. VALDERRAMA	300,000	0.0030%
TACUB, PACIFICO B.	200,000	0.0020%

(3) Cash Dividends

a) On December 6, 2019, cash dividends amounting to ₱0.02 per share or the aggregate amount of ₱198.1 million were declared by the Board of Directors in favor of all stockholders on record as at December 20, 2019, payable on January 15, 2020.

b) On October 26, 2018, cash dividends amounting to ₱0.02 per share or the aggregate amount of ₱198.1 million were declared by the Board of Directors in favor of all stockholders on record as at November 13, 2018, payable on December 10, 2018.

c) On September 29, 2017, cash dividends amounting to ₱0.02 per share or the aggregate amount of ₱198.1 million were declared by the Board of Directors in favor of all stockholders on record as at October 16, 2017, payable on November 13, 2017.

¹ Eusebio H. Tanco is the beneficial owner of 173,289,082 shares. Prudent Resources, Inc. is the beneficial owner of 5,335,000 shares. Biolim Holdings and Management Corp. (Formerly: Rescom Developers, Inc.) is the beneficial owner of 1,575,000 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.

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.

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 and operating results of STI Education Systems Holdings, Inc. ("STI Holdings" or the "Parent Company") and its subsidiaries (hereafter collectively referred to as the "Group") for the fiscal years ended March 31, 2020, 2019 and 2018. The following discussion should be read in conjunction with the attached audited consolidated financial statements of the Group as of and for the year ended March 31, 2020 and for all the other periods presented.

The Board of Directors ("BOD") of STI Holdings, together with the governing boards of each of the subsidiaries, approved several amendments in its Articles of Incorporation ("AOI") and By-Laws, including, among others, the change in the fiscal year of the Parent Company and all its subsidiaries, from starting on

April 1 of each year ending on March 31 of the following year to starting on July 1 of each year ending on June 30 of the following year and the change in the dates of its Annual Stockholders' meetings. In the case of the Parent Company, these amendments were approved in the annual stockholders' meeting held on December 6, 2019. The Securities and Exchange Commission ("SEC") has approved the foregoing amendments in the respective AOs and By-laws of STI Holdings and its subsidiaries as at March 31, 2020. The Bureau of Internal Revenue ("BIR") has likewise approved the change in the fiscal year/accounting period of the Parent Company and its subsidiaries as at September 24, 2020.

Financial Condition

March 31, 2020 vs. 2019

The Group's total assets as at March 31, 2020 increased by ₱384.3 million to ₱15,159.2 million from last year's ₱14,774.9 million. This is largely driven by the increase in cash and cash equivalents, receivables, and property and equipment. These increases were partially offset by the decline in the carrying value of the noncurrent asset held for sale.

Cash and cash equivalents increased by ₱109.4 million or 14% from last year's ₱777.3 million to ₱886.7 million as at March 31, 2020. Cash generated from operations during the year ended March 31, 2020 amounted to ₱917.3 million. Investing activities include payments to contractors for the recently completed buildings, acquisition of simulator and other maritime equipment for NAMEI Polytechnic Institute, Inc., purchase of school equipment and furniture and construction of a new academic center in Legazpi City. Net investment outlays for the period amounted to ₱486.1 million. STI ESG's drawdown from its seven-year term loan facility amounted to ₱800.0 million. The loan proceeds were primarily used to pay the amounts due to contractors and to fund working capital requirements.

Total receivables amounted to ₱722.2 million, an increase of ₱219.8 million from ₱502.4 million as at March 31, 2019. The balance is composed largely of amounts expected to be collected from students, the Department of Education ("DepEd") and the Commission on Higher Education ("CHED") as well as the consideration paid for the assignment of the loan of STI Tanay with the Development Bank of the Philippines ("DBP") amounting to ₱75.5 million. Receivables from students increased by ₱70.1 million from ₱398.0 million as at March 31, 2019 to ₱468.1 million as at March 31, 2020, pertaining to tuition and other school fees that are expected to be collected over the remaining months of the school year. Outstanding receivables from DepEd for the Senior High School ("SHS") qualified voucher recipients amounted to ₱182.0 million as at March 31, 2020, posting an increase of ₱13.1 million from the March 31, 2019 balance while outstanding receivables from CHED amounted to ₱40.7 million as at March 31, 2020. The vouchers are expected to be collected within 8-12 weeks from the date of submission of billing statements. On November 4, 2019, STI ESG and DBP entered into a Deed of Assignment wherein DBP assigned, transferred and conveyed, without recourse, all its collectibles from STI Tanay to STI ESG for a consideration of ₱75.5 million. DBP likewise granted to STI ESG all the rights, title and interests in and to the loans, 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.

Inventories decreased by 12% or ₱18.2 million reflecting the decrease in stocks of tertiary and SHS uniforms, textbooks and marketing materials resulting from the sales recognized for the year ended March 31, 2020, net of purchases made during the same period.

Prepaid expenses and other current assets decreased by ₱26.4 million or 26% from ₱102.8 million to ₱76.4 million substantially due to the ₱26.7 million decline in input VAT. Input VAT is claimed as deduction from output VAT.

The noncurrent asset held for sale amounting to ₱419.1 million and ₱716.6 million as at March 31, 2020 and 2019, respectively, represents the carrying value of STI ESG's 20% ownership in Maestro Holdings, Inc. ("Maestro Holdings"). The operating subsidiaries of Maestro Holdings are PhilPlans First, Inc. ("PhilPlans"), PhilhealthCare, Inc. ("PhilCare"), and Philippine Life Financial Assurance Corporation ("PhilLife"). On June 27, 2017, STI ESG's BOD approved the disposal of this 20% stake in Maestro Holdings

to enable the Group to focus on its core business of offering educational services. Since then, management had discussions with potential buyers but no final agreements were reached. On September 24, 2020, STI ESG's BOD has approved the sale to a third-party investor for a consideration higher than its present carrying value, subject to completion of certain closing conditions. With 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 on June 30, 2017 and this was carried at the lower of its carrying amount and fair value less costs to sell. For the year ended March 31, 2020, STI ESG recognized a provision for impairment of ₱297.5 million as a result of the decline in the fair value of Maestro Holdings. The decline in fair value as at March 31, 2020 is an impact of the COVID-19 pandemic and the ensuing economic and market disruptions across markets and industries. The fair value was estimated using Maestro Holdings' adjusted consolidated net assets value which consists significantly of investments in listed equity instruments, government bonds, other fixed-income securities (accounts valued at Level 1 and Level 2) and pre-need reserves for PhilPlans, and discounted cash flows from financial budgets covering five years approved by the management of PhilLife and PhilCare. Key assumptions include long-term growth rate, discount rate, DLOC, DLDM, discount rate and estimated costs to sell (under Level 3). Discount rate used in the discounted cash flows ranges from 13.80% to 15.10% with a growth rate of 5.70%. No provision for impairment was recognized for the year ended March 31, 2019.

Property and equipment, net of accumulated depreciation, increased by ₱262.2 million from ₱9,964.0 million to ₱10,226.2 million as at March 31, 2019 and March 31, 2020, respectively, substantially attributed to the recognition of right-of-use ("ROU") assets with carrying value of ₱339.9 million as at March 31, 2020, in accordance with the adoption of Philippine Financial Reporting Standard ("PFRS") 16, *Leases*, which requires lessees to recognize most leases in the consolidated statement of financial position and apply a single accounting model for all leases, with certain exemptions. The Group leases land and building spaces, where the schools are located, under operating lease agreements with varying terms. Before the adoption of PFRS 16, the Group classified these lease arrangements at inception date as operating leases with lease payments recognized as expenses. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases, using the modified retrospective method of adoption with the date of initial application of April 1, 2019, except for short-term leases and leases of low-value assets. The Group recognized ROU assets and lease liabilities for those leases previously classified as operating leases. The ROU assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Subsequently, ROU assets are measured at carrying amount less accumulated depreciation. The ROU assets are depreciated on a straight-line basis over the shorter of its remaining estimated useful life or the lease term. The increase likewise includes the costs related to the construction of STI Academic Center Legazpi, a four-storey building, with an estimated student capacity of approximately 2,500 students, built on a 4,149 square meter property along Rizal Street, Legazpi City. The school building has been completed in September 2020, in time for the start of classes for School Year ("SY") 2020-2021.

Investment properties increased by ₱89.1 million from ₱1,832.7 million to ₱1,921.8 million due to iACADEMY's recognition of an ROU asset with carrying value of ₱120.1 million on its leased building along Sen. Gil Puyat Avenue, Makati City, which is being subleased to third parties.

Equity instruments designated at fair value through other comprehensive income ("FVOCI") increased by ₱17.8 million from ₱50.5 million to ₱68.3 million as at March 31, 2020. In January 2019, First Pacific Investment Ltd., PLDT, Inc., Benpro Inc., Pilipinas Global Network Limited, Signal TV, Inc., Suha-PH, Inc., Happyfeet Esports team and STI ESG entered into an investment and shareholders' agreement whereby the parties agreed to form Philippine Online Sports League Inc., a stock association, which will establish, operate and maintain a national multi-game Esports league in the Philippines with the aim to promote and develop Esports in the country. Esports is a growing sport internationally and in the Philippines. With this, Philippine Online Sports League Inc. was incorporated on September 30, 2019 with the SEC. It has an authorized capital stock of ₱155.0 million divided into 1.25 million common shares and 200.0 thousand preferred shares with a par value of ₱100.0 per common share and ₱150.0 per preferred share. The initial subscribed and paid-up capital of Philippine Online Sports League Inc. is ₱90.0 million of which STI ESG subscribed to and paid ₱10.0 million for 100.0 thousand common shares at ₱100.0 par value per share.

STI ESG also recognized unrealized fair value adjustment amounting to ₱7.8 million on its unquoted equity instrument at FVOCI due to the increase in its fair market value as at March 31, 2020.

Deferred tax assets (“DTA”) increased by ₱7.9 million from ₱52.5 million to ₱60.4 million as at March 31, 2019 and March 31, 2020, respectively, substantially representing taxes applicable to tuition and other school fees collected in advance and the tax impact of the adjustments related to the adoption of PFRS 16.

Goodwill, intangible and other noncurrent assets increased by ₱19.7 million from ₱573.6 million to ₱593.3 million as at March 31, 2020. In January 2018, STI ESG entered into a contract to sell with a real estate developer for the acquisition of a lot in Iloilo City with a total area of 2,615 sq. m. for the price of ₱183.0 million plus value-added tax, less other applicable taxes. STI ESG made a down payment amounting to ₱67.5 million in January 2018, net of the ₱0.2 million reservation fee paid on November 29, 2017. The remaining balance in the amount of ₱128.1 million was paid without interest in eighteen (18) equal monthly installments of ₱7.1 million starting January 2018 up to June 2019. Consequently, STI ESG recognized an aggregate amount of ₱21.3 million deposit for asset acquisitions from April to June 30, 2019. The last installment for this Iloilo property was paid in June 2019. Documents for the transfer of ownership to STI ESG are being processed. The lot will be the future site of STI Iloilo. On February 15, 2019, STI ESG and the shareholders of NAMEI Polytechnic Institute, Inc. and NAMEI Polytechnic Institute of Mandaluyong, Inc. (collectively referred to as “NAMEI”) entered into a share purchase agreement for the sale of approximately 92% of the 50,000 outstanding shares of NAMEI Polytechnic Institute, Inc. and 99% of the 10,000 outstanding shares of NAMEI Polytechnic Institute of Mandaluyong, Inc. Both shares have a par value of ₱10.0 each. In January 2019, STI ESG made a deposit of ₱14.0 million which was held in escrow with a law firm. This amount was treated as part of the purchase price at closing date. Another ₱36.0 million was paid on February 15, 2019. On the same date, STI ESG paid ₱10.0 million to NAMEI as deposit for future subscription in shares of NAMEI and another ₱10.0 million representing STI ESG’s share in the transaction costs and all other fees and expenses to be incurred under the agreement. In relation to this, STI ESG recognized ₱70.0 million as deposit for the purchase of shares of NAMEI as at March 31, 2019. On April 1, 2019, Deeds of Assignment were executed by the shareholders of NAMEI transferring and conveying ownership of 94% of NAMEI Polytechnic Institute, Inc. and 100% ownership of NAMEI Polytechnic Institute of Mandaluyong, Inc. to STI ESG. NAMEI thus became a subsidiary of STI ESG effective April 1, 2019. In view of this, STI ESG started consolidating the assets, liabilities and results of operations of NAMEI beginning April 1, 2019. Thus, the deposits for asset acquisitions pertaining to NAMEI in the amount of ₱70.0 million were reversed. The identifiable assets and liabilities recognized in the consolidated financial statements as at March 31, 2020 were based on the purchase price allocation report of the fair value of these assets and liabilities at the time of acquisition resulting to goodwill amounting to ₱21.2 million. STI ESG identified the license to operate a maritime school and related agreements as intangible assets for purposes of estimating the fair value of the net assets acquired. Intangible assets amounting to ₱27.6 million represent the fair value of the license and agreements. Deferred tax liability (“DTL”) amounting to ₱2.8 million was calculated based on the estimated fair value of the license to operate a maritime school, its related agreements and a 10.0% income tax rate for educational institutions. The carrying values of other accounts such as cash, receivables, and property and equipment, among others, approximate their fair values. STI ESG and STI WNU conduct annual impairment testing of goodwill recognized through business combinations. Impairment testing showed that the Group’s cash-generating units’ (“CGUs”) recoverable amounts were higher than their carrying amounts except for the goodwill related to STI Tuguegarao and STI Pagadian as at March 31, 2019. The Group recognized provision for impairment of goodwill aggregating to ₱17.0 million and nil for the years ended March 31, 2019 and 2020, respectively, related to these schools since their recoverable amounts were lower compared to their carrying values. Noncurrent advances to suppliers increased by ₱42.4 million, which is substantially attributed to advance payments made by STI ESG in relation to the acquisition of a simulator and other maritime equipment for NAMEI Polytechnic Institute, Inc. and construction of STI Legazpi Academic Center including the

necessary school furniture and equipment. These advances will be reclassified to the “Property and equipment” account when the goods are received or the services are rendered.

Accounts payable and other current liabilities decreased by ₱207.1 million substantially due to payments made by STI ESG and iACADEMY to contractors for obligations related to construction works.

Current and noncurrent portions of interest-bearing loans and borrowings increased in aggregate amount of ₱277.3 million, net of principal payments made during the year by STI ESG, iACADEMY and STI WNU amounting to ₱240.0 million, ₱200.0 million and ₱79.6 million, respectively. STI ESG made drawdowns from its short-term loan facility aggregating to ₱468.0 million during the year ended March 31, 2020. These loans are subject to interest rates ranging from 4.75% to 5.75% and have been fully settled as at March 31, 2020. STI ESG also made drawdowns from its new term loan facility aggregating to ₱800.0 million during the year ended March 31, 2020, subject to interest rates ranging from 5.81% to 6.31%. The proceeds from these loans were used for capital expenditures and working capital requirements.

Current portion of obligations under finance lease amounting to ₱6.5 million as at March 31, 2019 was fully settled during the year ended March 31, 2020. The remaining portion of obligations under finance lease as at March 31, 2019 is now reclassified as part of lease liabilities, in accordance with the requirements of PFRS 16.

Current and noncurrent portions of lease liabilities amount to ₱91.7 million and ₱471.1 million, respectively, as at March 31, 2020. Lease liabilities were recognized based on the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate on the date of initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities were recognized in the consolidated statements of financial position of the Group in accordance with the adoption of PFRS 16.

Unearned tuition and other school fees increased substantially by ₱140.3 million from ₱185.4 million as at March 31, 2019 to ₱325.7 million as at March 31, 2020 mostly representing fees of tertiary students that will be recognized as income over the remaining months of the related school term.

Income tax payable decreased by ₱3.5 million to ₱8.6 million as at March 31, 2020 from ₱12.1 million as at March 31, 2019 due to lower taxable income.

STI ESG listed its ₱3.0 billion Series 7-year Bonds due 2024 and Series 10-year Bonds due 2027 (collectively, the “Bonds”) on the Philippine Dealing and Exchange Corp. (“PDEX”) secondary market 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 ₱2,964.4 million and ₱2,958.0 million as at March 31, 2020 and 2019, respectively, net of deferred finance charges representing bond issue costs with carrying values of ₱35.6 million and ₱42.0 million, as at March 31, 2020 and 2019, respectively. The proceeds of the bonds had been fully utilized as at March 31, 2019.

Pension liabilities increased by 36% to ₱103.4 million as at March 31, 2020 representing additional retirement obligations and cumulative actuarial loss on pension assets recognized by the Group for the year ended March 31, 2020. The fair value of pension assets as at March 31, 2020 is affected by the economic impact of COVID-19.

Other noncurrent liabilities increased by ₱1.2 million from ₱108.7 million to ₱109.9 million as at March 31, 2019 and 2020, respectively. iACADEMY recorded ₱31.5 million increase representing advance rent and security deposits from new lessees in iACADEMY Plaza. This amount was partially offset by payments made by STI Novaliches to STI Diamond amounting to ₱14.0 million as a result of the conveyance of the

latter's net assets to the former in August 2016. STI ESG reclassified ₱16.1 million from noncurrent to current portion of its advance rent/rental deposits, representing lease agreements with a remaining term of one year or less.

As at March 31, 2020, cumulative actuarial gain decreased by ₱10.5 million from ₱20.9 million to ₱10.4 million as at March 31, 2019 and 2020, respectively, due to the impact of unrealized remeasurement loss resulting from the decline in market value of the investment in equity securities of the pension plan assets.

Fair value change in equity instruments at FVOCI is up by ₱7.7 million due to the increase in the fair market value of STI ESG's investment in unquoted equity instrument as at March 31, 2020.

Retained earnings decreased by ₱385.3 million from ₱4,612.3 million to ₱4,227.0 million as at March 31, 2019 and 2020, respectively, substantially due to the provision for impairment amounting to ₱297.5 million recognized on STI ESG's investment in Maestro Holdings. Dividends amounting to ₱198.1 million were declared by the Parent Company, and further, the initial application of PFRS 16 reduced retained earnings at the beginning of the fiscal year by ₱61.2 million, net of tax.

March 31, 2019 vs. 2018

The Group's total assets as at March 31, 2019 increased by ₱359.1 million to ₱14,774.9 million from March 31, 2018 balance of ₱14,415.8 million. This was due to the ₱1,537.1 million increase in property and equipment partially offset by the ₱1,080.2 million decrease in cash and cash equivalents.

Cash and cash equivalents decreased by ₱1,080.2 million from the March 31, 2018 balance of ₱1,857.5 million to ₱777.3 million as at March 31, 2019 as a result of continued capital outlays on expansion projects of STI ESG which were funded by the proceeds of the bond offer, as well as the payment of bank loans and interest payments made by STI ESG on its bonds. The proceeds from STI ESG's bond issuance had been fully utilized as at March 31, 2019.

Receivables, which consist mainly of receivables for tuition and other school fees, decreased by ₱15.6 million, net of estimated credit losses recognized in relation to the adoption of PFRS 9, *Financial Instruments*. The balance is composed of amounts expected to be collected from students, DepEd and CHED. Outstanding receivables from DepEd for the SHS qualified voucher recipients amounted to ₱168.8 million as at March 31, 2019, posting an increase of ₱58.8 million from the March 31, 2018 balance while outstanding receivables from CHED amounted to ₱42.1 million as at March 31, 2019. Receivables from students decreased by ₱8.4 million. On December 17, 2018, CHED, UniFAST and STI ESG signed a memorandum of agreement to avail of the Tertiary Education Subsidy ("TES") and Student Loan Program ("SLP") for STI ESG students under the Universal Access to Quality Tertiary Education Act ("UAQTEA") and its Implementing Rules and Regulations ("IRR"). Republic Act 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 enroll in undergraduate and post-secondary programs of private Higher Education Institutions ("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 ₱40,000. Students enrolled in select HEIs who are qualified to receive the TES, are entitled to ₱60,000. 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 ₱30,000 per annum and ₱10,000, respectively. Under the Voucher and TES Programs, DepEd and CHED, respectively, pay directly the schools where these students enrolled.

Inventories increased by 13% or ₱18.7 million substantially representing the increase in new sets of tertiary uniforms, SHS textbooks, educational and promotional materials in preparation for SY 2019-2020.

Prepaid expenses and other current assets decreased by ₱33.0 million or 24% from ₱135.8 million to ₱102.8 million due to the decrease in prepaid subscriptions and licenses and prepaid taxes.

Prepaid subscriptions and licenses pertain substantially to eLMS, Microsoft and Adobe Acrobat subscriptions of the Group, including the Sophos firewall and licenses for various software obtained by iACADEMY for its student activities, which are recognized as expense over the period of coverage. Prepaid licenses decreased by ₱6.3 million from the balance as at March 31, 2018 as payment for renewal of SY 2019-2020 annual Microsoft subscriptions and other licenses was made after March 31, 2019.

Prepaid taxes decreased by ₱32.9 million, net of input VAT recognized and subsequently charged to expense for the period and those applied against output taxes during the year ended March 31, 2019.

The noncurrent asset held for sale amounting to ₱716.6 million represents the carrying value of STI ESG's 20% ownership in Maestro Holdings.

Property and equipment, net of accumulated depreciation, climbed by 18% or ₱1,537.1 million from ₱8,426.8 million to ₱9,963.9 million as at March 31, 2018 and March 31, 2019, respectively, driven mostly by STI ESG's expansion projects. The construction works in STI San Jose del Monte had been completed as at March 31, 2019 while the newly constructed buildings of STI Sta. Mesa and STI Pasay-EDSA had been substantially completed as at March 31, 2019. These schools accepted tertiary and senior high school students for the first semester of SY 2019-2020. Meanwhile, STI Lipa started operations in its new building in August 2018, specifically from the ground up to the fourth floor. The remaining works from the 5th floor up to the roof-deck and the basketball gymnasium at the 7th floor were completed in March 2019. The construction-in-progress account includes costs related to the replacement of three (3) elevators at iACADEMY Plaza in Sen. Gil Puyat Avenue, Makati City amounting to ₱10.6 million as at March 31, 2019. These elevators were completely installed and became operational in July 2019.

Investment properties declined by ₱31.0 million from ₱1,863.7 million to ₱1,832.7 million representing depreciation expense recognized for the year ended March 31, 2019.

Investments in and advances to associates and joint ventures increased by ₱2.3 million from ₱41.9 million to ₱44.2 million as at March 31, 2018 and 2019, respectively, due to the share in associates' income, net of dividends received from an associate of STI ESG, for the year ended March 31, 2019.

Equity investments in listed and non-listed companies classified as Available-For-Sale ("AFS") financial assets as at March 31, 2018 were classified and measured as Equity instruments designated at FVOCI beginning April 1, 2018. The Group recognized an increase in the unrealized fair value adjustment on equity instruments designated at FVOCI amounting to ₱40.2 million on April 1, 2018, as part of the transition adjustments resulting from the effect of adoption of PFRS 9. On December 12, 2018, De Los Santos-STI College and Metro Pacific Hospital Holdings, Inc. ("MPHHI") entered into a deed of absolute sale wherein De Los Santos-STI College sold its 79,399 common shares of stock in De Los Santos Medical Center, Inc. ("DLSMC"), formerly De Los Santos General Hospital, to MPHHI for a total consideration of ₱39.7 million. On February 7, 2019, De Los Santos-STI College and MPHHI entered into another deed of absolute sale wherein De Los Santos-STI College sold its remaining 35,674 common shares of stock in DLSMC to MPHHI for a total consideration of ₱17.8 million. At the time of sale, the fair value of the shares was equal to the total consideration. Consequently, the equity instruments designated at FVOCI declined from ₱68.1 million to ₱50.5 million as at March 31, 2019. These transactions resulted in a realized fair value gain on equity instruments designated at FVOCI amounting to ₱37.1 million which is presented as addition to Retained Earnings. The disposition of De Los Santos-STI College shares in DLSMC was made to enable the Group to focus on its core business of offering educational services.

Deferred tax assets rose by ₱19.6 million substantially due to taxes applicable to remeasurement loss on pension liability, tuition and other school fees collected in advance and adjustments resulting from the adoption of PFRS 9. Following statutory regulations, tuition and other school fees which are collected in advance are subject to income tax upon receipt. Bad debts ascertained to be worthless and uncollectible are

considered as deductible for tax purposes when these receivables are written off. Remeasurement loss, related to pension expense, is presented net of taxes in the statement of comprehensive income (loss).

Pension assets amounted to ₱53.5 million and nil as at March 31, 2018 and 2019, respectively. This is due to the computed actuarial loss on pension assets arising from the decline in value of equity shares forming part of pension assets. The Group offsets its pension assets and liabilities for presentation in the consolidated statements of financial position since pension assets are restricted for the settlement of pension liabilities only.

Goodwill, intangible and other noncurrent assets increased by ₱12.2 million from ₱561.5 million as at March 31, 2018 to ₱573.7 million as at March 31, 2019. In January 2018, STI ESG entered into a contract to sell with a real estate developer for the acquisition of a lot in Iloilo City with a total area of 2,615 sq. m. for the price of ₱183.0 million plus value-added tax, less other applicable taxes. STI ESG made a down payment amounting to ₱67.5 million in January 2018, net of the ₱0.2 million reservation fee paid on November 29, 2017. The remaining balance in the amount of ₱128.1 million is being paid without interest in eighteen (18) equal monthly installments of ₱7.1 million starting from January 2018 up to June 2019. The lot will be the future site of STI Iloilo. On February 15, 2019, STI ESG and the shareholders of NAMEI entered into a share purchase agreement for the sale of approximately 92% of the 50,000 outstanding shares of NAMEI Polytechnic Institute, Inc. and 99% of the 10,000 outstanding shares of NAMEI Polytechnic Institute of Mandaluyong, Inc. Both shares have a par value of ₱10.0 each. In January 2019, STI ESG made a deposit of ₱14.0 million which was held in escrow with a law firm. This amount is to be treated as part of the purchase price at closing date. Another ₱36.0 million was paid on February 15, 2019. On the same date, STI ESG paid ₱10.0 million to NAMEI as deposit for future subscription in shares of NAMEI and another ₱10.0 million representing STI ESG's share in the transaction costs and all other fees and expenses to be incurred under the agreement. In relation to this, STI ESG recognized ₱70.0 million as deposit for the purchase of shares of NAMEI. On April 1, 2019, Deeds of Assignment were executed by the shareholders of NAMEI transferring and conveying ownership of 94% of NAMEI Polytechnic Institute, Inc. and 100% ownership of NAMEI Polytechnic Institute of Mandaluyong, Inc. to STI ESG. This resulted in the acquisition of NAMEI as a subsidiary of STI ESG effective April 1, 2019. Consequently, as at March 31, 2019, the deposits for asset acquisitions increased by ₱155.5 million representing payments made for the acquisition of a lot in Iloilo City and deposits made for the purchase of shares of NAMEI as discussed above. STI ESG and STI WNU conduct annual impairment testing of goodwill recognized through business combinations. Impairment testing as at March 31, 2019 showed that the Group's CGUs' recoverable amounts were higher than their carrying amounts except for the goodwill related to STI Tuguegarao and STI Pagadian. For the year ended March 31, 2019, the Group recognized provision for impairment of goodwill aggregating to ₱17.0 million related to these schools since their recoverable amounts were lower compared to their carrying values. Noncurrent advances to suppliers decreased by ₱145.7 million due to reclassification to "Property and Equipment" as STI ESG capitalized the cost of construction works based on the percentage of completion of the projects as at March 31, 2019.

Accounts payable and other current liabilities increased by ₱91.7 million substantially due to obligations to contractors in relation to construction works and repairs in various STI ESG campuses.

Current portion of interest-bearing loans and borrowings under the Corporate Notes Facility with China Bank increased by ₱132.2 million to ₱299.6 million as at March 31, 2019, representing amounts due within one year, net of principal payments made during the year aggregating to ₱134.4 million and ₱63.0 million by STI ESG and STI WNU, respectively. Meanwhile, iACADEMY made full drawdown from its ₱800.0 million term loan facility with China Banking Corporation amounting to ₱470.0 million. This resulted in the increase in the noncurrent portion, net of the reclassification made to current portion of interest-bearing loans and borrowings, amounting to ₱141.9 million.

Current portion and noncurrent portion of obligations under finance lease decreased by ₱0.6 million and ₱2.7 million, respectively, as at March 31, 2019 as payments were made during the year ended March 31, 2019.

Unearned tuition and other school fees increased by 24% or ₱36.0 million from ₱149.4 million as at March 31, 2018 to ₱185.4 million as at March 31, 2019, substantially attributed to advance payments of tuition and other school fees of incoming students for SY 2019-2020 and the portion of the assessment fees of the August batch of tertiary students for the second semester of SY 2018-2019 ending in May 2019. The unearned revenue would be recognized as income over the related term.

Income tax payable decreased by ₱5.4 million as at March 31, 2019 from ₱17.5 million as at March 31, 2018 due to lower taxable income.

Bonds Payable is carried in the books at ₱2,958.0 million and ₱2,951.9 million as at March 31, 2019 and 2018, respectively, net of deferred finance charges representing bond issue costs with carrying value of ₱42.0 million and ₱48.1 million, as at March 31, 2019 and 2018, respectively. The proceeds of the bonds had been fully utilized as at March 31, 2019.

Pension liabilities increased by 79% to ₱76.1 million as at March 31, 2019 representing additional retirement obligations and additional liability recognized due to the impact of unrealized remeasurement loss recognized from the decline in the market value of the investment in equity securities of the pension plan assets of the Group for the year ended March 31, 2019.

Other noncurrent liabilities increased by ₱1.9 million representing advance rent and security deposits received from new lease agreements. This amount is net of the payments made by STI Novaliches to STI Diamond amounting to ₱8.0 million as a result of the conveyance of the latter's net assets to the former in August 2016.

As at March 31, 2019, cumulative actuarial gain decreased by ₱75.8 million from ₱96.7 million to ₱20.9 million as at March 31, 2018 and 2019, respectively, due to the impact of unrealized remeasurement loss resulting from the decline in market value of the investment in equity securities of the pension plan assets.

The Group's fair value change in equity instruments designated at FVOCI increased by ₱3.6 million substantially representing increase in the fair market value of STI ESG's shares in DLSCM.

Other equity reserve was adjusted by ₱2.7 million reflecting the impact of the merger between iACADEMY and Neschester on the Parent Company's accounts.

Other comprehensive income associated with the noncurrent asset held for sale shown in the equity side of the audited consolidated statements of financial position amounting to ₱90.6 million represents STI ESG's cumulative share in Maestro Holdings' unrealized mark-to-market gain on available-for-sale financial assets, cumulative actuarial gain on pension liabilities, remeasurement loss on life insurance reserves and other equity reserve, net of the non-controlling interests in STI ESG, up to June 30, 2017, which is the date of reclassification.

The Group's share in associates' cumulative actuarial gain amounted to ₱0.3 million as at March 31, 2019, up by 49% from ₱0.2 million recorded as at March 31, 2018.

Retained earnings increased by ₱0.9 million from ₱4,611.4 million to ₱4,612.3 million as at March 31, 2018 and 2019, respectively. This is due to the net income attributable to equity holders of the Group amounting to ₱281.0 million and the realized fair value gain on equity instruments designated at FVOCI amounting to ₱37.1 million resulting from the sale of shares in DLSCM. Dividends of ₱198.1 million were declared by the Parent Company in the year ended March 31, 2019 and adjustments on the initial application of PFRS 9 amounting to ₱129.1 million, net of tax, were recognized for the period beginning April 1, 2018.

Results of Operations

Years ended March 31, 2020 vs. 2019

The enrollment figures at the start of the school year of the schools under STI Holdings are as follows:

	SY 2019-2020	SY 2018-2019	Increase (Decrease)	
			Enrollees	Percentage
STI ESG				
Owned schools	44,811	44,298	513	1%
Franchised schools	29,987	32,543	(2,556)	(8%)
	74,798	76,841	(2,043)	(3%)
iACADEMY	2,566	2,291	275	12%
STI WNU	6,603	6,665	(62)	(1%)
Total Enrollees	83,967	85,797	(1,830)	(2%)

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, following are the numbers:

	SY 2019-2020			
	CHED	TESDA	DEPED*	TOTAL
STI ESG	40,737	2,152	31,909	74,798
iACADEMY	1,421	-	1,145	2,566
STI WNU	3,744	-	2,859	6,603
Total	45,902	2,152	35,913	83,967

Proportion of CHED:TESDA:DepEd	55%	2%	43%	100%
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	SY 2018-2019			
	CHED	TESDA	DEPED*	TOTAL
STI ESG	38,582	1,843	36,416	76,841
iACADEMY	1,121	-	1,170	2,291
STI WNU	3,499	-	3,166	6,665
Total	43,202	1,843	40,752	85,797

Proportion of CHED:TESDA:DepEd	50%	2%	48%	100%
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* STI ESG DepEd count includes SHS students and 454 students of NAMEI who are enrolled in basic education in SY 2019-2020. For iACADEMY, this represents the number of enrolled SHS students while for STI WNU, this is the total of 1,874 SHS students and the 985 students enrolled in basic education in SY 2019-2020 and 2,218 SHS students and the 948 students enrolled in basic education in SY 2018-2019.

The Group registered a 41% increase in count of new students enrolled under the CHED programs in SY 2019-2020, resulting in a 6% increase in total CHED student count year-on-year. This is despite the fact that there are mainly two year levels in college in relation to the implementation of the K to 12 program.

In previous years, the schools in the STI Network formally opened every June of each year. On June 14, 2018, STI ESG informed CHED of the decision of its BOD to admit two batches of incoming college freshmen students for SY 2018-2019. STI ESG requested CHED for endorsement of this move to accept the second batch of college freshmen enrollees. On June 29, 2018, CHED noted the decision of STI ESG, citing that the decision to move the school calendar is part of the institution's academic freedom, provided that it would not violate existing rules on the same. CHED also advised STI ESG to coordinate with the respective CHED Regional Offices on the usual guidance and procedures in implementing the planned school calendar.

This decision is in line with STI ESG's thrust to continue providing an opportunity for fresh Grade 12 graduates to pursue their tertiary education. Classes for the first and second batches started in June and August 2018, respectively. The number of students in SY 2018-2019, which is reported in the foregoing tables, represents the total enrollment for the June and August 2018 batches.

In February 2019, the BOD of STI ESG approved the shift in the school calendar for tertiary classes from the usual June of each year to mid-July beginning SY 2019-2020 while the opening of SHS classes remained in June. STI WNU follows the school calendar of STI ESG for tertiary and SHS.

STI ESG's implementation of two freshmen batches in SY 2018-2019 and the shift in the tertiary school calendar in SY 2019-2020 of its schools are in accordance with the guiding policy on the academic calendar year which is stipulated in Section 3 of Republic Act ("RA") 7797 or the School Calendar Act, which states that the school year shall start on the first Monday of June but not later than the last day of August. This is also in consonance with RA 7722, which provides some leeway for HEIs to establish their own academic calendars and set their opening days in order to encourage innovation and the exercise of academic freedom among institutions of higher learning.

Total revenues for the year amounted to ₱2,674.6 million, lower by ₱78.0 million or 3% from revenues generated last year of ₱2,752.6 million.

Tuition and other school fees are posted at ₱2,303.5 million for the year ended March 31, 2020 or a 2% decline of ₱42.9 million from the same period last year substantially due to the shift of STI ESG and STI WNU in the start of the school calendar for tertiary classes from June of each year to July this school year. The revenue stream of the Group, which is mainly from tuition and other school fees, is recognized as income over the corresponding school term(s) to which they pertain. Accordingly, revenues related to the tertiary enrollees were recognized beginning July 2019 compared to last year when both SHS and tertiary classes commenced in June 2018 and thus related revenues were recognized beginning June 2018. In addition, classes were suspended starting March 17, 2020 with the imposition of the Enhanced Community Quarantine ("ECQ") throughout the island of Luzon, as part of the government's move to contain the outbreak of COVID-19. With this, graduation ceremonies, the convention of students in select areas and some student activities and programs which were scheduled in March 2020 were completely cancelled. The decline in tuition and other school fees experienced by STI ESG and STI WNU was partially offset by the ₱71.6 million increase generated by iACADEMY as a result of the increase in enrollment and in tuition and other school fees for college freshmen and SHS students.

Revenues from educational services and royalty fees decreased by ₱26.2 million and by ₱2.8 million, respectively. Revenues from educational services are derived as a percentage of the tuition and other school fees actually collected by the franchised schools from their students and DepEd.

Sale of educational materials and supplies decreased by ₱10.9 million or 7% due to lower sales of uniforms.

Cost of educational services increased by 2% or ₱21.4 million from ₱927.1 million last year to ₱948.5 million this year. Depreciation expense increased by ₱114.7 million representing direct expense portion of depreciation expense recognized for the newly completed buildings of STI Lipa, STI San Jose del Monte, STI Sta. Mesa, STI Pasay-EDSA and iACADEMY Nexus building. Rent expense decreased by ₱75.7 million substantially due to the adoption of PFRS 16 whereby depreciation expense on ROU assets was recognized instead of rent expense. Direct portion of depreciation expense of ROU assets amounting to ₱41.4 million was recognized for the year ended March 31, 2020. Savings on rent were also generated due to the transfer of STI Shaw operations to STI Sta. Mesa, and STI Taft and STI Makati operations to STI Pasay-EDSA. The cost of instructors' salaries and benefits increased by ₱13.6 million due to the costs related to NAMEI and STI San Jose del Monte which were consolidated to the Group beginning April 1, 2019 and the increase in iACADEMY's cost of instructors' salaries and benefits amounting to ₱8.4 million concomitant with the increase in its enrollment. Other direct expenses decreased by ₱44.5 million substantially because some school activities and programs were cancelled due to the implementation of the ECQ.

Cost of educational materials and supplies sold decreased by ₱7.5 million, concomitant with the decreased sale of uniforms.

Gross profit decreased by ₱91.8 million from ₱1,704.9 million last year to ₱1,613.1 million this year. The gross profit margin slightly decreased by 2 percentage points, from 62% to 60%.

General and administrative expenses decreased by ₱9.5 million from ₱1,308.5 million last year to ₱1,299.0 million this year. The operating expense portion of rent expense decreased by ₱45.7 million due to the adoption of PFRS 16 and the impact of savings generated from the transfer of STI Shaw to STI Sta. Mesa, and STI Taft and STI Makati to STI Pasay-EDSA. ECL decreased by ₱17.5 million. While receivables from students for tuition and other school fees increased by ₱70.0 million, these are substantially recent accounts which were assigned lower loss rates. Receivables pertaining to the previous school year 2018-2019 improved due to subsequent collections received from the students. The Group recognized ECL resulting from the adoption of PFRS 9 based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables were assigned lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase with the likelihood of the receivables becoming impaired. The Group recognized a provision for ECL amounting to ₱57.4 million for the year ended March 31, 2020 and ₱74.9 million for the same period last year. The Group recognized provision for impairment of goodwill aggregating to ₱17.0 million and nil for the years ended March 31, 2019 and 2020, respectively, related to STI Tuguegarao and STI Pagadian as at March 31, 2019 since their recoverable amounts were lower compared to their carrying values. Advertising and promotions costs decreased by ₱11.9 million as STI ESG transitioned from its traditional television advertisements to online or digital advertising which is more specifically directed to its target market at a lower cost.

Depreciation expense went up by ₱58.6 million for the year ended March 31, 2020 due to adoption of PFRS 16 and due to depreciation expense recognized for the newly completed buildings of STI Lipa, STI San Jose del Monte, STI Sta. Mesa and STI Pasay-EDSA as well as iACADEMY's Nexus building. Of this increase, depreciation on ROU assets accounts for ₱40.1 million. Non-teaching employees' salaries of iACADEMY increased by ₱16.0 million as additional manpower was hired to handle the increase in enrollment. Costs of security, janitorial and other outside services increased by ₱11.1 million mainly due to the costs attributed to NAMEI and STI San Jose del Monte which were consolidated to the Group beginning April 1, 2019.

The Group's operating income, that is, income before other income and expenses and income tax, thus declined by 21% from ₱396.4 million last year to ₱314.0 million this year largely because of the shift in the academic year this SY 2019-2020.

For the year ended March 31, 2020, STI ESG recognized a provision for impairment of its investment in Maestro Holdings in the amount of ₱297.5 million to bring it to its fair value less cost to sell of ₱419.1 million. The decline in fair value as at March 31, 2020 is an impact of the COVID-19 pandemic and the ensuing economic and market disruptions across markets and industries. The fair value was estimated using Maestro Holdings' adjusted consolidated net assets value which consists significantly of investments

in listed equity instruments, government bonds and fixed-income securities and pre-need reserves for PhilPlans, and discounted cash flows from financial budgets covering five years approved by management for PhilCare and PhilLife. No provision for impairment was recognized for the year ended March 31, 2019.

Equity in net earnings of associates and joint ventures amounted to ₱0.7 million and ₱3.2 million for the years ended March 31, 2020 and 2019, respectively, representing STI ESG's share in the net income of an associate.

Interest expenses on loans increased by ₱111.3 million year-on-year mainly due to interest incurred on STI ESG's bond issue charged to expense. Interest rate on long-term loans, inclusive of gross receipts tax, of STI ESG, STI WNU and iACADEMY, increased from a low of 4.40% last year to a high of 7.93% this year. Also, STI ESG availed of short-term loans aggregating to ₱468.0 million subject to interest rates ranging from 4.75% to 5.75%. These short-term loans were fully paid as at March 31, 2020. Further, STI ESG also incurred additional interest expense on its loan drawdown from the Seven-year Term Loan Facility with China Bank aggregating to ₱800.0 million during the year ended March 31, 2020 with interest rates ranging from 5.81% to 6.31%. The proceeds from these loans were used for capital expenditures and working capital requirements. With the completion of the new school buildings, interest expenses related to the bond issue of STI ESG are now charged to expense. Capitalization of interest on iACADEMY's loan ceased on August 31, 2018 and subsequent interests were all charged to expense, resulting in a ₱27.7 million increase in iACADEMY's interest expense this year vs. same period last year.

Rental income increased by ₱53.8 million or 43% year-on-year substantially due to the ₱45.3 million net increase in rental income from new lessees in iACADEMY Plaza at Sen. Gil Puyat Avenue, Makati City.

Interest income declined by ₱8.1 million from last year's ₱21.1 million to ₱13.0 million for the year ended March 31 this year as available cash balances were used to pay suppliers and contractors. Last year's interest income was mainly interest earned on short-term placements of the proceeds from STI ESG's bonds. The proceeds of the bonds had been fully utilized as at March 31, 2019.

On March 27, 2019, STI ESG and STI College Tagum, Inc. ("STI Tagum"), the assignee, entered into a Deed of Assignment to assign, sell, transfer and set over unto the assignee the assets of STI Tagum, a former branch of STI ESG, for ₱7.0 million. The sale was effective April 1, 2019. In relation to this, a gain on disposal of net assets amounting to ₱4.4 million was recognized for the year ended March 31, 2020.

Dividend income for the year ended March 31, 2020 amounted to ₱1.8 million. Dividend income recognized for the year ended March 31, 2019 amounted to ₱7.6 million substantially from the ₱3.1 million dividends received by De Los Santos-STI College from De Los Santos Medical Center ("DLSMC"), formerly De Los Santos General Hospital. As at March 31, 2019, De Los Santos-STI College sold its common shares of stock in DLSMC to MPHHI.

Provision for income tax declined by 43% due to lower taxable income for the current period as compared to last year.

Net loss of ₱147.5 million was recorded for the year ended March 31, 2020 as against net income of ₱284.1 million for the same period last year substantially due to the provision for impairment of ₱297.5 million recognized on STI ESG's investment in Maestro Holdings.

Fair value change in equity instruments at FVOCI amounted to ₱7.8 million for the year ended March 31, 2020, an improvement of ₱8.0 million from last year's negative ₱0.23 million. The increase represents fair value adjustment in the market value of STI ESG's unquoted equity instrument which increased by ₱7.8 million.

The Group recognized a remeasurement loss on pension liability amounting to ₱10.6 million and ₱76.8 million, net of income tax effect, for the years ended March 31, 2020 and 2019, respectively, due to the decline in the value of equity shares forming part of STI ESG's pension assets.

Total comprehensive income for the year ended March 31, 2020 amounted to negative ₱150.3 million, a decline of ₱357.5 million compared to ₱207.2 million total comprehensive income for the same period last year.

Earnings before interest, taxes, depreciation, and amortization (“EBITDA”) which is defined as earnings (loss) before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint ventures, provision for impairment of noncurrent asset held for sale and nonrecurring gains (losses) such as gain on disposal of net assets increased by ₱15.7 million to ₱1,015.8 million from last year’s ₱1,000.1 million. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively. EBITDA margin likewise improved from 36% last year to 38% this year.

Core income, computed as the consolidated net income after income tax derived from the Group’s main business of education and other recurring income, amounted to ₱145.3 million for the year ended March 31, 2020 compared to last year’s ₱280.0 million.

Years ended March 31, 2019 vs. 2018

The enrollment figures at the start of the school year of the schools under STI Holdings, inclusive of June late enrollees and the August college freshmen batch of STI ESG, are as follows:

	SY 2018-2019	SY 2017-2018	Increase (Decrease)	
			Enrollees	Percentage
STI ESG				
Owned schools	44,298	54,366	(10,068)	(18.5%)
Franchised schools	32,543	42,165	(9,622)	(22.8%)
	76,841	96,531	(19,690)	(20.4%)
iACADEMY	2,291	1,728	563	32.6%
STI WNU	6,665	6,772	(107)	(1.6%)
Total Enrollees	85,797	105,031	(19,234)	(18.3%)

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, following are the numbers:

	SY 2018-2019			TOTAL
	CHED	TESDA	DEPED*	
STI ESG	38,582	1,843	36,416	76,841
iACADEMY	1,121	-	1,170	2,291
STI WNU	3,499	-	3,166	6,665
Total	43,202	1,843	40,752	85,797

Proportion of	CHED	TESDA	DEPED*	TOTAL
CHED:TESDA:DepEd	50%	2%	48%	100%

	SY 2017-2018			
	CHED	TESDA	DEPED*	TOTAL
STI ESG	40,147	2,191	54,193	96,531
iACADEMY	783	-	945	1,728
STI WNU	3,336	-	3,436	6,772
Total	44,266	2,191	58,574	105,031

Proportion of CHED:TESDA:DepEd	42%	2%	56%	100%
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* For STI ESG and iACADEMY, these represent the number of enrolled SHS students while for STI WNU, this is the total of 2,218 SHS students and the 948 students enrolled in basic education for SY 2018-2019 and 2,496 SHS students and the 940 students enrolled in basic education for SY 2017-2018.

Total revenues for the year ended March 31, 2019 amounted to ₱2,752.6 million, lower by ₱330.1 million from revenues generated in 2018 of ₱3,082.7 million.

Tuition and other school fees are posted at ₱2,346.3 million for the year ended March 31, 2019 or a 10% decline of ₱266.4 million from the same period last year due to the lower-than-expected turnout of college freshman enrollees. SHS enrollment also dropped significantly in 2019 as the STI Network held the graduation of over 30,000 Grade 12 students who belonged to the first batch of SHS graduates under the K to 12 program of the government. Meanwhile, enrollment in iACADEMY increased by 33% or 563 students.

Revenues from educational services and royalty fees decreased by ₱41.4 million and by ₱4.8 million, respectively. Revenues from educational services are derived as a percentage of the tuition and other school fees actually collected by the franchised schools from their students and DepEd.

Sale of educational materials and supplies decreased by ₱17.7 million or 10%. The sale of uniforms scaled up with the entry of the freshmen college students. On the other hand, the sale of textbooks and uniforms for SHS went down due to the decline in the number of SHS enrollees.

Cost of educational services increased by 5% or ₱45.0 million from ₱882.1 million for the year ended March 31, 2018 to ₱927.1 million in 2019. Depreciation on the newly completed STI ESG and iACADEMY buildings raised depreciation and amortization expenses by ₱58.0 million. STI Lipa started operations in its new building in August 2018, specifically from the ground up to the fourth floor. The related depreciation on these occupied floors was recorded during the current period and contributed to the said increased expense. Cost of student activities and programs increased significantly by ₱15.7 million as activities like student conventions, hotel immersions, culinary and tourism exposures, bartending seminars and educational tours were undertaken in 2019. Escalation on rental rates of renewed lease agreements increased direct rent expense by ₱0.2 million. On the other hand, instructors' salaries and benefits decreased by ₱25.2 million substantially due to the reduced number of part-time faculty members concomitant with the lower turn out of enrollees.

Cost of educational materials and supplies sold decreased by ₱11.3 million, largely due to decreased sale of textbooks.

Gross profit decreased by ₱363.8 million from ₱2,068.7 million for the year ended March 31, 2018 to ₱1,704.9 million in 2019. The gross profit margin slightly decreased by 5 percentage points, from 67% to 62%.

General and administrative expenses increased by 10% or ₱114.2 million from ₱1,194.3 million to ₱1,308.5 million for the years ended March 31, 2018 and 2019, respectively. The highest increase was registered by advertising and promotion costs which increased year-on-year by ₱44.2 million as the marketing campaign

for both SHS and Tertiary programs was intensified in time for the opening of classes for SY 2018-2019. Salaries and benefits increased by ₱19.0 million due to filling up of vacancies and merit increases given to deserving employees. Goodwill previously recognized through business combinations allocated to STI Tuguegarao and STI Pagadian aggregating to ₱17.0 million was impaired for the year ended March 31, 2019. Depreciation expense increased by ₱11.7 million due to depreciation recognized after completion of building construction for STI Lipa, STI Malaybalay and iACADEMY's Nexus building and renovation of STI Sta. Maria building. Costs of security, janitorial and other outside services increased by ₱10.4 million largely due to security guards posted in the Parent Company's Quezon City and Davao properties as well as in iACADEMY's Nexus campus. Light and water expenses increased by ₱9.3 million due to the higher expenses recognized by the schools for the year 2019 compared to the previous year, as the average rate per kilowatt-hour of electricity increased and as utility costs for newly-completed buildings were recorded. The Group recognized ECL resulting from the adoption of PFRS 9 based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned lower loss rates. Estimated loss rates vary over time and increase as the receivables age and as credit risks increase with the likelihood of the receivables becoming impaired. The Group recognized a provision for ECL amounting to ₱74.9 million for the year ended March 31, 2019. The Group's receivables pertaining to SY 2018-2019 were higher compared to the receivables from students pertaining to the previous period. Receivables pertaining to SY 2017-2018 likewise registered an improvement in 2019 due to subsequent collections received from the students. Thus, the Group recognized lower provision for ECL for the year ended March 31, 2019 compared with the provision for doubtful accounts for the year ended March 31, 2018 amounting to ₱82.2 million or an improvement of ₱7.3 million.

The Group's operating income, that is, income before other income and expenses and income tax, thus declined by 55% from ₱874.3 million last year to ₱396.4 million this year.

Equity in net loss of associates and joint ventures amounting to ₱222.0 million for the year ended March 31, 2018 pertains largely to the share of STI ESG in the loss of Maestro Holdings up to end of June 2017. With the reclassification of the carrying value of STI ESG's 20% ownership in Maestro Holdings to noncurrent asset held for sale, STI ESG has ceased the use of the equity method of accounting for its investment in Maestro Holdings as at June 27, 2017. By way of explanation, this loss arose from the decision of PhilPlans to fully recognize the mandated discount interest rate imposed by the Insurance Commission ("IC") on the reserves of pre-need companies. The IC is the government regulatory agency supervising pre-need companies. In November 2012, the IC issued Circular Letter 23-2012 relating to the Valuation of Transitory Pre-need Reserves. The IC mandated a gradual decrease in the discount interest rate to be used for valuing the reserves to provide regulatory leeway for the compliance to this circular. The old basket of plans previously approved by the SEC when the pre-need companies were under its supervision were using higher discount rate. The circular mandated that for the years 2012 to 2016, the discount interest rate shall be 8%; for 2017, 7.25%; for 2018, 6.5% and for 2019 onwards 6%. In July 2017, PhilPlans opted to have an early adoption of the 6% discount interest rate starting January 2017. This means bigger allocation to pre-need reserves from its trust funds, thus recognizing a higher expense item.

Further, Maestro Holdings had restated its prior year financial statements to reflect, among others, the following adjustments: (a) with the completion of the correction in its system process, PhilPlans recognized the plan benefits expense pertaining to education plan contracts with maturity dates from July to December on their proper maturity dates; (b) in compliance with IC Circular Letters 2016-66 and 2017-36, PhilLife changed the methodology in the determination of legal policy reserves in its life insurance contracts from net premium valuation to gross premium valuation; (c) recognition of fair value decline below cost of certain AFS equity securities to profit or loss.

Accordingly, the Group made the necessary adjustments to recognize its share in the restated net earnings and comprehensive income of Maestro Holdings.

The equity in net earnings of associates and joint ventures amounting to ₱3.2 million for the year ended March 31, 2019 does not include any share in the operations of PhilPlans or any of the other subsidiaries of Maestro Holdings after STI ESG's BOD approved the disposal of its 20% stake in Maestro Holdings on June 27, 2017. With this decision to dispose of the Maestro Holdings investment, STI ESG's investment in

Maestro Holdings was reclassified to “Noncurrent asset held for sale” under the current assets portion of the unaudited interim condensed consolidated statements of financial position. STI ESG then ceased the use of the equity method of accounting for its investment in Maestro Holdings on June 30, 2017.

Rental income increased by ₱12.0 million or 10% due to the substantial occupancy of the investment properties owned by STI ESG.

Interest expenses on loans increased by ₱9.4 million year-on-year mainly due to interest incurred on STI ESG’s bond issue charged to expense, net of borrowing costs capitalized as part of the cost of the related capital expenditure based on accounting standards in the recognition of borrowing costs. Interest on the loans of STI WNU and iACADEMY were also charged to expense as construction projects were already completed.

Interest income for the year ended March 31, 2019 amounted to ₱21.1 million mainly due to interest earned from short-term placements of the proceeds from STI ESG’s bond issue.

The gain on sale of property and equipment amounting to ₱1.0 million substantially represents gain on disposal of fully depreciated air conditioning units of STI Global City, which were replaced by inverter air conditioners to save on cost of electricity.

Dividend and other income increased by ₱3.0 million representing an increase in dividends received from De Los Santos Medical Center and dividends received from STI Marikina, an associate of STI ESG, for the year ended March 31, 2019.

Provision for income tax amounting to ₱43.0 million was recognized for the year ended March 31, 2019 associated with the net income recognized for the period.

Net income decreased by ₱218.7 million to ₱284.1 million for the year ended March 31, 2019 from ₱502.8 million for the same period last year.

Total Comprehensive Income for the year ended March 31, 2019 amounted to ₱207.2 million, a decline of ₱474.3 million compared to ₱681.5 million for the year ended March 31, 2018 driven primarily by the decline in operating income due to lower revenues. The report for 2018 includes the Group’s share in its associates’ unrealized mark-to-market gain on available for sale financial assets amounting to ₱125.0 million. Remeasurement gain on pension liability, net of applicable taxes, of ₱53.0 million, was recognized in 2018 while remeasurement loss on pension liability amounting to ₱76.8 million, likewise net of taxes, was recorded in 2019 due to the decline in the value of equity shares forming part of pension assets.

Fair value change in equity instruments at FVOCI amounted to ₱0.3 million for the year ended March 31, 2019 compared to unrealized mark-to-market gain on available-for-sale financial assets of ₱0.4 million recognized for the same period last year.

Earnings before interest, taxes, depreciation and amortization or EBITDA, decreased by 28% or ₱392.3 million to ₱1,000.1 million from ₱1,392.4 million in 2018. EBITDA margin likewise declined from 45% last year to 36%.

Core income amounted to ₱280.0 million for the year ended March 31, 2019 compared to the previous year’s ₱724.8 million.

Financial Risk Disclosure

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

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.

In relation to the Group's interest-bearing loans and borrowings, the debt service cover ratio ("DSCR"), based on the consolidated financial statements of the Group, is also monitored on a regular basis. The DSCR is equivalent to the consolidated EBITDA divided by total principal and interests due for the next twelve months. The Group monitors its DSCR 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 DSCR not lower than 1.05:1.00. Related events due to the outbreak and the economic effects of COVID 19 are discussed in Note 39 of the Notes to the Audited Consolidated Financial Statements as at and for the year ending March 31, 2020 attached as part of "Exhibits and Schedules".

As at March 31, 2020 and March 31, 2019, the Group's DSCR is 1.44:1.00 and 1.70:1.00, respectively.

Credit risk - Credit risk is the risk that the Group will incur a loss arising from students, franchisees or counterparties that 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.

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 bonds are, however, fixed for the 7-year and the 10-year tenors.

Capital Risk - 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 March 31, 2020 and March 31, 2019, the Group's debt-to-equity ratio is 0.78:1.00 and 0.67:1.00, 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 of 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, STI WNU 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, STI WNU and iACADEMY are fully compliant with all the covenants of the loan agreements. Please see Notes 18, 19, 34, 35 and 39 of 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, starts in the month of June and ends in the month of March for SHS and starts in the month of July and ends in the month of April for tertiary, except for iACADEMY where the academic year starts in July for the tertiary level and August for the SHS, with SHS and tertiary level ending in May and June of each year, respectively. As discussed in Note 1 of the Notes to the Audited Consolidated Financial Statements, STI ESG has notified CHED of the change in its school calendar, particularly starting with SY 2018-2019’s college freshmen students. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the academic year to which they pertain. Accordingly, revenue 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.
- 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 Notes 19 and 39 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 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.

- k. On December 17, 2018, the CHED, UniFAST and STI ESG signed a memorandum of agreement to avail of the TES and SLP for STI ESG’s students under the UAQTEA and its IRR. RA No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of 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 of the UNIFAST, enrolled in SUCs or CHED recognized LUCs is ₱40,000. Students enrolled in select HEIs who are qualified to receive the TES are entitled to ₱60,000 as subsidy for Tuition and other related school fees. This grant should cover the living allowance, books, supplies, transportation and miscellaneous expense. Additional benefits are likewise given to PWDs and graduates of programs with licensure exams amounting to ₱30,000 per annum and ₱10,000, respectively. Under the Voucher and TES Programs, DepEd and CHED, respectively, pay directly the schools where these students enrolled.
- l. On February 15, 2019, STI ESG and the shareholders of NAMEI entered into a share purchase agreement for the sale of approximately 92% the 50,000 outstanding shares of NAMEI Polytechnic Institute, Inc. and 99% of the 10,000 outstanding shares of NAMEI Polytechnic Institute of Mandaluyong, Inc., both with par value of ₱10.0 each. In January 2019, STI ESG made a deposit of ₱14.0 million which was held in escrow with a law firm. This amount was to be treated as part of the purchase price at closing date. Another ₱36.0 million was paid on February 15, 2019. On the same date, STI ESG paid ₱10.0 million to NAMEI as deposit for future subscription in shares of NAMEI and another ₱10.0 million representing STI ESG’s share in the transaction costs and all other fees and expenses to be incurred under the agreement. On April 1, 2019, Deeds of Assignment were executed by the shareholders of NAMEI transferring and conveying ownership of 94% of outstanding shares of NAMEI Polytechnic Institute, Inc. and 100% ownership of NAMEI Polytechnic Institute of Mandaluyong, Inc. to STI ESG. This resulted in the acquisition of NAMEI as a subsidiary of STI ESG effective April 1, 2019.

- m. 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 available for a period of one year from May 7, 2019, the date of signing of the loan agreement. This availability period was subsequently extended up to July 31, 2020 upon execution of an amendment dated July 3, 2020. The proceeds of this loan were 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. As at September 24, 2020, STI ESG has fully drawn the amount provided in the credit facility.
- n. On June 23, 2020, STI ESG requested China Bank for consent to avail of LandBank of the Philippines' ("LandBank") **AC**cess to **A**cademic **D**evelopment to **E**mpower the **M**asses towards **E**ndless **O**pportunities ("ACADEME") Lending Program and the waiver of certain covenants in its Corporate Notes Facility Agreement dated March 20, 2014 and the Term Loan Agreement dated May 7, 2019. On July 23, 2020, China Bank approved the waiver of the following covenants in relation to the availment by STI ESG of LandBank's ACADEME Lending Program:
- 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.

Further, China Bank approved the temporary waiver of the DSCR requirement covering period ending September 30, 2020 and March 31, 2021.

- o. 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 shall be available to the Borrower on any Business day for the period beginning on the date of this 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 this Agreement. Any amount undrawn at the end of the Availability Period shall be automatically cancelled and may not be reinstated. On July 3, 2020 and July 30, 2020, STI ESG made drawdowns aggregating to ₱400.0 million from this Term Loan Facility. As at July 31, 2020, the Term Loan Facility is fully drawn at ₱1,200.0 million
- p. On July 20, 2020, 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 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 holders of the Bonds (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 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 Debt Service Coverage Ratio 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%) plus one peso (₱1.00) 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";

(c) Section 7.02(f) of the Trust Agreement is hereby amended to read as follows:

"assign, transfer or otherwise convey any right to receive any of its income or revenues unless in the ordinary course of business, or unless otherwise required by applicable law, 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 Debt Service Coverage Ratio 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) a Debt Service Coverage Ratio of not less than 1.05:1, provided that this Debt Service Coverage Ratio shall be waived up to 30 June 2023.

- q. On July 22, 2020, LandBank approved a ₱250-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 are 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 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. The loans covered by these promissory notes to be issued by the parents/benefactors/students are interest-free.

This ₱250-million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by STI Holdings, 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.

- r. 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 in the amount of ₱250.0 million and waiver of certain covenants in the Corporate Note 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 by 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 Systems 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 the Issuer or the right of the Issuer 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

China Bank further approved the one-time waiver of the DSCR testing for the period ending September 30, 2020.

- s. 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 by 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 Systems 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.
- t. In September 2020, STI ESG wrote CHED, TESDA and DepEd of its decision to suspend the operations of some of its owned schools namely: STI Cebu, STI Iloilo, STI Quezon Avenue and STI Tuguegarao for SY 2020-2021 and to cease the operations of STI Pagadian effective SY 2020-2021. Similarly, the respective franchisees also informed CHED, TESDA and DepEd of the cessation of operations of some of STI ESG's 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 the suspension of operations of STI College Parañaque, Inc. ("STI Parañaque") effective SY 2020-2021.
- u. For SY 2019-2020, the school calendar of STI ESG and STI WNU for tertiary students was from July 2019 to April 2020. Classes of tertiary students were suspended upon the implementation of ECQ in March 2020. Online classes of those who opted for online and offline studies resumed beginning the third week of May 2020 and were completed as at July 30, 2020.

For SY 2020-2021, STI ESG and STI WNU are introducing the ONline and ONsite Education ("ONE") STI Learning Model. 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 refers to school activities to be conducted on-campus. Onsite activities follow the latest regulations issued by the IATF, DepEd for SHS, and CHED for College. In the event that onsite activities are prohibited by a government agency, activities or modules are to be delivered 100% online until onsite sessions are allowed.

For iACADEMY SHS and Tertiary level, the school calendar for SY 2019-2020 was originally set from August 2019 to May 2020 and July 2019 to June 2020, respectively. Classes for SHS and Tertiary students were suspended due to the implementation of ECQ in March 2020. SHS Modular classes of those who opted for online and offline options resumed on April 15, 2020 and were completed on June 5, 2020 for Grade 12 students and June 11, 2020 for Grade 11 students. For tertiary, the online classes resumed on April 15, 2020 and the school year was completed on July 15, 2020.

For SY 2020-2021, iACADEMY introduced its fully online learning program entitled Guided Online Autonomous Learning "GOAL". This would take place from August 2020 to December 2020. In this setup, all activities or modules would be delivered 100% online through the use of Neo Learning Management System, Google Meet, and MS Teams. Classes for SHS and tertiary started on August 24, 2020 and August 28, 2020, respectively.

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, internationalization, and collaborating with parents and guardians.

Onsite learning and other onsite activities in iACADEMY will only be allowed as long as there is compliance to the policies set by IATF, DepEd for SHS, and CHED for College.

Management continues to monitor the COVID-19 situation and will take further actions as necessary and appropriate in response to the economic disruptions, government regulations and other COVID-19 consequences.

- v. The BOD of STI ESG in its meeting on September 24, 2020 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.

Financial Highlights and Key Performance Indicators

<i>(in millions except margins, financial ratios and earnings per share)</i>	March 31		2020 vs 2019	
	2020	2019	Amt	%
Condensed Statements of Financial Position				
Total assets	15,159.2	14,774.9	384.3	3%
Current assets	2,244.5	2,257.4	(12.9)	(1%)
Cash and cash equivalents	886.7	777.3	109.4	14%
Equity attributable to equity holders of the parent	8,242.7	8,630.7	(388.0)	(4%)
Total liabilities	6,832.7	6,047.4	785.3	13%
Current liabilities	1,518.6	1,444.7	73.9	5%
Financial ratios				
Debt to equity ratio ⁽¹⁾	0.78	0.67	0.11	16%
Current ratio ⁽²⁾	1.48	1.56	(0.08)	(5%)
Asset to equity ratio ⁽³⁾	1.82	1.69	0.13	8%
	Years ended March 31		2020 vs 2019	
	2020	2019	Amt	%
Condensed Statements of Income				
Revenues	2,674.6	2,752.6	(78.0)	(3%)
Direct costs ⁽⁴⁾	1,061.6	1,047.6	14.0	1%
Gross profit	1,613.0	1,705.0	(92.0)	(5%)
Operating expenses	1,299.0	1,308.5	(9.5)	(1%)
Operating profit	314.0	396.5	(82.5)	(21%)
Other income (expenses)	(437.3)	(69.4)	(367.9)	530%
Income (loss) before income tax	(123.3)	327.1	(450.4)	(138%)
Net income (loss)	(147.5)	284.1	(431.6)	(152%)
EBITDA ⁽⁵⁾	1,015.8	1,000.1	15.7	2%
Core income ⁽⁶⁾	145.3	280.0	(134.7)	(48%)
Net income (loss) attributable to equity holders of the parent company	(136.0)	281.0	(417.0)	(148%)
Earnings per share ⁽⁷⁾	(0.014)	0.028	(0.042)	(150%)
Condensed Statements of Cash Flows				
Net cash from operating activities	917.3	749.4	167.9	22%
Net cash used in investing activities	(486.1)	(1,647.2)	1,161.1	(70%)
Net cash used in financing activities	(321.9)	(182.4)	(139.5)	76%

Financial Soundness Indicators

	Years ended March 31		Increase (Decrease)	
	2020	2019	Amt	%
Liquidity Ratios				
Current ratio ⁽²⁾	1.48	1.56	(0.08)	(5%)
Quick ratio ⁽⁸⁾	1.06	0.89	0.17	19%
Cash ratio ⁽⁹⁾	0.58	0.54	0.04	7%
Solvency ratios				
Debt-to-equity ratio ⁽¹⁾	0.78	0.67	0.11	16%
Asset to equity ratio ⁽³⁾	1.82	1.69	0.13	8%
Interest coverage ratio ⁽¹⁰⁾	0.52	2.43	(1.91)	(79%)
Debt service cover ratio ⁽¹¹⁾	1.44	1.70	(0.26)	(15%)
Profitability ratios				
EBITDA margin ⁽¹²⁾	38%	36%	2%	6%
Gross profit margin ⁽¹³⁾	60%	62%	(2%)	(3%)
Operating profit margin ⁽¹⁴⁾	12%	14%	(2%)	(14%)
Net profit margin ⁽¹⁵⁾	(6%)	10%	(16%)	(160%)
Return on equity ⁽¹⁶⁾	(2%)	3%	(5%)	(167%)
Return on assets ⁽¹⁷⁾	(1%)	2%	(3%)	(150%)

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

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

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

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

⁽⁵⁾ EBITDA is Net income excluding provision for income tax, interest expense, depreciation and amortization, equity in net losses of associates and joint ventures, interest income, provision for impairment of noncurrent asset held for sale and nonrecurring gains/losses such as gain on disposal of net assets. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.

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

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

⁽⁸⁾ Quick ratio is measured as current assets less inventories, prepayments and noncurrent asset held for sale divided by current liabilities.

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

⁽¹⁰⁾ Interest coverage ratio is measured as Net income excluding provision for income tax and interest expense divided by interest expense.

⁽¹¹⁾ Debt service cover ratio is measured as EBITDA for the last twelve months divided by total principal and interest due for the next twelve months.

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

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

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

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

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

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

Item 7. FINANCIAL STATEMENTS –

The March 31, 2020 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 06, 2019, as external auditors for the ensuing fiscal year.

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

Pursuant to SRC Rule 68 (3) (b) (iv), as amended (Rotation of External Auditors), the Parent Company has engaged Mr. Benjamin N. Villacorte of SGV as the Partner-in-charge of the Parent Company. This is his fifth 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 March 31, 2020 “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 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 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 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 immediately succeeding the stockholders' meeting held on December 6, 2019, the following were elected as the Chairman and Members of the Audit Committee of the Parent Company to serve as such for the ensuing year and until the election and qualification of their successors:

Chairman: Jesli A. Lapus, Independent Director

Members: Robert G. Vergara, Independent Director
Ma. Leonora Vasquez-De Jesus, Independent Director
Raymond N. Alimurung, Independent Director
Martin K. Tanco, Non-Executive Director

The Parent Company engaged SGV for the annual audit covering the period from April 1, 2019 to March 31, 2020 for ₱1,397,600.00. The engagement letter dated November 6, 2019 for the year-end audit was received by the Parent Company on same date.

The following information pertains to their fees and charges over the last two fiscal years (amounts in thousands):

	2019-2020	2018-2019
Audit Fees	₱ 1,398	₱ 1,331
Tax Fees		
All Other Fees	₱ 145*	₱ 145

*Represents professional fees paid for the 2019 Corporate Governance Seminar attended by all the members of the Board and officers of STI Holdings and its group, amounting to P145,000.

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) Rainerio M. Borja
- (g) Paolo Martin O. Bautista
- (h) Jesli A. Lapus
- (i) Robert G. Vergara
- (j) Ma. Leonor Vasquez-De Jesus
- (k) Raymond N. Alimurung

All of the foregoing incumbent directors have been nominated to the Board for the ensuing year. Messrs. Robert G. Vergara, Jesli A. Lapus, Raymond N. Alimurung as well as Madam 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 Messrs. Vergara, Lapus and Alimurung as well as Madam 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 Chairman of the Corporate Governance Committee is Mr. Robert G. Vergara. Mr. Jesli A. Lapus, Madam Ma. Leonora Vasquez-De Jesus, Mr. Raymond N. Alimurung and Atty. Arsenio C. Cabrera are members of the Corporate Governance Committee.

Summary of Term of Office of Directors:

- (1) Eusebio H. Tanco - director since 17 March 2010 up to the present
- (2) Monico V. Jacob - director since 17 March 2010 up to the present
- (3) Joseph Augustin L. Tanco - director since 27 October 2010 up to the present
- (4) Ma. Vanessa Rose L. Tanco - director since 27 October 2010 up to the present
- (5) Martin K. Tanco - director since 19 December 2012 up to the present
- (6) Rainerio M. Borja - director since 19 December 2012 up to the present
- (7) Paolo Martin O. Bautista - director since 19 December 2012 up to the present
- (8) Jesli A. Lapus - independent director since 4 October 2013 up to the present
- (9) Robert G. Vergara - independent director since 27 July 2017 up to the present
- (10) Ma. Leonora Vasquez-De Jesus - independent director since 20 September 2019 up to the present
- (11) Raymond N. Alimurung - independent director since 20 September 2019 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, 71, Filipino, Chairman of the Board, Executive Director

Mr. Tanco has been Chairman of STI Holdings since March 17, 2010. He is also the Chairman of the Executive Committee of STI Holdings.

Mr. Tanco is Chairman of the Board and President of Prudent Resources, Inc., First Optima Realty Corp, Amina, Inc., and Prime Power Holdings Corporation. He is the Chairman of the Executive Committee and Director of STI ESG and the Chairman of Mactan Electric Company, Philippines First Insurance Co. Inc., Venture Securities Inc., GROW Vite, Inc., Delos Santos-STI College, STI West Negros University, iACADEMY, and Eximious Holdings, Inc. (formerly, Capital Managers and Advisors, Inc.) He is Vice-Chairman and President of Asian Terminals, Inc.

Mr. Tanco is President of Total Consolidated Asset Management, Inc., Eujo Phils, Inc., Cement Center Inc., First Optima Realty Corp, Biolim Holdings and Management Corp (formerly Rescom Developers Inc.), Tantivy Holdings, Inc. (formerly, Insurance Builders, Inc.), Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.), Marbay Homes Inc., Global Resource for Outsourced Workers, Inc., Amina, Inc., International Hardwood & Veneer Corp, and CEO of Classic Finance Inc.

Mr. Tanco is also a director in PhilPlans First, Inc., Maestro Holdings, Inc. (formerly STI Investments, Inc.), Philippine Life Financial Assurance Corp., STI West Negros University, Manila Bay Spinning Mills, Inc., United Coconut Chemicals, Inc., MB Paseo, Philippine Health Educators, Inc., PhilhealthCare, Inc., Philippine Racing Club, Inc. and Leisure and Resorts World Corporation.

Mr. Tanco is a director of the Philippine Stock Exchange. He is also 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 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. He was also awarded a Doctorate of Humanities degree, honoris causa, from the Palawan State University.

Monico V. Jacob, 75, 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 Education Services Group, Inc., and Chairman of STI West Negros University. He is also the President of Eximious Holdings, Inc. (formerly, Capital Managers and Advisors, Inc.), Maestro Holdings, Inc. (formerly STI Investments, Inc.) and Tantivy Holdings, Inc. (formerly, Insurance Builders, Inc.)

Mr. Jacob is the Chairman of Philippine Life Financial Assurance Corporation, Philhealthcare, Inc., Total Consolidated Asset Management, Inc., Global Resource for Outsourced Workers, Inc., and Rosehills Memorial Phils., Inc. He is also the President of PhilPlans First, Inc.

Mr. Jacob is a non-Executive Director in Asian Terminals, Inc., and an Independent Director in Rockwell Land Corp., and Lopez Holdings Corp., Phoenix Petroleum Phils., Inc. all publicly-listed companies. He also serves as a member of the board of directors of Information and Communications Technology (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, 39, 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. and Comm&Sense, Inc. He founded Comm&Sense, Inc., an integrated marketing and communications agency offering comprehensive services in the areas of creative design, event conceptualization and management, public relations and promotions, in 2005.

Mr. Tanco serves as Director and member of the Nomination and Election Committee of STI Education Services Group, Inc., Director and Vice President of Eujo Phils. Inc., Director of Maestro Holdings, Inc. (formerly STI Investments, Inc.), iACADEMY, PhilsFirst Insurance Corporation, STI West Negros University, Eximious Holdings, Inc. (formerly, Capital Managers and Advisors, Inc.), Prime Power Holdings Corporation, Global Resource for Outsourced Workers (GROW), Venture Securities, Inc., Bloom with Looms Logistics, Inc. (formerly Southern Textiles Mills, Inc.) and Biolim Holdings & Management Corporation (formerly Rescom Developers, Inc.).

Furthermore, Mr. Tanco is an active member of the Junior Chamber International Philippines (JCI) where he was Chapter President of JCI Ortigas in 2012. He was Area Director for Individual for Metro Area 2 and National Chairman for Nothing but Nets in 2013 and National Chairman for The Outstanding Young Men (TOYM) in 2015. He also became a mentor for BS Entrepreneurship at the University of Asia and the Pacific in 2012.

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, 42, Filipino, Executive Director

Ms. Tanco has been a Director of STI Holdings since October 27, 2010.

Ms. Tanco also holds directorships at STI West Negros University, STI ESG, PhilPlans First, Inc., and Philhealthcare, Inc. Currently, she is the President and CEO of Information and Communications Technology Academy, Inc. or popularly known as iACADEMY.

Ms. Tanco obtained her Master's degree in Business Administration at the University of Southern California, and her Bachelor of Science degree in Legal Management at the Ateneo de Manila University.

Martin K. Tanco, 54, 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 Committees of STI Holdings.

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, 51, Filipino, Executive Director

Mr. Bautista has been a Director of STI Holdings since December 19, 2012. He is likewise the Chief Investment Officer, Head of Corporate Strategy, of STI Holdings.

Mr. Bautista is also a director of STI Education Services Group, Inc.

Mr. Bautista is a director of Maestro Holdings, Inc. (formerly STI Investments, Inc.), PhilLife and PhilPlans. He is also an advisor to their Investment Committees. He has over 20 years' experience in the areas of corporate finance, mergers and acquisition, 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 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.

Rainerio M. Borja, 58, Filipino, Non-Executive Director

Mr. Borja has been a Director of STI Holdings since 19 December 2012. He is likewise a member of the Executive Committee of STI Holdings.

Mr. Borja serves as a Director of STI ESG, PhilPlans First, Inc. and Total Consolidated Asset Management Inc. He is also Chairman of the Board of Techzone Inc.

Mr. Borja is the President of the Asia region for Alorica, comprising more than 35,000 people in the Philippines, as well as delivery centers in China, Japan and India for a total of 20 sites. Under Mr. Borja's leadership, the Asia teams provide distinct capabilities to offer low-cost, high quality solutions to clients across the globe.

Prior to this role, Mr. Borja was President of the Philippines and Australia for Expert Global Solutions, Inc. (EGS) for four years prior to EGS' acquisition by Alorica in June 2016.

Before joining EGS in 2012, Mr. Borja spent 12 years as President of Aegis People Support Philippines, a start-up company that he helped grow to more than 13,000 employees. In 2004, the company achieved a major milestone by doing an Initial Public Offering (IPO) in the United States, and being listed in NASDAQ as the only Business Process Outsourcing (BPO) company with its entire operations handled in the Philippines. Mr. Borja also established the expansion of BPO to Philippine provinces, as well as to other regions, such as San Jose, Costa Rica.

Often credited as the "man behind the success of the call center and BPO industry" in the country, Mr. Borja is one of the founders and former chairman of the Information Technology and Business Process Association of the Philippines (IBPAP), formerly the Business Processing Association of the Philippines (BPA/P). He continues to support the industry by taking on leadership roles and sitting on the Board of Directors for both IBPAP and the Contact Center Association of the Philippines (CCAP). His opinions and contributions are highly valued by government and industry officials in the formulation of legislations and

policies that govern the country's Information and Communications Technology (ICT) and BPO industry. Being one of the country's BPO industry ambassadors who supported the industry's phenomenal growth to now being one of the country's major economic contributors, Mr. Borja was the first recipient of the Individual ICT Contributor Award in the Philippines in 2007.

Mr. Borja obtained his Bachelor of Science degree at the De La Salle University and Masters of Science in Economics units from the De La Salle Graduate School of Business and Economics.

Jesli A. Lapus, 70, Filipino, Lead Independent Director

Mr. Lapus has been an Independent Director of STI Holdings since 4 October 2013. He is the Chairman of the Audit Committee and member of the Corporate Governance Committee of STI Holdings.

Mr. Lapus is also the Chairman and Independent Director of STI ESG. He is also a member of the Executive Committee and the Chairman of the Nomination Committee of STI ESG. He was first elected as Chairman and Independent Director on September 25, 2013.

Mr. Lapus is also an Independent Director of Metropolitan Bank & Trust Company and Philippine Life Financial Assurance Corporation. He is a Governor of Information and Communications Technology Inc. (iACADEMY); Chairman of the Trust Banking Group of Metropolitan Bank and Trust Company, LSERV Corporation, and Asian Institute of Management-Center for Tourism. He is also a Member of the Investment Committee of PhilPlans First, Inc. and Advisory Board Member of Radiowealth Finance Company, Inc.

A multi-awarded executive in the private sector (i.e., manufacturing, financial services and international trade), Mr. Lapus has successfully managed and turned around firms and a universal bank in attaining industry leaderships. He was Managing Director of Triumph International (Phils.) Inc., President of Pacific Products, Inc., CFO of the RAMCAR Group of Companies and formerly connected with Sycip Gorres Velayo & Co.

With a solid track record as a prominent professional executive in the private sector behind him, Mr. Lapus has the distinction of having served in the cabinets of three (3) Philippine Presidents namely: President Gloria Macapagal-Arroyo, President Fidel Ramos and President Corazon Aquino in the following capacities: Secretary, Department of Trade and Industry (2010); Secretary, Department of Education (2006-2010); President and CEO, The Land Bank of the Philippines (1992- 1998); Undersecretary, Department of Agrarian Reform (1987-89).

Mr. Lapus earned his Doctor of Public Administration (honoris causa) from Polytechnic University of the Philippines; Master in Business Management from Asian Institute of Management; Investment Appraisal and Management from Harvard University, USA; Management of Transfer of Technology from INSEAD, France; Project Management from BITS, Sweden and Personal Financial Planning in UCLA, USA.

Robert G. Vergara, 59, Filipino, Independent Director

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

He was appointed as an Independent Director of SM Investments Corporation (SMIC) on April 24, 2019 and was recently appointed as Independent Director of Metro Pacific Hospital Holdings, Inc. (MPHHI)

He is currently the President of Vergara Advisory Management, Inc. founded in May 2018.

Mr. Vergara served as the President and General Manager of the Government Service Insurance System from September 2010 to October 2016.

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, 69, Filipino, Independent Director

Ms. Vasquez-De Jesus has been an independent director of STI Holdings since 20 September 2019.

She is currently an independent director of the following companies: (a) Banco de Oro Leasing and Finance Inc, a position which she has held since May 2008; (b) Banco de Oro Capital and Investment Corporation, a position which she has held since August 2010; and (c) BDO-One Network Bank, Inc., a position which she has held since September 2018.

Ms. Vasquez-De Jesus is a director of Risks, Opportunities Assessment and Management Corporation, which is accredited by the Securities and Exchange Commission as a Corporate Governance Seminars provider. She has been a director of said corporation since 2011 up to the present.

From 18 September 2014 to 30 June 2019, Ms. Vasquez-De Jesus served as the University President of Pamantasan ng Lungsod ng Maynila. In addition, she was a Senior Professional Lecturer at the De La Salle University Graduate School of Business. From 29 October 2015 up to October 2018, she was also a member of the Board of Governors of the Phil. National Red Cross.

She served as Head of Presidential Management Staff and Cabinet Secretary during the Ramos and Estrada Administrations, respectively. Her former government engagements include Presidential Adviser for Housing, Urban & Social Development under the Office of the Vice President of the Philippines.

Ms. Vasquez-De Jesus obtained her Ph.D and M.A. in Psychology from the University of the Philippines-Diliman. She graduated Cum Laude from the University of the Philippines-Diliman with a degree in A.B. Psychology.

Raymond N. Alimurung, 47, Filipino, Independent Director

Mr. Alimurung has been an independent director of STI Holdings since September 20, 2019.

He is currently the CEO of Lazada, Philippines, which is the leading e-commerce marketplace in South East Asia. He has held the position of CEO from June 2019 up to the present. Previously, he served as the Chief Commercial Officer of Lazada from April 2016 to June 2018 as well as the Regional Head for Customer Service and its Philippines VP, Business Development from June 2012 to May 2013.

From April 2014 up to April 2016, he was the CEO of eCommerce Philippines, a leading B2C ecommerce solutions provider in South East Asia.

From May 2013 to March 2014, he was the VP for Business Development and Strategy of Citadel Holdings, a Philippine conglomerate with investments in telecommunications, petroleum and aviation services in the Philippines.

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.

Yolanda M. Bautista, 68, 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. She resigned as director of STI Holdings on 10 December 2013. Her resignation as Director of the Company was not due to any disagreement with STI Holdings on any matter relating to its operations, policies or practices.

Ms. Bautista is 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.), Banlife Insurance Co., Inc., Tantivy Holdings, Inc. (formerly, Insurance Builders, Inc.), DLS-STI College, Inc., and Information and Communications Technology Academy (iACADEMY), Inc. She is also the Group Chief Financial Officer of Philippine Life Financial Assurance Corporation and Philhealthcare, Inc. as well as the Chief Financial Officer and Treasurer of STI ESG and STI West Negros University. Ms. Bautista is a Director of Attenborough Holdings Corp., Philippine Healthcare Educators, Inc., GROW Inc., Grow Vite Staffing Services, Inc. and Bloom with Looms Logistics, Inc. (formerly Southern Textiles Mills, Inc.) She serves as Treasurer of Aberlour Holding Company, Daven Holdings, Inc., Harbourside Holding Corporation, Maestro Holdings, Inc. (formerly STI Investments, Inc.), Moryay 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. She is also Assistant Treasurer of Total Consolidated Asset Management, Inc. and Neschester Corporation.

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., 60, Filipino, Corporate Secretary

Atty. Arsenio C. Cabrera, Jr. was elected Corporate Secretary of STI Holdings on March 17, 2010. He is also the current Corporate Information Officer of the Company and a member of the Corporate Governance Committee of the Company.

Atty. Cabrera is a Managing Partner of Herrera Teehankee & Cabrera Law Offices. He is currently General Counsel and Corporate Information Officer of STI Education Services Group, Inc. He also serves as Corporate Secretary of Agustin Tanco Foundation, Inc., Amina, Inc., Arani Realty Corporation, Asiateleservices, Inc., BOIE Drug, Inc., BOIE, Incorporated, BOIE Prime, Inc., Bountiful Geomines, Inc., Calatagan Bay Realty, Inc., Canlubang Golf and Country Club, Inc., Cement Center, Inc., Classic Finance, Inc., Comm & Sense, Inc., Digitalme Services, Inc., Drysor, Inc., DLS-STI Colleges, Inc., DLS-STI College Quezon Avenue, Inc., ESA Group of Companies, Inc., EUJO Phils. Incorporated, Eximious Holdings, Inc., First Optima Realty Corporation, GEOGRACE Resources Philippines, Inc., Gurango Software Corporation, Heritage Park Management, Inc., Information & Communications Technology Academy, Inc., International Hardwood & Veneer Company of the Philippines, Juska, Inc., Lasik Surgery, Inc., Maestro Holdings, Inc., Manila Bay Hosiery Mills, Inc., Masbate13 Philippines, Inc., Megacore Holdings, Inc., Mina Tierra Gracia, Inc., NAMEI Polytechnic Institute, Inc., NAMEI Polytechnic Institute of Mandaluyong, Inc., NiHAO Mineral Resources International, Inc., Oregalore, Inc., Palisades Condominium Corporation, Pay Philexchange, Inc., Philippine American Drug Company, Philippine First Condominium Corporation, Philippines First Insurance Co., Inc., Philippine Life Assurance Financial Corporation, Philhealthcare, Inc.,

PhilPlans First, Inc., 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., Sinoma HDZC Philippines Co., Inc., Sonak Holdings, Inc., STI Education Services Group, Inc., STI West Negros University, Inc., Tantivy Holdings, Inc., Techglobal Data Center, Inc., TechZone Philippines, Inc., Total Consolidated Asset Management, Inc., Trend Developers, Inc., Venture Securities, Inc., Villa Development Corporation, Vital Ventures Management Corp. and WVC Development Corporation.

Atty. Cabrera also serves as Chairman of Excelsior Holdings, Inc., Bauhinia 17 Equity Holdings, Inc. and Grand Monaco Estate Developers, Inc.

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

Anna Carmina S. Herrera, 45, Filipino, Assistant Corporate Secretary

Atty. Anna Carmina S. Herrera was elected Assistant Corporate Secretary of the Company on March 17, 2010.

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 Dagupan, Inc., STI Diamond College, Inc. and STI Tuguegarao, Inc. She also serves as Assistant Corporate Secretary in a number of other corporations: Amica Corporation, Banlife Insurance Co., Inc., Coastal Bay Chemicals, Inc., Lorenzo Shipping Corporation, Palisades Condominium Corporation, Philhealthcare, Inc., Philippines First Insurance Co., Inc., Philippine First Condominium Corporation, Philippine Life Financial Assurance Corporation, STI Education Services Group, Inc. and Venture Securities, Inc.

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

(b) 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 Company who is not an executive officer but is expected to make significant contribution in the business of the Parent Company.

(c) 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.

(d) 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 20-IS:

- (1) 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;
- (2) any conviction by final judgment;
- (3) 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
- (4) 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.

Attendance details of each director from April 1, 2019 up to June 30, 2020 Board of Directors and Committee meetings:

Date of Meetings	Attendance	
	Directors Present	Directors Absent
July 11, 2019 – Regular Board of Directors Meeting	Eusebio H. Tanco, Monico V. Jacob, Martin K. Tanco, Joseph Augustin L. Tanco, Paolo Martin O. Bautista, Maria Vanessa Rose L. Tanco, *Jesli A. Lapus, Rainerio M. Borja and *Robert G. Vergara	
September 13, 2019 – Corporate Governance Committee Meeting	*Robert G. Vergara, *Jesli A. Lapus and Arsenio C. Cabrera, Jr.	
September 17, 2019 – Corporate Governance Committee Meeting	*Robert G. Vergara, *Jesli A. Lapus and Arsenio C. Cabrera, Jr.	
September 20, 2019 – Regular Board of Directors Meeting	Eusebio H. Tanco, Monico V. Jacob, Martin K. Tanco, Joseph Augustin L. Tanco, Paolo Martin O. Bautista, *Jesli A. Lapus, Rainerio M. Borja, *Robert G. Vergara, *Dr. Ma. Leonora Vasquez-De Jesus and *Raymond N. Alimurung	Maria Vanessa Rose L. Tanco
September 30, 2019 – Corporate Governance Committee Meeting	*Robert G. Vergara, *Jesli A. Lapus and Arsenio C. Cabrera, Jr.	
December 6, 2019 – Regular Board of Directors Meeting	Eusebio H. Tanco, Monico V. Jacob, Martin K. Tanco, Joseph Augustin L. Tanco, Maria Vanessa Rose L. Tanco, Paolo Martin O. Bautista, *Jesli A. Lapus, Rainerio M. Borja, *Robert G. Vergara, *Dr. Ma. Leonora Vasquez-	

	De Jesus and *Raymond N. Alimurung	
December 6, 2019 – Organizational Meeting of the Board of Directors	Eusebio H. Tanco, Monico V. Jacob, Martin K. Tanco, Joseph Augustin L. Tanco, Maria Vanessa Rose L. Tanco, Paolo Martin O. Bautista, *Jesli A. Lapus, Rainerio M. Borja, *Robert G. Vergara, *Dr. Ma. Leonora Vasquez-De Jesus and *Raymond N. Alimurung	
June 9, 2020 – Board of Directors Meeting	Eusebio H. Tanco, Monico V. Jacob, Martin K. Tanco, Joseph Augustin L. Tanco, Maria Vanessa Rose L. Tanco, Paolo Martin O. Bautista, *Jesli A. Lapus, Rainerio M. Borja, *Robert G. Vergara, *Dr. Ma. Leonora Vasquez-De Jesus and *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 June 28, 2010 meeting of the Board of Directors, the Board approved a resolution increasing the per diems of the directors from ₱10,000.00 to ₱15,000.00 per board meeting. The directors are paid ₱15,000.00 per committee meeting attended by them. There is no arrangement for compensation of directors.

From FY 2017-2018 up to 2019-2020, 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 31 March 2017-2018, 2018-2019 and 2019-2020. 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 31 March 2017-2018, 2018-2019 and 2019-2020 and what the Parent Company expects to pay for the fiscal year ended 31 March 2020-2021.

The compensation for board members comprises of per diems.

ANNUAL COMPENSATION

Name and principal Position	Fiscal Year Ended 31 March	Salary (₱)	Bonus (₱)	Other annual compensation (₱)
All other Officers as a Group	2017-2018	2,678,685.20	-	-
	2018-2019	3,867,627.98	-	-
	2019-2020	4,243,696.38	-	-
	2020-2021	4,243,696.38 ¹	-	-
All Named Executive Officers ² and Board of Directors as a Group	2017-2018			1,262,745.20
	2018-2019			545,614.11
	2019-2020			513,157.97
	2020-2021			513,157.97 ¹

Notes:

¹ Figures are estimated amounts.

² 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 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 March 31, 2020

As of March 31, 2020, 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	2,659,921,012 ²	26.85 %
Common	PCD Nominee 37/F Tower I, Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City		Non-Filipino	1,721,657,398	17.38%
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 5,335,000 ----- 1,619,599,964 =====	16.30% .05% ----- 16.35% =====

² Eusebio H. Tanco is the beneficial owner of 173,289,082 shares. Prudent Resources, Inc. is the beneficial owner of 5,335,000 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. Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc.) is the beneficial owner of 1,575,000 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	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)	1,253,666,793	12.66%
			(Indirect-thru PCD Filipino)	173,289,082	1.75%
				1,426,955,875	14.41%
			Total		
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)	794,343,934	8.02%
			(Indirect-thru PCD Filipino)	1,575,000	.01%
				795,918,934	8.03%
			Total		
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)	763,873,130	7.71%
			(Indirect-thru PCD Filipino)	42,284,000	0.43%
				806,157,130	8.14%
			Total		
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)	626,776,992	6.33%
			(Indirect-thru PCD Filipino)	3,000,000	0.03%
				629,776,992	6.36%
			Total		
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)	397,908,895	4.02%
			(Indirect-thru PCD Filipino)	102,524,000	1.03%
				500,432,895	5.05%
			Total		

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 March 31, 2020

The following table sets forth as of March 31, 2020 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)	1,253,666,793 173,289,082 ----- 1,426,955,875 =====	Direct Indirect - thru PCD Total	Filipino	12.66% 1.75% ----- 14.41% =====
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	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	0.06%
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 Head of Corporate Strategy)	3,250,000	Indirect - thru PCD	Filipino	0.03%
Common	Ma. Vanessa Rose L. Tanco (Director)	1 20,558,000 ----- 20,558,001 =====	Direct Indirect - thru PCD	Filipino	0.00% 0.21% ----- 0.21% =====
Common	Martin K. Tanco (Director)	78,357,100	Indirect - thru PCD	Filipino	0.80%
Common	Rainerio M. Borja (Director)	1,000,000	Indirect - thru PCD	Filipino	0.01%
Common	Jesli A. Lapus (Lead Independent 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	1,000	Direct	Filipino	0.00%

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership		Citizenship	Percent of Class
	(Independent Director)				
Common	Raymond N. Alimurung (Independent Director)	1,000	Direct	Filipino	0.00%
Common	Directors and Officers as a Group	1,583,408,035	Direct and Indirect	Filipino	15.99%

(c) Voting Trust Holders of 5% or More

As of March 31, 2020, 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

The 2019 Integrated Annual Corporate Governance Report ("2019 I-ACGR") of STI Holdings was submitted to the SEC and PSE on August 26, 2020 and posted in the Parent Company's Official Website <http://www.stiholdings.com/> on August 27, 2020. This is pursuant to SEC Memorandum Circular No. 15, Series of 2017, and other SEC Notices issued on April 22, 2020 and July 22, 2020 on the submission of the 2019 I-ACGR of all Publicly Listed Companies. The Commission recognized the impact of the 2019 Coronavirus Disease (COVID-19) pandemic on the regular operations of the corporations and to ease the regulatory burden on the business sector during these trying times.

On January 27, 2020, the Parent company submitted to the SEC, a duly notarized Certification issued by the Parent Company's Compliance Officer, stating that the Parent Company had substantially adopted all the provision of the Revised Code of Corporate Governance, as prescribed by SEC Memorandum Circular No. 9, Series of 2014, as amended.

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. For 2019, the in-house corporate governance seminar was held on December 9.

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 2019 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 March 31, 2020
Supplementary Schedules
Schedule A. Financial Assets in Equity Securities
Schedule B. Amounts Receivable from Directors, Officers, Employees, 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 April 2019 - March 2020)

1. Item 9 - Other Events filed with SEC on July 16, 2019

STI Holdings today said it is ready for the coming school year (SY) 2019-2020.

The company, which owns one of the largest networks of private schools in the Philippines, said that it completed 4 new campuses in SY 2018-2019 - STI Lipa, STI San Jose Del Monte, STI Sta. Mesa and STI Pasay-EDSA, which are already accepting tertiary and senior high school students for the first semester of SY 2019-2020. STI Holdings continues to reach out to more students by establishing greater presence in the provinces.

2. Item 4 - Resignation of Registrant's Director filed with SEC on July 25, 2019

STI Education Systems Holdings, Inc. (the "Company") received a letter of resignation today, 24 July 2019, from Justice Presbitero J. Velasco, Jr. ("Justice Velasco"), an independent director of the Company, effective 30 June 2019.

The resignation of Justice Velasco will be taken up during the next Board meeting of the Company.

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

3. Item 9 – Other Events filed with SEC on August 15, 2019

STI Holdings, owner of one of the largest networks of private schools in the Philippines, registered a 41% increase in new students in college for school year 2019-2020. As a result, the number of students in college at 45,902 is a 6 percent increase in total college population. This, despite the fact that there are only two-year levels in college as a consequence of the full implementation of the K to 12 program.

4. Item 4 – Resignation, Removal or Election of Registrant’s Directors or Officers filed with SEC on September 23, 2019

During the Board Meeting of STI Education Systems Holdings, Inc. (the “Corporation”) held today, 20 September 2019, the Board approved the following matters:

a) Election of Independent Directors

The Board accepted the resignation of Justice Presbitero J. Velasco, Jr. (“Justice Velasco”) as Independent Director and elected Dr. Ma. Leonora Vasquez-De Jesus (“Dr. Vasquez-De Jesus”) as Independent Director. Dr. Vasquez-De Jesus will serve the unexpired term of Justice Velasco.

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

The Board also elected Mr. Raymond N. Alimurung as the fourth Independent Director.

b) Creation of Board of Advisers

The Board of Directors created the Board of Advisers (“BOA”) composed of five (5) individuals. The composition of the BOA shall be disclosed when the appointments are made.

Item 8 – Change in Fiscal Year filed with SEC on September 23, 2019

The Board Approved the amendment of Article VII of the By-Laws to change the fiscal year which shall begin on the **first day of July** of each year and end on the **last day of June** of the following year.

The forgoing amendment to the By-Laws shall be submitted for stockholders’ approval during the 6 December 2019 Annual Stockholders’ Meeting.

Item 9 – Other Events filed with SEC on September 23, 2019

a) The Annual Stockholders’ Meeting of STI Education Systems Holdings, Inc. (“STI ESH”) shall be held on 6 December 2019 at 3:00 p.m. at 7th Floor Lobby, STI Holdings Center, 6764 Ayala Avenue, Makati City. Furthermore, STI ESH’s stockholders of record as of 30 October 2019 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 STI ESH is on 27 September 2019. 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.

b) Amendment of Articles of Incorporation

Change of Address - The Board approved the amendment of Article III of the Articles of Incorporation to change the principal office address from “7th Floor, iAcademy Building, 6764 Ayala Avenue, Makati City” to “7th Floor, **STI Holdings Center, 6764 Ayala Avenue, Brgy. San Lorenzo, Makati City 1226**”.

c) Amendment of By-Laws

i. Change of Address – The Board approved the amendment of Article II of the By-Laws to change the principal office address from “Makati, Metro Manila, Philippines” to “**7th Floor, STI Holdings Center, 6764 Ayala Avenue, Brgy. San Lorenzo, Makati City 1226**”.

ii. Change of the Date of the Annual Stockholders’ Meeting

The Board approved the amendment of Article VI, Section 6 of the By-Laws to change the date of the Annual Stockholders’ Meeting from Last Friday of September to **Third Friday of November**.

The foregoing amendment to the Articles of Incorporation and By-Laws shall be submitted for stockholders’ approval during the 6 December 2019 Annual Stockholders’ Meeting.

5. Item 9 – Other Events filed with SEC on October 1, 2019

Nominees for Election of Board of Directors for the 6 December 2019 Annual Stockholders' Meeting of STI Education Systems Holdings, Inc. (the "Company").

Please be advised that during the 30 September 2019 meeting of the Company’s Corporate Governance Committee, the following individuals were pre-screened and determined to possess the qualifications required and none of the disqualifications provided for by law, relevant rules and regulations and the Company’s Manual on Corporate Governance to become members of the Company’s Board of Directors:

1. Eusebio H. Tanco
 2. Monico V. Jacob
 3. Maria Vanessa Rose L. Tanco
 4. Joseph Augustin L. Tanco
 5. Martin K. Tanco
 6. Rainerio M. Borja
 7. Paolo Martin O. Bautista
- Independent Directors:
8. Jesli A. Lopus
 9. Robert G. Vergara
 10. Ma. Leonora Vasquez-De Jesus
 11. Raymond N. Alimurung

6. Item 9 – Other Events filed with SEC on November 18, 2019

STI Holdings posts P157.8M net income for 2Q

STI Holdings, owner of one of the largest networks of private schools in the Philippines, reported a net income of P157.8 million for the three-month period ending September 30, 2019.

7. Item 9 – Other Events filed with SEC on December 9, 2019

Please be advised that, in a meeting of the Board of Directors of STI Education Systems Holdings, Inc. (the "Company") held today, 6 December 2019, the Board approved the declaration of cash dividends in the amount of Two Centavos (Php0.02) per share or an aggregate amount of One Hundred Ninety Eight Million Ninety Six Thousand One Hundred Thirty Eight Pesos and 48/100 (Php198,096,138.48) (the "Cash Dividends") from the unrestricted retained earnings of the Company as of 31 March 2019 based on the Parent Company Audited Financial Statements as of 31 March 2019.

The Cash Dividends are payable to stockholders of record as of 20 December 2019 and shall be payable on or before 15 January 2020, upon compliance with all necessary regulations.

8. Item 4 – Election of Directors and Officers filed with SEC on December 9, 2019

a) Election of Directors

Please be advised that in the Annual Stockholders' Meeting of the STI Education Systems Holdings, Inc (the "Company") held on 6 December 2019, 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. Joseph Augustin Eusebio L. Tanco
 5. Maria Vanessa Rose L. Tanco
 6. Rainerio M. Borja
 7. Paolo Martin O. Bautista
- Independent Directors:
1. Jesli A. Lapus
 2. Robert G. Vergara
 3. Ma, Leonora Vasquez-De Jesus
 4. Raymond N. Alimurung

b) Election of Officers, Committee Heads and Members

In the Organizational Meeting of the Board of Directors immediately succeeding the stockholders' meeting, the following were elected officers of the Company to serve as such for the ensuing year and until the election and qualification of their successors:

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 Investors Relations
Paolo Martin O. Bautista	:	Vice President and Chief Investment Officer
Franchini Vina Z. Cordova	:	Investor Relations Officer
Arsenio C. Cabrera, Jr.	:	Corporate Secretary/Compliance Officer/ Corporate Information Officer
Anna Carmina S. Herrera	:	Assistant Corporate Secretary
Elizabeth M. Guerrero	:	Alternate Corporate Information Officer

Executive Committee:

Chairman : Eusebio H. Tanco
Members : Monico V. Jacob
Yolanda M. Bautista
Martin K. Tanco
Rainerio M. Borja

Audit Committee:

Chairman : Jesli A. Lapus
Members : Robert G. Vergara
Martin K. Tanco
Ma. Leonora Vasquez-De Jesus
Raymond N. Alimurung

Corporate Governance
Committee:

Chairman : Robert G. Vergara
Members : Jesli A. Lapus
Ma. Leonora Vasquez-De Jesus
Raymond N. Alimurung
Atty. Arsenio C. Cabrera, Jr.

Item 8. - Change in Fiscal Year filed with SEC on December 9, 2019

The stockholders, owning at least a majority of the outstanding voting capital stock of the Corporation, approved the amendment of Article VII of the By-Laws to change the fiscal year which shall begin on the first day of July of each year and end on the last day of June of the following year.

Item 9. - Other Events filed with SEC on December 9, 2019

a) Amendment of Articles of Incorporation

i. Change of Address

The stockholders, owning at least 2/3 of the outstanding voting capital stock of the Corporation, approved the amendment of Article III of the Articles of Incorporation to change the principal office address from "7th Floor, iAcademy Building, 6764 Ayala Avenue, Makati City" to **"7th Floor, STI Holdings Center, 6764 Ayala Avenue, Brgy. San Lorenzo, Makati City 1226"**.

b) Amendment of By-Laws

i. Change of Address

The stockholders, owning at least a majority of the outstanding voting capital stock of the Corporation, approved the amendment of Article II of the By-Law to change the principal office address from "Makati, Metro Manila, Philippines" to **"7th Floor, STI Holdings Center, 6764 Ayala Avenue, Brgy. San Lorenzo, Makati City 1226"**.

ii. Change of the Date of the Annual Stockholders' Meeting

The stockholders, owning at least a majority of the outstanding voting capital stock of the Corporation, approved the amendment of Article VI, Section 6 of the By-Laws to change the date of the Annual Stockholders' Meeting from Last Friday of September to **Third Friday of November**.

c) Delegation to the Board of Directors of the Power to Amend the By-Laws

The stockholders, owning at least 2/3 of the outstanding voting capital stock of the Corporation, approved the delegation to the Board of Directors of the power to amend the By-Laws in accordance with the conditions set forth in the Article IX of the By-Laws of the Corporation.

d) Appointment of External Auditor

The stockholders appointed SyCip Gorres Velayo & Company as the Corporation's external auditor for the fiscal year ending 31 March 2020.

e) Appointment of New Stock Transfer and Dividend Paying Agent

The Board approved the appointment of Professional Stock Transfer, Inc. as the new Stock Transfer and Dividend Paying Agent of the Corporation effective 23 January 2020.

9. Items 8 and 9 – Change of Fiscal Year and Other Events filed with SEC on January 31, 2020

Please be advised that the Securities and Exchange Commission has approved the application of STI Education Systems Holdings, Inc. for the amendment of the following provisions of its Articles of Incorporation and By-Laws:

Item 8. Change in Fiscal Year

Amendment to By-Laws

- 1) the amendment of the Article VII to change the fiscal year which shall begin on the first day of July of each year and end on the last day of June of the following year.

Item 9. Other Events

Amendment to Articles of Incorporation

- 1) amendment of the Article III to change the principal office address to reflect the change in the name of "iAcademy Building" to "STI Holdings Center".

Amendment to By-Laws

- 1) amendment of the Article II to change the principal office address from "Makati, Metro Manila, Philippines" to "7th Floor, STI Holdings Center, 6764 Ayala Avenue, Brgy. San Lorenzo, Makati City 1226"; and
- 2) amendment of the Article VI, Section 6 to change the date of the Annual Stockholders' Meeting from Last Friday of September to Third Friday of November.

10. Item 9 – Other Events filed with SEC on February 17, 2020

STI Holdings, owner of one of the largest networks of private schools in the Philippines, reported a net income of P152.6 million for the three-month period that ended December 31, 2019.

11. Item 9 – Other Events filed with SEC on March 16, 2020 via PSE Edge

Compliance with the notice from the Securities and Exchange Commission requiring publicly-listed companies to disclose to the investing public the risks and impact of NCOV 19 on business operations.

This disclosure is being submitted pursuant to the notice from the Securities and Exchange Commission requiring publicly-listed companies to disclose to the investing public the risks and impact of NCOV 19 on business operations.

STI Education Systems Holdings, Inc. and its subsidiaries, STI Education Services Group, STI West Negros University and iACADEMY have given priority to the care and welfare of its students. Thus, in areas where the government has ordered suspension of classes, we have complied. There are about twenty-seven (27) schools affected by the suspension of classes: seventeen (17) in Metro Manila plus iACADEMY; three (3) in Cavite; two (2) in Rizal; and four (4) in Bulacan. These schools comprise a third (1/3) of our total network. Two thirds (2/3) of our network continue to hold classes.

The education of the students in areas where the government has suspended classes has not been affected. We have, in fact, issued the following advisory:

Senior High School and Tertiary:

For schools affected by the suspension of classes, the lessons/exercises related to the remaining days of the finals for senior high and pre-finals for tertiary shall be delivered through eLMS Online Learning Management System (eLMS). The brand STI uses is NEO, a US-based learning management system. This system delivers lessons, review materials and tests or exams online which the students can take and the students transmit answers to their teachers and the school. There is therefore no interruption of classes despite the suspension. The ELMS is nationwide and should government decree suspension of classes throughout the Philippines, STI will continue to conduct classes and give final exams through eLMS.

The advisory also states:

1. All lessons (handouts, activities, videos) must be accessed via the ELMS.
2. Assessments will still proceed as scheduled on March 23-26, 2020. Students may take their exams via eLMS or they may go to the school and take pen and paper exams.
3. Teachers must be available to give assessments and do consultations via the eLMS. Guidelines will be provided.
4. The exam grade of the students must be computed based on the paper/research they submitted and the exams they took via the eLMS system.

GRADUATION HAS BEEN LEFT TO THE DISCRETION OF THE SCHOOLS AND THE CIRCUMSTANCES THEY FIND THEMSELVES IN VIS-À-VIS THE CURRENT SPREAD OF THE VIRUS.

While our learning systems have allowed us to continue educating our students, our system has also mitigated financial risks. Normally, 15% of STI ESG tertiary students and 7% of SHS students pay on a cash basis. We collect tuition fees on installment and at this time we would have collected about 80% of tuition fees due leaving just March and April installments for collection. 90% of our students pay on installment. Under normal circumstances, we are able to collect the balance of

installments before final exams. This will continue for the 2/3 of our school where classes have not been suspended. For the remaining 1/3 most of which are in Metro Manila, we can mitigate the risk because the students would still have to get their grades and then enrol for the next year.

The K-12 program has also made possible the mitigation of the risk of collection of tuition fees simply because we have a small number of graduating students and our expectations are the students would continue with us for the next year. Thus, they would be interested in completing their payment of tuition fees.

For Senior High, students in Grade 12 will be graduating. The tuition fees of these students will be paid by the Department of Education and while we have added a top up amount, 80% of this top up amount has already been collected.

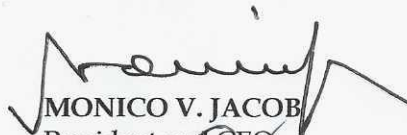
SIGNATURES

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 25 SEP 2020.

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

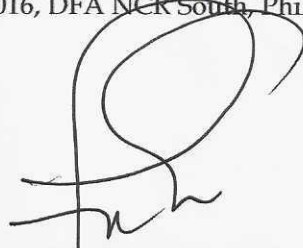
25 SEP 2020

SUBSCRIBED AND SWORN to before me this _____, affiants exhibiting to me their respective Passport or SSS Numbers, as follows:

<u>Names</u>	<u>CTC/Passport/SSS Numbers</u>	<u>Date and Place of Issuance</u>
Eusebio H. Tanco	Passport No. P0992946B	11 March 2019, DFA Manila, Philippines
Monico V. Jacob	Passport No. EC7728486	17 May 2016, DFA NCR East, Philippines
Yolanda M. Bautista	SSS No. 03-2678038-9	
Arsenio C. Cabrera, Jr.	Passport No. P0055009A	26 August 2016, DFA NCR South, Philippines

Doc. No. 452
 Page No. 92
 Book No. VI
 Series of 2020.





FELIPE MARTE E. CLOSA
 Notary Public for Makati City
 Appointment No. M-195
 Until 31 December 2020
 5/F SGV II Building,
 6758 Ayala Avenue, Makati City
 Roll of Attorneys No. 58673
 PTR No. 8116684 / Makati / 02 January 2020
 IBP No. 096436 / Batangas / 04 December 2019
 MCLE Compliance No. VI-0017034/
 Pasig City/ 28 December 2018

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

S	T	I		E	D	U	C	A	T	I	O	N		S	Y	S	T	E	M	S		H	O	L	D	I	N	G	S
I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S									

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

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t	y																												

Form Type

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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

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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)
1,266	Third Friday of November	03/31

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.





**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, for the years ended March 31, 2020, 2019 and 2018, in accordance with accounting principles generally accepted in the Philippines as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial that are free from material misstatement, whether due to fraud or error.

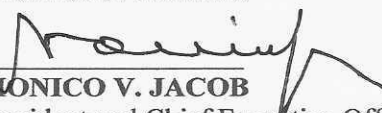
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 25 SEP 2020 day of _____ 2020

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

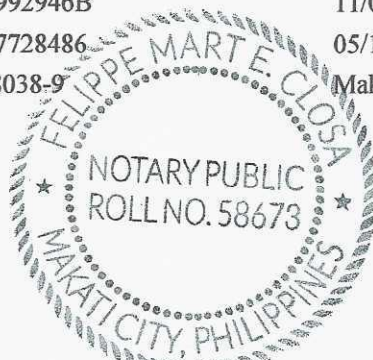
25 SEP 2020

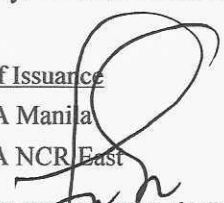
MAKATI CITY

SUBSCRIBED AND SWORN to me this _____ day of _____, 2020 at _____ 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. EC7728486	05/17/16, DFA NCR East
Yolanda M. Bautista	SSS No. 03-2678038-9	Makati City

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Pasig City/ 28 December 2018

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 March 31, 2020 and 2019, 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 March 31, 2020, 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 March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended March 31, 2020 in accordance with accounting principles generally accepted in the Philippines as described in Note 2 to the consolidated financial statements.

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.

Adoption of PFRS 16, Leases

Effective April 1, 2019, the Group adopted Philippine Financial Reporting Standard (PFRS) 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the Group has high volume of lease agreements; the recorded amounts are material to the consolidated financial statements; and adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the Group is reasonably certain to exercise options to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted in the recognition of right of use assets, presented under "Property and equipment" and "Investment properties" accounts in the consolidated statement of financial position, and lease liability amounting to ₱466.6 million and ₱568.7 million, respectively, as of April 1, 2019, and the recognition of depreciation expense and interest expense of ₱81.5 million and ₱40.8 million, respectively, for the year ended March 31, 2020.

The disclosures related to the adoption of PFRS 16 are included in Notes 2 and 29 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term leases exemption, the selection of the transition approach and any election of available practical expedients.

On a test basis, we inspected lease agreements, identified the contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments. We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We also reviewed the Group's disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.



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 credit losses for the year ended March 31, 2020 amounted to ₱57.4 million.

The disclosures on the allowance for credit losses are included in Notes 5 and 7 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 (e) 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.

Provision for Impairment on the Investment in Maestro Holdings, Inc.

The Group classified its 20%-investment in Maestro Holdings, Inc. (Maestro Holdings) as noncurrent asset held for sale in accordance with PFRS 5, *Noncurrent Asset Held for Sale and Discontinued Operation*, effective June 30, 2017. Such noncurrent asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. In 2020, the Group recognized a provision for impairment amounting to ₱297.5 million, and continued to classify its remaining investment of ₱419.1 million as held for sale as at March 31, 2020. This matter is significant to our audit because the classification of the investment as asset held for sale and the determination of its fair value involve significant management judgment and estimate.



The disclosures on the investment in Maestro Holdings are included in Notes 5, 10 and 13 to the consolidated financial statements.

Audit response

Our audit procedures include, among others, evaluation of management's assessment of the requirements under PFRS 5 for the classification of the investment as held for sale, by inspecting supporting documents such as correspondences with interested buyers, inquiries of management and reading of minutes of meetings.

We also involved our internal specialist in evaluating the methodology and assumptions used in determining the investment's fair value less costs to sell. The significant assumptions include growth rates, long-term growth rate, discount rates, discount on lack of control, discount on lack of marketability and estimated costs to sell. We tested the parameters used in the determination of the average forecasted growth rates against historical performance; and the long-term growth rate, discount rates, discount on lack of control, discount on lack of marketability and estimated costs to sell against relevant market and industry data. For accounts valued at Level 1 and Level 2, we compared the recorded prices as of the reporting date with the observable prices in the market. We also reviewed the Group's disclosures relative to the investment in Maestro Holdings in the consolidated financial statements.

Recoverability of Goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As at March 31, 2020, 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 ₱245.4 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 discount rate, forecasted revenue growth, earnings before interest, taxes, depreciation and amortization (EBITDA) margins and long-term growth rate.

The Group's disclosures about goodwill are included in Notes 5 and 16 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and assumptions used. These assumptions include discount rate, forecasted revenue growth, EBITDA margins and long-term growth rate. We compared the key assumptions used, such as forecasted revenue growth, EBITDA margins, 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 March 31, 2020 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 March 31, 2020, which are expected to be made available to us after the date of the auditor's report.

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.



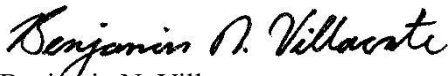
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Benjamin N. Villacorte.

SYCIP GORRES VELAYO & CO.



Benjamin N. Villacorte

Partner

CPA Certificate No. 111562

SEC Accreditation No. 1539-AR-1 (Group A),

March 26, 2019, valid until March 25, 2022

Tax Identification No. 242-917-987

BIR Accreditation No. 08-001998-120-2019,

January 28, 2019, valid until January 27, 2022

PTR No. 8125320, January 7, 2020, Makati City

September 24, 2020



STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	₱886,667,588	₱777,341,535
Receivables (Notes 7, 22 and 29)	722,245,635	502,410,971
Inventories (Note 8)	140,093,475	158,273,906
Prepaid expenses and other current assets (Notes 2, 9, 28 and 29)	76,342,754	102,779,019
	1,825,349,452	1,540,805,431
Noncurrent asset held for sale (Notes 10 and 13)	419,115,894	716,586,558
Total Current Assets	2,244,465,346	2,257,391,989
Noncurrent Assets		
Property and equipment (Notes 2, 11 and 29)	10,226,182,267	9,963,945,229
Investment properties (Notes 2 and 12)	1,921,768,000	1,832,675,897
Investments in and advances to associates and joint ventures (Notes 13 and 14)	44,697,932	44,178,391
Equity instruments at fair value through other comprehensive income (FVOCI) (Note 15)	68,325,702	50,503,208
Deferred tax assets - net (Notes 2 and 30)	60,386,308	52,524,017
Goodwill, intangible and other noncurrent assets (Notes 2, 16 and 29)	593,349,057	573,656,343
Total Noncurrent Assets	12,914,709,266	12,517,483,085
TOTAL ASSETS	₱15,159,174,612	₱14,774,875,074
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 1, 2 and 17)	₱733,946,282	₱941,074,456
Current portion of interest-bearing loans and borrowings (Note 18)	358,550,269	299,600,000
Unearned tuition and other school fees (Note 22)	325,739,460	185,395,888
Current portion of lease liabilities (Notes 2 and 29)	91,748,409	–
Current portion of obligations under finance lease (Notes 2 and 29)	–	6,500,632
Income tax payable	8,611,760	12,131,087
Total Current Liabilities	1,518,596,180	1,444,702,063
Noncurrent Liabilities		
Bonds payable (Note 19)	2,964,418,162	2,957,954,254
Interest-bearing loans and borrowings - net of current portion (Note 18)	1,431,473,032	1,213,110,270
Lease liabilities - net of current portion (Notes 2 and 29)	471,055,551	–
Pension liabilities - net (Note 28)	103,412,283	76,051,722
Deferred tax liabilities - net (Notes 2 and 30)	233,868,870	234,956,192
Obligations under finance lease - net of current portion (Notes 2 and 29)	–	11,951,531
Other noncurrent liabilities (Note 20)	109,875,385	108,684,248
Total Noncurrent Liabilities	5,314,103,283	4,602,708,217
Total Liabilities (Carried Forward)	6,832,699,463	6,047,410,280

(Forward)



	March 31	
	2020	2019
Total Liabilities (Brought Forward)	₱6,832,699,463	₱6,047,410,280
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	10,446,933	20,950,751
Fair value change in equity instruments at FVOCI (Note 15)	11,340,730	3,623,046
Other equity reserve (Note 3)	(1,670,477,910)	(1,670,477,910)
Other comprehensive income associated with noncurrent asset held for sale (Notes 10 and 13)	90,645,302	90,645,302
Share in associates':		
Cumulative actuarial gain (Note 13)	321,569	321,569
Fair value change in equity instruments designated at FVOCI (Note 13)	(114)	(114)
Retained earnings (Note 2)	4,227,039,845	4,612,253,086
Total Equity Attributable to Equity Holders of the Parent Company	8,242,704,197	8,630,703,572
Equity Attributable to Non-controlling Interests	83,770,952	96,761,222
Total Equity	8,326,475,149	8,727,464,794
TOTAL LIABILITIES AND EQUITY	₱15,159,174,612	₱14,774,875,074

See accompanying Notes to Consolidated Financial Statements.



STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended March 31		
	2020	2019	2018
REVENUES (Note 22)			
Sale of services:			
Tuition and other school fees	₱2,303,456,918	₱2,346,326,130	₱2,612,702,587
Educational services	140,705,289	166,922,124	208,333,217
Royalty fees	12,950,012	15,717,540	20,545,886
Others	67,756,284	62,991,152	62,786,149
Sale of educational materials and supplies	149,755,626	160,629,516	178,303,107
	2,674,624,129	2,752,586,462	3,082,670,946
COSTS AND EXPENSES			
Cost of educational services (Note 24)	948,455,383	927,061,275	882,087,561
Cost of educational materials and supplies sold (Note 25)	113,103,596	120,584,389	131,916,522
General and administrative expenses (Note 26)	1,299,023,487	1,308,511,642	1,194,318,933
	2,360,582,466	2,356,157,306	2,208,323,016
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	314,041,663	396,429,156	874,347,930
OTHER INCOME (EXPENSES)			
Provision for impairment of noncurrent asset held for sale (Note 10)	(297,470,664)	-	-
Interest expense (Note 23)	(340,079,069)	(228,817,821)	(219,411,899)
Rental income (Notes 12, 29 and 31)	180,402,409	126,584,078	114,629,851
Interest income (Note 23)	13,014,317	21,114,324	28,527,141
Gain on:			
Disposal of net assets (Note 10)	4,365,123	-	-
Sale of property and equipment	-	1,021,000	14,790
Dividend and other income (Note 15)	1,773,661	7,556,194	4,555,297
Equity in net earnings (losses) of associates and joint ventures (Note 13)	733,464	3,190,368	(222,036,414)
	(437,260,759)	(69,351,857)	(293,721,234)
INCOME (LOSS) BEFORE INCOME TAX	(123,219,096)	327,077,299	580,626,696
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)			
Current	29,597,064	43,570,914	84,487,773
Deferred	(5,273,224)	(613,870)	(6,679,096)
	24,323,840	42,957,044	77,808,677
NET INCOME (LOSS) (Carried Forward)	(147,542,936)	284,120,255	502,818,019



	Years Ended March 31		
	2020	2019	2018
NET INCOME (LOSS) (Brought Forward)	(₱147,542,936)	₱284,120,255	₱502,818,019
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on pension liability (Note 28)	(11,820,517)	(85,151,601)	58,838,953
Fair value change in equity instruments at FVOCI (Note 15)	7,822,494	(230,380)	-
Share in associates' remeasurement gain on pension liability (Note 13)	-	105,778	176,372
Income tax effect	1,192,304	8,377,962	(5,882,268)
	(2,805,719)	(76,898,241)	53,133,057
Items to be reclassified to profit or loss in subsequent years:			
Share in associates' unrealized mark-to-market gain on AFS financial assets (Note 13)	-	-	124,968,590
Unrealized mark-to-market gain on available-for-sale financial assets (Note 15)	-	-	391,610
Share in associates' remeasurement gain on life insurance reserves (Note 13)	-	-	226,977
	-	-	125,587,177
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(2,805,719)	(76,898,241)	178,720,234
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱150,348,655)	₱207,222,014	₱681,538,253
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	(₱135,956,820)	₱280,983,764	₱496,017,439
Non-controlling interests	(11,586,116)	3,136,491	6,800,580
	(₱147,542,936)	₱284,120,255	₱502,818,019
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	(₱138,742,954)	₱205,045,242	₱672,418,815
Non-controlling interests	(11,605,701)	2,176,772	9,119,438
	(₱150,348,655)	₱207,222,014	₱681,538,253
Basic/Diluted Earnings (Losses) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company (Note 32)	(₱0.014)	₱0.028	₱0.050

See accompanying Notes to Consolidated Financial Statements.



STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED MARCH 31, 2020, 2019 AND 2018

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	Fair Value Change in Equity Instruments at FVOCI (Note 15)	Other Equity Reserve	Other Comprehensive Income Associated with Noncurrent Asset Held for Sale	Share in Associates' Cumulative Gain (Loss) (Note 13)	Share in Associates' Fair Value Change in Equity Instruments Designated at FVOCI (Note 13)	Retained Earnings	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at April 1, 2019, as previously reported	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱20,950,751	₱3,623,046	(₱1,670,477,910)	₱90,645,302	₱321,569	(₱114)	₱4,612,253,086	₱8,630,703,572	₱96,761,222	₱8,727,464,794
Effect of adoption of PFRS 16 (Note 2)	-	-	-	-	-	-	-	-	-	(61,168,941)	(61,168,941)	-	(61,168,941)
Balance at April 1, 2019, as restated	4,952,403,462	1,119,127,301	(498,142,921)	20,950,751	3,623,046	(1,670,477,910)	90,645,302	321,569	(114)	4,551,084,145	8,569,534,631	96,761,222	8,666,295,853
Net loss	-	-	-	-	-	-	-	-	-	(135,956,820)	(135,956,820)	(11,586,116)	(147,542,936)
Other comprehensive income (loss)	-	-	-	(10,503,818)	7,717,684	-	-	-	-	(2,786,134)	(19,585)	(2,805,719)	(2,805,719)
Total comprehensive income (loss)	-	-	-	(10,503,818)	7,717,684	-	-	-	-	(135,956,820)	(138,742,954)	(11,605,701)	(150,348,655)
Effect of business combination	-	-	-	-	-	-	-	-	-	-	-	1,090,678	1,090,678
Dividend declaration (Note 21)	-	-	-	-	-	-	-	-	-	(188,087,480)	(188,087,480)	-	(188,087,480)
Share of non-controlling interest on dividends declared by a subsidiary (Note 21)	-	-	-	-	-	-	-	-	-	-	-	(2,475,247)	(2,475,247)
Balance at March 31, 2020	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱10,446,933	₱11,340,730	(₱1,670,477,910)	₱90,645,302	₱321,569	(₱114)	₱4,227,039,845	₱8,242,704,197	₱83,770,952	₱8,326,475,149



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	Fair Value Change in Equity Instruments at FVOCI (Note 15)	Other Equity Reserve	Other Comprehensive Income Associated with Noncurrent Asset Held for Sale	Share in Associates' Cumulative Actuarial Gain (Loss) (Note 13)	Share in Associates' Fair Value Change in Equity Instruments Designated at FVOCI (Note 13)	Retained Earnings	Total	Equity Attributable to Non- controlling Interests	Total Equity
Balance at April 1, 2018	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱96,727,608	₱41,024,337	(₱1,667,792,370)	₱90,645,302	₱215,592	(₱114)	₱4,482,257,457	₱8,616,465,654	₱97,059,697	₱8,713,525,351
Net income	-	-	-	-	-	-	-	-	-	280,983,764	280,983,764	3,136,491	284,120,255
Other comprehensive income (loss)	-	-	-	(75,776,857)	(267,642)	-	-	105,977	-	-	(75,938,522)	(959,719)	(76,898,241)
Total comprehensive income (loss)	-	-	-	(75,776,857)	(267,642)	-	-	105,977	-	280,983,764	205,045,242	2,176,772	207,222,014
Effect of merger of subsidiaries (Note 3)	-	-	-	-	-	(2,685,540)	-	-	-	-	(2,685,540)	-	(2,685,540)
Dividend declaration (Note 21)	-	-	-	-	-	-	-	-	-	(188,121,784)	(188,121,784)	-	(188,121,784)
Share of non-controlling interest on dividends declared by a subsidiary (Note 21)	-	-	-	-	-	-	-	-	-	-	-	(2,475,247)	(2,475,247)
Realized fair value adjustment on equity instruments at FVOCI (Note 15)	-	-	-	-	(37,133,649)	-	-	-	-	37,133,649	-	-	-
Balance at sMarch 31, 2019	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱20,950,751	₱3,623,046	(₱1,670,477,910)	₱90,645,302	₱321,569	(₱114)	₱4,612,253,086	₱8,630,703,572	₱96,761,222	₱8,727,464,794



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	Fair Value Change in Equity Instruments at FVOCI (Note 15)	Unrealized Mark-to-market Gain (Loss) on Available- for-sale Financial Assets (Note 15)	Other Equity Reserve	Other Comprehensive Income Associated with Noncurrent Asset Held for Sale	Share in Associates' Cumulative Actuarial Gain (Loss) (Note 13)	Share in Associates' Fair Value Change in Equity Instruments Designated at FVOCI (Note 13)	Share in Associates' Unrealized Mark-to-market Gain (Loss) on Available- for-sale Financial Assets (Note 13)	Share in Associates' Remeasurement Gain (Loss) on Life Insurance Reserves	Share in Associates' Equity Reserves	Retained Earnings	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at April 1, 2017	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱44,398,122	₱-	₱462,127	(₱1,667,792,370)	₱-	₱722,894	₱-	(₱16,188,913)	(₱18,078,114)	₱718,885	₱4,303,426,945	₱8,221,057,418	₱91,240,164	₱8,312,297,582
Net income	-	-	-	-	-	-	-	-	-	-	-	-	-	496,017,439	496,017,439	6,800,580	502,818,019
Other comprehensive income	-	-	-	52,329,486	-	385,862	-	-	169,358	-	123,292,735	223,935	-	-	176,401,376	2,318,858	178,720,234
Total comprehensive income	-	-	-	52,329,486	-	385,862	-	-	169,358	-	123,292,735	223,935	-	496,017,439	672,418,815	9,119,438	681,538,253
Reclassification to noncurrent asset held for sale	-	-	-	-	-	-	-	90,645,302	(676,660)	-	(107,103,936)	17,854,179	(718,885)	-	-	-	-
Dividend declaration (Note 21)	-	-	-	-	-	-	-	-	-	-	-	-	-	(188,087,477)	(188,087,477)	-	(188,087,477)
Share of non-controlling interest on dividends declared by a subsidiary (Note 21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,299,905)	(3,299,905)
Balance at March 31, 2018	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱96,727,608	₱-	₱847,989	(₱1,667,792,370)	₱90,645,302	₱215,592	₱-	(₱114)	₱-	₱-	₱4,611,356,907	₱8,705,388,756	₱97,059,697	₱8,802,448,453

See accompanying Notes to Consolidated Financial Statements.



STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(₱123,219,096)	₱327,077,299	₱580,626,696
Adjustments to reconcile income (loss) before income tax to net cash flows:			
Depreciation and amortization (Notes 11, 12 and 16)	641,827,096	468,539,399	398,836,776
Interest expense (Note 23)	340,079,069	228,817,821	219,411,899
Provision for impairment on:			
Noncurrent asset held for sale (Note 10)	297,470,664	–	–
Goodwill (Note 16)	–	17,035,240	–
Investments in and advances to an associate (Note 26)	–	–	591,839
Net change in pension assets and liabilities (Note 28)	15,619,292	3,295,069	2,787,099
Interest income (Notes 23)	(13,014,317)	(21,114,324)	(28,527,141)
Gain on:			
Disposal of net assets (Note 10)	(4,365,123)	–	–
Sale of property and equipment	–	(1,021,000)	(14,790)
Dividend income (Note 15)	(1,773,661)	(7,556,194)	(4,438,297)
Equity in net (earnings) losses of associates and joint ventures (Note 13)	(733,464)	(3,190,368)	222,036,414
Operating income before working capital changes	1,151,890,460	1,011,882,942	1,391,310,495
Decrease (increase) in:			
Receivables	(209,353,955)	(171,774,390)	(44,359,784)
Inventories	17,663,302	(18,692,314)	(17,194,516)
Prepaid expenses and other current assets	10,570,176	31,630,095	20,077,929
Increase (decrease) in:			
Accounts payable and other current liabilities	(186,218,330)	(159,567,688)	44,352,600
Unearned tuition and other school fees	139,190,203	82,511,704	49,047,458
Other noncurrent liabilities	1,403,124	633,317	(12,610,608)
Net cash generated from operations	925,144,980	776,623,666	1,430,623,574
Income and other taxes paid	(20,740,775)	(48,203,560)	(83,612,782)
Interest received	12,922,932	21,026,655	28,527,141
Net cash from operating activities	917,327,137	749,446,761	1,375,537,933
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Notes 3, 11 and 37)	(429,164,513)	(1,675,879,289)	(1,614,691,820)
Equity instruments designated at FVOCI (Note 15)	(10,000,000)	–	–
Subsidiary, net of cash acquired (Note 3)	1,443,724	–	5,828,110
Investment properties (Notes 12 and 37)	–	–	(3,631,991)
Decrease (increase) in:			
Intangible and other noncurrent assets	(54,475,213)	48,705,455	(183,108,754)
Investments in and advances to associates and joint ventures	–	(88,064,875)	(548,841)
Dividends received	2,584,938	9,350,238	5,974,052
Proceeds from:			
Disposal of net assets (Note 10)	3,500,000	–	–
Sale of property and equipment	–	1,167,000	16,000
Sale of equity instruments at FVOCI (Note 15)	–	57,536,500	–
Net cash used in investing activities	(486,111,064)	(1,647,184,971)	(1,790,163,244)

(Forward)



	Years Ended March 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from:			
Availment of long-term loans (Note 18)	₱794,000,000	₱470,000,000	₱562,208,112
Availment of short-term loans (Note 18)	468,000,000	-	-
Payments of:			
Long-term loans (Note 18)	(519,600,000)	(197,400,000)	(40,800,000)
Obligations under finance lease (Note 29)	-	(7,877,299)	(6,917,665)
Short-term loans (Note 18)	(468,000,000)	-	(1,012,000,000)
Bond issuance costs (Note 19)	-	-	(845,760)
Lease liabilities (Note 29)	(107,361,024)	-	-
Interest paid	(299,730,885)	(254,307,928)	(238,385,492)
Dividends paid	(186,722,864)	(190,367,531)	(186,549,784)
Dividends paid to non-controlling interests (Note 21)	(2,475,247)	(2,475,247)	(3,299,906)
Net cash used in financing activities	(321,890,020)	(182,428,005)	(926,590,495)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	109,326,053	(1,080,166,215)	(1,341,215,806)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	777,341,535	1,857,507,750	3,198,723,556
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱886,667,588	₱777,341,535	₱1,857,507,750

See accompanying Notes to Consolidated Financial Statements.



STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

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.

On September 20, 2019 and December 6, 2019, the Parent Company’s Board of Directors (“BOD”) and stockholders, respectively, approved the amendments in its Articles of Incorporation and By-Laws, as follows: (1) change in the address of the Parent Company to reflect the change in the name of the building to STI Holdings Center and to state the full address; (2) change of the fiscal year of the Parent Company from starting on April 1 of each year ending on March 31 of the following year to starting on July 1 of each year ending on June 30 of the following year; and, (3) change in the date of its Annual Stockholders’ meeting from every last Friday of September to every third Friday of November of each year. The SEC approved the amendments on January 29, 2020. The Philippine Bureau of Internal Revenue (“BIR”) approved the change of the fiscal year on July 13, 2020.

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 March 31, 2020 and 2019.

STI ESG is involved in establishing, 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 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 and business studies. STI ESG is also offering Senior High School (“SHS”).



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.

Prior to School Year (“SY”) 2018-2019, STI schools start the school calendar every June of each year.

On June 14, 2018, STI ESG informed the Commission on Higher Education (“CHED”) of the decision of its BOD to admit two batches of incoming college freshmen students for SY 2018-2019. STI ESG requested CHED for endorsement of this move to accept the second batch of college freshmen enrollees that would start in August 2018. On June 29, 2018, CHED noted the decision of STI ESG citing that the decision to move the school calendar is part of the institution’s academic freedom, provided that it would not violate existing rules on the same. CHED also advised STI ESG to coordinate with the respective CHED Regional Offices on the usual guidance and procedures in implementing the planned school calendar.

With this development, STI ESG made adjustments in its school calendar. For SY 2019-2020, classes for the basic education and SHS started in June and for the tertiary, classes started in July.

Related events after the reporting period are discussed in Note 39.

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 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.

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 September 24, 2020, the amendment is pending approval by the SEC.

As at September 24, 2020, STI ESG’s request for confirmatory ruling on the tax-free merger from the BIR is still pending.



On September 5, 2019, the BOD of STI ESG approved the amendment of the following provisions to its By-Laws: (1) change of the principal address from Makati, Metro Manila to STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal 1900; (2) change of the Nominations Committee to Corporate Governance Committee; (3) change of the fiscal year from starting April 1 of each year ending on March 31 of the following year to starting July 1 of each year ending on June 30 of the following year; and, (4) change of the date of its Annual Stockholders' meeting from every first Thursday of September of each year to every first Thursday of November of each year. The SEC approved the amendments on November 4, 2019. The BIR approved STI ESG's change in fiscal year on August 27, 2020.

On November 11, 2019, the SEC approved the incorporation of STI Training Academy, Inc. ("STI Training Academy") with STI ESG owning 100% of the subscribed and issued capital stock. STI Training Academy, Inc. is established to operate a Technical Vocational Educational Institution, assessment center, and training center which shall provide courses of study to seafarers, officers, cadets and other individuals involved or interested in maritime operations, subject to laws of the Philippines and various international regulations that regulate maritime operations, including training programs with Technical Education and Skills Development Authority ("TESDA"); and to provide other professional courses and training, such as tanked courses, allied and security courses, stewarding and culinary courses.

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 March 31, 2020 and 2019, the Parent Company owns 99.9% of STI WNU.

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 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 Philippine and/or international waters.

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 the 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 of the School of Basic Education ("SBE") and SHS started in June while classes of tertiary started in July. Relevant events after the reporting period are discussed in Note 39.

On September 5, 2019, the BOD of STI WNU approved the amendments in its By-Laws, to wit: (1) change of the fiscal year from starting April 1 of each year ending on March 31 of the following year to starting on July 1 of each year ending on June 30 of the following year; and (2) change in the date of its Annual Stockholders' meeting from the last Saturday of July to the fourth Thursday of November. The amendment of the By-Laws of STI WNU was approved by the SEC on March 5, 2020. On June 26, 2020, the BIR approved STI WNU's application for the change in fiscal year.



d. Information and Communications Technology Academy, Inc. (“iACADEMY”)

iACADEMY is a premier school that specializes in course offerings in animation, multimedia arts and design, fashion design and technology, software engineering, game development, film and visual effects and real estate management. It also offers SHS. It started in 2002 as a wholly-owned subsidiary of STI ESG until its acquisition by STI Holdings in September 2016, thus making iACADEMY a wholly-owned subsidiary of STI Holdings since September 30, 2016. Classes are conducted at iACADEMY Nexus building along Yakal St. in Makati City, with top of the line multimedia arts laboratories and computer suites.

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 to ₱1,000.0 million. 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. As at September 24, 2020, the request is pending with the BIR.

On July 11, 2019 the BOG and stockholders of iACADEMY, at separate meetings, approved the amendments in its Articles of Incorporation and By-Laws as follows: (1) change in its principal place of business; (2) amendment of its primary purpose to include [a] the offering of elementary, secondary and tertiary formal education and [b] to establish and provide Technical Vocational Education and Training (“TVET”); (3) change in its fiscal year from starting April 1 of each year ending on March 31 of the following year to starting on July 1 of each year ending on June 30 of the following year; and (4) change in the date of its Annual Stockholders’ meeting from every first Tuesday of September to every first Thursday of November. The SEC approved the amendments on January 3, 2020. On March 11, 2020, the BIR approved the change in fiscal year beginning July 1, 2020.

iACADEMY started classes for its tertiary level in July while classes of SHS students started in August.

Related events after the reporting period are discussed in Note 39.

e. Neschester

Neschester was incorporated on December 10, 2007 primarily to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

On August 2, 2016, STI Holdings subscribed to all of the unissued authorized capital stock of Neschester totaling to 670,000 common shares of stock of Neschester at a subscription price of ₱200.0 million. STI Holdings also purchased all of the issued shares of Neschester owned by the former stockholders of Neschester totaling 550,000 common shares at an aggregate purchase price of ₱173.2 million. As a result, Neschester became a wholly-owned subsidiary of STI Holdings (see Note 3).



The major asset of Neschester is a parcel of land in Yakal, Makati City. This is now the site of iACADEMY's Nexus campus (see Note 11).

Effective April 10, 2018, Neschester ceased to be a subsidiary of the Parent Company pursuant to the merger with iACADEMY, as approved by the SEC.

f. 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% 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% 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 (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 starting on April 1 of each year ending on March 31 of the following year to starting on July 1 of each year 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 the 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 September 24, 2020.

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 FVOCI which have been measured at fair value. The consolidated financial statements are presented in Philippine peso (₱), which is the Group's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

As at and for the years ended March 31, 2020 and 2019, the accompanying consolidated 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”).

For the year ended March 31, 2018, the accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the Philippines which includes all applicable PFRSs and accounting standards set forth in Pre-Need Rule 31, As Amended: Accounting Standards for Pre-Need Plans and Pre-Need Uniform Chart of Accounts, otherwise known as PNUCA, as required by the SEC for PhilPlans First, Inc. (“PhilPlans”). PhilPlans is a pre-need company and is a wholly-owned subsidiary of Maestro Holdings, Inc. (“Maestro Holdings”, formerly known as STI Investments, Inc.), an associate of STI ESG until June 2017.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

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 Group 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 Group obtains control over the subsidiary and ceases when the Group 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 statements of comprehensive income from the date the Group gains control until the date the Group 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 into 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 on consolidation.

If the Group 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:

Subsidiaries	Principal Activities	Effective Percentage of Ownership					
		2020		2019		2018	
		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 Tuguegarao, Inc. (“STI Tuguegarao”)	Educational Institution	–	99	–	99	–	99
STI Caloocan ^(a)	Educational Institution	–	99	–	99	–	99
STI College Batangas, Inc. (“STI Batangas”)	Educational Institution	–	99	–	99	–	99
STI College Iloilo, Inc. (“STI Iloilo”)	Educational Institution	–	99	–	99	–	99
STI College Tanauan, Inc. (“STI Tanauan”)	Educational Institution	–	99	–	99	–	99
STI Lipa, Inc. (“STI Lipa”)	Educational Institution	–	99	–	99	–	99
STI College Pagadian, Inc. (“STI Pagadian”)	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 Training Academy ^(b)	Educational Institution	–	99	–	–	–	–
NAMEI Polytechnic Institute of Mandaluyong, Inc. ^(c)	Educational Institution	–	99	–	–	–	–
NAMEI Polytechnic Institute, Inc. ^(c)	Educational Institution	–	93	–	–	–	–
De Los Santos-STI College ^(d)	Educational Institution	–	51	–	51	–	51
STI College Quezon Avenue, Inc. (“STI QA”) ^(e)	Educational Institution	–	51	–	51	–	51
Neschester ^(f)	Real Estate	–	–	–	–	100	–

^(a) A subsidiary of STI ESG through a management contract (See Note 5)

^(b) A subsidiary incorporated on November 11, 2019

^(c) Collectively referred to as NAMEI, became subsidiaries starting April 1, 2019

^(d) On June 28, 2016, De Los Santos-STI College advised CHED of the suspension of its operations for school years 2016-2017 and 2017-2018 as a result of the implementation of the Government’s K to 12 program. CHED, in a letter reply dated July 1, 2016, said that De Los Santos-STI College may apply again for initial permits if it intends to offer the programs enumerated in its letter for SY 2018-2019. De Los Santos-STI College has not resumed its school operations as of September 24, 2020.

^(e) A wholly-owned subsidiary of De Los Santos-STI College

^(f) On April 10 2018, the SEC approved the merger of Neschester and iACADEMY, with iACADEMY as the surviving entity (see Note 3).

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 the Parent Company and its subsidiaries as at March 31 of each year, except for the accounts of STI Tuguegarao, STI Caloocan, STI Iloilo, NAMEI and Neschester (consolidated until March 31, 2018), whose financial reporting dates end on December 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 statements 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 equity section in the consolidated statements 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 the new accounting pronouncements starting April 1, 2019. The adoption of these new accounting pronouncements did not have any significant impact on the consolidated financial statements except otherwise stated:

▪ PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Standard Interpretations Committee (“SIC”)-15 *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under PFRS 16 is substantially unchanged under PAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying PAS 17 and

IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’).

The effect of adoption PFRS 16 as at April 1, 2019 is as follows:

	Increase (decrease)
Assets	
Property and equipment	P333,439,946
Investment properties	133,183,838
Prepaid expenses and other current assets	(3,833,177)
Deferred tax assets	37,400,132
Other noncurrent assets	(11,713,389)
Total Assets	P488,477,350
Liabilities	
Accounts payable and other current liabilities	(P32,708,439)
Current portion of lease liabilities	77,501,276
Lease liabilities - net of current portion	491,151,757
Current portion of obligations under finance lease	(6,500,632)
Obligations under finance lease - net of current portion	(11,951,531)
Deferred tax liabilities	32,153,860
	549,646,291
Equity	
Retained earnings	(61,168,941)
Total Liabilities and Equity	P488,477,350



As at April 1, 2019:

- Property and equipment and investment properties were recognized amounting to ₱333.4 million and ₱133.2 million, respectively, representing the amount of right-of-use (“ROU”) assets set up on transition date. Lease assets recognized previously under finance leases amounting to ₱14.7 million were reclassified as part of ROU assets under “Property and equipment” account.
- Deferred rent previously classified under “Other noncurrent assets” of ₱11.7 million was reclassified and included as part of ROU assets under “Property and equipment” account.
- Lease liabilities of ₱568.7 million were recognized.
- Accounts payable and other current liabilities of ₱32.7 million was reduced to reclassify to “Lease liabilities” account for the current portion of obligation under finance lease recorded under “Accounts payable and other current liabilities” account and to derecognize accrued rent expense arising from straight-lining under PAS 17.
- Current portion of obligation under finance lease and obligation under finance lease - net of current portion of ₱6.5 million and ₱12.0 million, respectively, were reclassified to “Lease liabilities” account.
- Deferred tax assets and deferred tax liabilities increased by ₱37.4 million and ₱32.2 million, respectively, because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings amounting to ₱61.2 million.

The Group leases land and building spaces, where the corporate office and schools are located, under operating lease agreements with varying terms and periods.

Before the adoption of PFRS 16, the Group classified each of these leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

- Leases previously accounted for as finance leases

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the ROU assets and lease liabilities equal the lease assets and liabilities recognized under PAS 17).

The requirements of PFRS 16 were applied to these leases from April 1, 2019. The finance lease liabilities reclassified to lease liabilities amounted to ₱18.5 million.

- Leases previously accounted for as operating leases

The Group recognized ROU assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The ROU assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate (“IBR”) at the date of initial application. In some leases, the ROU assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the IBR at the date of initial application.



The Group also applied the following practical expedients provided by the standard:

- a. Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- b. Exclusion of initial direct costs from the measurement of the ROU asset at the date of initial application; and
- c. Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities at as April 1, 2019 reconciled to the operating lease commitment as of March 31, 2019 follows:

Operating lease commitments as at March 31, 2019	₱865,851,391
Less commitments relating to short-term leases	(19,389,667)
Operating lease commitments before discounting as at April 1, 2019	846,461,724
Weighted average IBR as at April 1, 2019	7.15%-7.23%
Discounted operating lease commitments as at April 1, 2019	550,200,870
Add finance lease commitments as at March 31, 2019	18,452,163
Lease liabilities as at April 1, 2019	₱568,653,033

▪ Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the interpretation, the Group assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements.



- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments have no impact on the Group’s consolidated financial statements.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on the settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in OCI.

The amendments have no impact on the Group’s consolidated financial statements as it did not have any plan amendments, curtailments, or settlements during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the Expected Credit Loss (“ECL”) model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

These amendments have no impact on the Group’s consolidated financial statements.



- *Annual Improvements to PFRSs 2015-2017 Cycle*

- *Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

These amendments have no impact on the Group's consolidated financial statements as there is no transaction where joint control is obtained.

- *Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, OCI or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application, permitted.

These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- *Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.



These amendments have no impact on the Group's consolidated financial statements as the Group's current practice is in line with these amendments.

Standards Issued but Not Yet Effective

Pronouncements that are issued but not yet effective for year ended March 31, 2020 are listed below. The Group intends to adopt these pronouncements when they become effective. Adoption of these pronouncements are not expected to have any significant impact on the consolidated financial statements, except otherwise stated:

Effective in fiscal year 2021

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective in fiscal year 2024

- 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, 2023, 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 March 31, 2020 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 statements 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, 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 reassesses 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 statements 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 at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 36 to the consolidated financial statements.

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.

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

Effective beginning April 1, 2018

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 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

As at March 31, 2020, the Group has no debt instruments at FVOCI 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 March 31, 2020 and 2019.

- 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 designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed and non-listed equity investments under this category.

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.

For receivables from students, the Group applies a simplified approach in calculating ECLs. 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.

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.



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.

Effective prior to April 1, 2018

Initial recognition and measurement. Financial assets are classified as financial assets at FVPL, loans and receivables, held-to-maturity ("HTM") investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation of such assets at each financial year-end.

Financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement. The subsequent measurement of financial assets depends on their classification as described below:

a. *Loans and receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. Such financial assets are carried at amortized cost using the EIR method. This method uses an EIR that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the consolidated statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Interest earned is recognized as "Interest income" in profit or loss in the consolidated statements of comprehensive income. Assets in the category are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as noncurrent assets.

The Group's cash and cash equivalents, receivables (except for advances to officers and employees), and deposits (included under the "Goodwill, intangible and other noncurrent assets" account) are classified in this category.

b. *AFS financial assets.* AFS financial assets are those non-derivative financial assets that are not classified as financial assets at FVPL, loans and receivables or HTM investments. They are purchased and held indefinitely, and maybe sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses being recognized under "Unrealized mark-to-market gain on AFS financial assets" account in OCI until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recorded in OCI is included in



profit or loss. Interest earned on the investments is reported as interest income using the effective interest rate method. Dividends earned on investments are recognized in the consolidated statements of comprehensive income when the right to receive payment has been established. AFS financial assets are classified as noncurrent assets unless the intention is to dispose of such assets within 12 months from the financial reporting date.

The fair value of AFS financial assets consisting of any investments that are actively traded in organized financial markets is determined by reference to market closing quotes as at financial reporting date. The Group's investments in club and ordinary shares are classified in this category.

Unlisted investments in shares of stock, for which no quoted market prices and no other reliable sources of their fair values are available, are carried at cost.

Impairment of financial assets. The Group assesses, at each financial reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a. *Financial assets carried at amortized cost.* For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future ECLs that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, any amounts formerly charged are credited to profit or loss.



- b. *Quoted AFS financial assets.* In the case of equity investments classified as AFS financial assets, an objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. “Significant” is to be evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in OCI under the “Unrealized mark-to-market gain on available-for-sale financial assets” account, is removed from equity and recognized in profit or loss. Impairment losses on equity investments are not reversed in profit or loss; increases in fair value after impairment are recognized directly in OCI.
- c. *Unquoted AFS financial assets.* If there is objective evidence that an impairment loss has been incurred in an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Applicable to All Periods Presented

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 March 31, 2020 and 2019, the Group has no financial liabilities at FVPL. The Group's financial liabilities as at March 31, 2020 and 2019 are measured at amortized cost.

Subsequent Measurement

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

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

Other financial liabilities include interest-bearing loans and borrowings, bonds payable, accounts payable and other current liabilities (excluding government and other statutory liabilities), lease liabilities, obligations under finance lease, and other noncurrent liabilities (excluding advance rent and deferred lease liability).

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

c. Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount reported in the consolidated statements 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 statements 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.

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 statements of financial position.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value, excluding the costs of day-to-day servicing. The initial cost of property and equipment comprises its 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.

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 statements of comprehensive income in the year the asset is derecognized.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Number of Years</u>
Buildings	20 to 25 years
Office and school equipment	3 to 5 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 or terms of the lease agreement, whichever is shorter



<u>Asset Type</u>	<u>Number of Years</u>
Computer equipment and peripherals	3 years
Library holdings	5 years
Machineries and equipment	10 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.

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 and buildings held by the Group for capital appreciation and rental purposes. Buildings are carried at cost less accumulated depreciation and any impairment in value, while land is carried at cost. 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 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 consolidated statements 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 its 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 their 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 Ventures

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 interests in Philippine Healthcare Educators, Inc. (“PHEI”) and STI-PHNS Outsourcing Corporation (“STI-PHNS”), both joint ventures. 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 ventures 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 statements 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 statements 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 ventures and the Parent Company are identical, except for Synergia Human Capital Solutions, Inc. ("Synergia"), Global Resource for Outsourced Workers, Inc. ("GROW") and Maestro Holdings which have December 31 as financial reporting date, and the associates' and joint ventures' 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 ventures and the financial reporting date of the Group's consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on its investment in associates and joint ventures. The Group determines at each financial reporting date whether there is any objective evidence that the investment in associates and joint ventures 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 associates of STI ESG, which are all incorporated in the Philippines, and STI ESG's effective interest are as follows:

Associate	Principal Activities	Effective Percentage of Ownership					
		2020		2019		2018	
		Direct	Indirect	Direct	Indirect	Direct	Indirect
Accent Healthcare/STI-Banawe, Inc. ("STI Accent") ^(a)	Medical and related services	49	–	49	–	49	–
STI College Alabang, Inc. ("STI Alabang")	Educational Institution	40	–	40	–	40	–
Synergia ^(a)	Management Consulting Services	30	–	30	–	30	–
STI Marikina	Educational Institution	24	–	24	–	24	–
Maestro Holdings ^(b)	Holding Company	20	–	20	–	20	–
GROW	Recruitment Agency	17	3	17	3	17	3
STI Holdings	Holding Company	5	–	5	–	5	–

^(a) Dormant entities

^(b) Reclassified as asset held for sale on June 30, 2017



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 statements 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 statements 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.

Impairment losses are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.



For nonfinancial assets, excluding goodwill, 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 statements 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 as at March 31 of each year.

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.

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 consolidated statements 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 statements 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 Per Share ("EPS") Attributable to the Equity Holders of the Parent Company

EPS is computed by dividing net income attributed to equity holders of the Parent Company for the year by the weighted average number of shares issued and outstanding after giving retroactive effect to any stock split and stock dividend declaration, if any.

Diluted 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

Effective beginning April 1, 2018

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 the adoption of PFRS 15:

Trade 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 represent contract liabilities which will be recognized as revenue when the related educational services are rendered.

Effective prior to April 1, 2018

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its



estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

There were no changes in the recognition of the Groups’s revenue upon adoption of PFRS 15.

The following specific recognition criteria must also be met before revenue is recognized:

Tuition and Other School Fees. Revenue from tuition and other school fees is satisfied over time using the output method and is recognized as income over the corresponding school term to which they pertain using the output method 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 statements of financial position. Unearned tuition and other school fees are amortized over the related school term.

Educational Services and Royalty Fees. Revenue from educational services and royalty fees is 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 or services is transferred to the customer.

Other Revenues. Other revenues mainly pertain to the revenue related to the use of software licenses by franchised schools. These are recognized over the related school year based on the number of ongoing students of the schools and a fixed rate per student

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.

Dividend Income. Revenue is recognized when the Group’s right to receive the payment is established.

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

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:

<u>Entity</u>	<u>Type of Plan</u>
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 QA)	Unfunded, noncontributory defined benefit plan
De Los Santos-STI College and STI QA	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 statements 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 the consolidated statements 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 QA are members of the Catholic Educational Association of the Philippines Retirement Plan ("CEAP"). CEAP is a funded, noncontributory, defined contribution plan covering De Los Santos-STI College's and STI QA's qualified employees under which De Los Santos-STI College and STI QA pay fixed contributions based on the employees' monthly salaries. De Los Santos-STI College and STI QA, however, are covered under RA No. 7641, the Philippine Retirement Law, which provides for its qualified employees a defined benefit ("DB") minimum guarantee. The DB minimum guarantee is 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 QA account 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 is 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 is calculated annually by a qualified independent actuary using the projected unit credit method. De Los Santos - STI College and STI QA determine the net interest expense (income) on the net DB liability (asset) for the period 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 are recognized in profit or loss.

The DC liability, on the other hand, is 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 is reflected in the DC benefits. Remeasurements of the net DB liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. De Los Santos-STI College and STI QA recognize gains or losses on the settlement of a DB plan when the settlement occurs.

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).

Group as a Lessee upon adoption of PFRS 16

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 recognizes ROU assets under “Property and equipment” and “Investment properties” accounts 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, as follows:

<u>Asset Type</u>	<u>Number of Years</u>
Land	25 years
Building	2 to 25 years
Transportation equipment	4 years

ROU assets are subject to impairment. Refer to the accounting policies section on impairment of nonfinancial assets.

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 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.

Group as a Lessee prior to adoption of PFRS 16

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against profit or loss.

Capitalized leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term.

Group as a Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.



Taxes

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

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

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

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefit of net operating loss carryover (“NOLCO”), 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 ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

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



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 statements 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 4 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 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. Acquisitions and Business Combinations

NAMEI. On February 15, 2019, STI ESG and the shareholders of NAMEI entered into a share purchase agreement for the sale of approximately 92% of the 50,000 outstanding shares of NAMEI Polytechnic Institute, Inc. and 99% of the 10,000 outstanding shares of NAMEI Polytechnic Institute of Mandaluyong, Inc. Both shares are with par value of ₱10.0 each. In January 2019, STI ESG made a deposit of ₱14.0 million which was held in escrow with a law firm. This amount was treated as part of the purchase price at closing date. Another ₱36.0 million was paid on February 15, 2019. On the same date, STI ESG paid ₱10.0 million to NAMEI as deposit for future subscription in shares of NAMEI and another ₱10.0 million representing STI ESG’s share in the transaction costs and all other fees and expenses to be incurred under the agreement. On April 1, 2019, Deeds of Assignment were executed by the shareholders of NAMEI transferring and conveying ownership of 94% of NAMEI Polytechnic Institute, Inc. and 100% ownership of NAMEI Polytechnic Institute of Mandaluyong, Inc. to STI ESG. NAMEI is a subsidiary of STI ESG effective April 1, 2019.

The identifiable assets and liabilities recognized in the consolidated financial statements as at March 31, 2020 were based on the purchase price allocation report of the fair value of these assets and liabilities at the time of acquisition resulting in goodwill amounting to ₱21.2 million. STI ESG identified the license to operate a maritime school and related agreements as intangible assets, for purposes of estimating the fair value of the net assets acquired. Intangible assets amounting to ₱27.6 million represent the fair value of the license and agreements. Deferred tax liability amounting to ₱2.8 million was calculated based on the estimated fair value of the license to operate a maritime



school, its related agreements and a 10.0% income tax rate for educational institutions. The carrying values of other accounts such as cash, receivables, and property and equipment, among others, approximate their fair values.

The following are the identifiable assets and liabilities as at the date of acquisition:

NAMEI Polytechnic Institute, Inc.

<i>Assets</i>	
Cash and cash equivalents	₱52,938
Receivables	8,173,081
Inventories	158,769
Prepaid expenses	51,000
Intangible Assets	27,621,874
Property and equipment-net	12,630,327
	<u>48,687,989</u>
<i>Liabilities</i>	
Accounts payable and other current liabilities	9,330,730
Deferred tax liabilities	2,762,187
Non-controlling interest	1,090,678
Total identifiable net assets at fair value	35,504,394
Purchase consideration transferred	56,735,628
Goodwill	<u>₱21,231,234</u>

NAMEI Polytechnic Institute of Mandaluyong, Inc.

<i>Assets</i>	
Cash and cash equivalents	₱1,390,786
Receivables	1,479,628
Inventories	19,563
Prepaid expenses	220,529
Property and equipment-net	3,511,803
	<u>6,622,309</u>
<i>Liabilities</i>	
Accounts payable and other current liabilities	3,357,937
Total identifiable net assets at fair value	3,264,372
Purchase consideration transferred	3,264,372
Excess of consideration	<u>₱-</u>

Analysis of cash flow on acquisition is as follows:

Cash paid (see Note 16)	₱70,040,228
Cash acquired from the subsidiary	1,443,724
Net cash outflow on acquisition	<u>₱68,596,504</u>

iACADEMY and Neschester. As discussed in Note 1, on April 10, 2018, the SEC approved the merger of iACADEMY and Neschester with iACADEMY as the surviving entity. Consequently, iACADEMY issued 494,896,694 shares to the Parent Company in exchange for the net assets of Neschester and recognized “Other equity reserve” reduction amounting to ₱2.7 million for Neschester’s deferred tax asset on NOLCO which will no longer be utilized as a result of the merger.



STI Sta. Maria. On May 23, 2017, STI Sta. Mari entered into a Deed of Assignment with Halili Reyes Educational Institution, Inc. (“HREI”) wherein HREI assigned, transferred and conveyed in a manner absolute and irrevocable, and free and clear of all liens and encumbrances, to STI Sta. Maria all its rights, title and interests in the acquired school’s assets and liabilities for a price of ₱20.0 million. The assignment of the net assets was retroactive to April 1, 2017. Consequently, the ₱18.0 million initial deposit made was applied to the purchase price and STI ESG paid the remaining balance of ₱2.0 million in 2018.

The purchase price consideration has been allocated to the assets and liabilities based on the fair values at the date of acquisition resulting in goodwill amounting to ₱1.8 million. The carrying values of the financial assets and liabilities and other assets recognized at the date of acquisition approximate their fair values due to the short-term nature of the transactions.

The following are the identifiable assets and liabilities as of the date of acquisition:

<i>Assets</i>	
Cash and cash equivalents	₱7,828,110
Receivables	8,483,088
Inventories	674,354
Prepaid expenses	2,356,576
Property and equipment-net	1,529,891
	<hr/>
	20,872,019
<i>Liabilities</i>	
Accounts payable and other current liabilities	2,648,715
	<hr/>
Total identifiable net assets at fair value	18,223,304
Purchase consideration transferred	20,000,000
	<hr/>
Goodwill	₱1,776,696
	<hr/>

Analysis of cash flow on acquisition is as follows:

Cash paid	(₱2,000,000)
Cash acquired from the subsidiary	7,828,110
	<hr/>
Net cash inflow on acquisition	₱5,828,110
	<hr/>

4. Segment Information

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

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

Management monitors 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) for the year and EBITDA, defined as earnings (losses) before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net losses (earnings) of associates and joint ventures, provision for impairment of noncurrent asset held for sale and nonrecurring gains (losses) such as gain on disposal of net assets. 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 (loss) to consolidated EBITDA:

	2020	2019	2018
Consolidated net income (loss)	(P147,542,936)	P284,120,255	P502,818,019
Depreciation and amortization* (see Notes 11, 12 and 16)	560,364,754	468,539,399	398,836,776
Interest expense*	299,255,874	228,817,821	219,411,899
Provision for impairment of noncurrent asset held for sale	297,470,664	-	-
Provision for income tax	24,323,840	42,957,044	77,808,677
Interest income	(13,014,317)	(21,114,324)	(28,527,141)
Equity in net losses (earnings) of associates and joint ventures (see Note 13)	(733,464)	(3,190,368)	222,036,414
Gain on disposal of net assets	(4,365,123)	-	-
Consolidated EBITDA	P1,015,759,292	P1,000,129,827	P1,392,384,644

**Depreciation and interest expense exclude those related to ROU assets, presented under "Property and equipment" and "Investment properties" accounts, and lease liabilities, respectively.*

Inter-Segment Transactions

Segment revenue, segment expenses and operating results include transfers among geographical segments. The transfers are accounted for at market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.



Geographical Segment Data

The following tables present revenue and income information regarding geographical segments for the years ended March 31, 2020, 2019 and 2018:

	2020					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,571,846,374	₱151,701,650	₱638,446,135	₱259,830,000	₱52,799,970	₱2,674,624,129
Results						
Income (loss) before other income (expenses) and income tax	113,396,775	(18,570,719)	210,486,682	31,203,444	(22,474,519)	314,041,663
Interest expense	(314,909,754)	(5,866,114)	(7,671,854)	(8,005,274)	(3,626,073)	(340,079,069)
Other income (expenses)	(113,843,994)	467,589	1,551,032	782,929	112,973	(110,929,471)
Provision for income tax	(21,330,063)	-	-	(2,993,777)	-	(24,323,840)
Interest income	11,252,574	52,763	642,305	1,054,827	11,848	13,014,317
Equity in net earnings of associates and joint ventures	733,464	-	-	-	-	733,464
Net Income (Loss)	(₱324,700,998)	(₱23,916,481)	₱205,008,165	₱22,042,149	(₱25,975,771)	(147,542,936)
EBITDA						₱1,015,759,292
	2019					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,650,592,929	₱114,476,219	₱629,889,898	₱283,519,333	₱74,108,083	₱2,752,586,462
Results						
Income (loss) before other income (expenses) and income tax	155,381,328	(2,696,212)	211,826,170	45,931,802	(14,013,932)	396,429,156
Interest expense	(221,185,668)	-	(121)	(7,632,032)	-	(228,817,821)
Other income (expenses)	129,900,900	128,000	1,192,602	4,132,594	(192,824)	135,161,272
Provision for income tax	(38,753,061)	-	-	(4,203,983)	-	(42,957,044)
Interest income	19,590,541	51,912	539,087	909,292	23,492	21,114,324
Equity in net earnings of associates and joint ventures	3,190,368	-	-	-	-	3,190,368
Net Income (Loss)	₱48,124,408	(₱2,516,300)	₱213,557,738	₱39,137,673	(₱14,183,264)	₱284,120,255
EBITDA						₱1,000,129,827



	2018					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,881,164,072	₱137,130,546	₱682,081,346	₱294,336,309	₱87,958,673	₱3,082,670,946
Results						
Income (loss) before other income and income tax	548,633,149	17,897,080	257,182,223	55,546,214	(4,910,736)	874,347,930
Equity in net losses of associates and joint ventures	(222,036,414)	–	–	–	–	(222,036,414)
Interest expense	(210,981,377)	–	(9,164)	(8,421,358)	–	(219,411,899)
Other income	115,634,997	60,000	1,243,528	2,138,909	122,504	119,199,938
Provision for income tax	(73,170,026)	–	–	(4,638,651)	–	(77,808,677)
Interest income	27,812,300	71,317	167,874	448,301	27,349	28,527,141
Net Income	₱185,892,629	₱18,028,397	₱258,584,461	₱45,073,415	(₱4,760,883)	₱502,818,019
EBITDA						₱1,392,384,644

The following tables present certain assets and liabilities information regarding geographical segments as at March 31, 2020 and 2019:

	March 31, 2020					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱11,728,813,097	₱862,538,856	₱1,056,229,769	₱580,643,671	₱161,317,517	₱14,389,542,910
Noncurrent asset held for sale	419,115,894	–	–	–	–	419,115,894
Investments in and advances to associates and joint ventures	44,697,932	–	–	–	–	44,697,932
Goodwill	229,750,336	–	–	15,681,232	–	245,431,568
Deferred tax assets - net	46,443,167	781,979	1,477,235	11,601,842	82,085	60,386,308
Total Assets	₱12,468,820,426	₱863,320,835	₱1,057,707,004	₱607,926,745	₱161,399,602	₱15,159,174,612
Segment liabilities ^(b)	₱944,840,183	₱45,187,635	₱97,823,096	₱61,008,111	₱29,313,862	₱1,178,172,887
Interest-bearing loans and borrowings	1,750,623,301	–	–	39,400,000	–	1,790,023,301
Bonds payable	2,964,418,162	–	–	–	–	2,964,418,162
Pension liabilities - net	55,741,443	4,559,234	10,064,894	31,362,742	1,683,970	103,412,283
Lease liabilities	298,472,423	84,981,927	104,329,597	23,381,858	51,638,155	562,803,960
Deferred tax liabilities - net	233,868,870	–	–	–	–	233,868,870
Total Liabilities	₱6,247,964,382	₱134,728,796	₱212,217,587	₱155,152,711	₱82,635,987	₱6,832,699,463
Other Segment Information						
Capital expenditure - Property and equipment						₱507,433,001
Depreciation and amortization ^(c)						560,364,754
Noncash expenses other than depreciation and amortization						81,390,573

^(a) Segment assets exclude noncurrent asset held for sale, investments in and advances to associates and joint ventures, 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.



	March 31, 2019					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱11,959,731,960	₱108,113,352	₱933,535,224	₱595,586,649	₱140,418,589	₱13,737,385,774
Noncurrent asset held for sale	716,586,558	–	–	–	–	716,586,558
Investments in and advances to associates and joint ventures	44,178,391	–	–	–	–	44,178,391
Goodwill	208,519,102	–	–	15,681,232	–	224,200,334
Deferred tax assets - net	39,532,541	894,713	843,452	11,211,469	41,842	52,524,017
Total Assets	₱12,968,548,552	₱109,008,065	₱934,378,676	₱622,479,350	₱140,460,431	₱14,774,875,074
Segment liabilities ^(b)	₱1,056,192,728	₱31,643,191	₱86,971,535	₱40,079,723	₱32,398,502	₱1,247,285,679
Interest-bearing loans and borrowings	1,393,710,270	–	–	119,000,000	–	1,512,710,270
Bonds payable	2,957,954,254	–	–	–	–	2,957,954,254
Pension liabilities - net	25,616,583	5,614,191	10,616,437	31,972,566	2,231,945	76,051,722
Obligations under finance lease	18,415,114	–	–	37,049	–	18,452,163
Deferred tax liabilities	234,956,192	–	–	–	–	234,956,192
Total Liabilities	₱5,686,845,141	₱37,257,382	₱97,587,972	₱191,089,338	₱34,630,447	₱6,047,410,280
Other Segment Information						
Capital expenditure -						
Property and equipment						₱1,968,458,849
Depreciation and amortization						468,539,399
Noncash expenses other than depreciation and amortization						103,975,125

^(a) Segment assets exclude noncurrent asset held for sale, investments in and advances to associates and joint ventures, goodwill and net deferred tax assets.

^(b) Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, net pension liabilities, obligations under finance lease and deferred tax liabilities.



5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and 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.

Judgments

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

In response to the novel Coronavirus Disease 2019 ("COVID-19"), 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 potential 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 March 31, 2020 consolidated financial statements from those applied in the previous financial year, other than for those disclosed under this section.

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 using the output method 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.

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

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.

Classification and Measurement of Financial Assets

a. Contractual Cash Flows Assessment

For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.



“Principal” for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset if there are payments of principal or amortization of the premium/discount. “Interest” is defined as the compensation for the time value of money and credit risk although it can also include compensation for other lending risks such as liquidity, administrative costs and profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

b. *Evaluation of Business Model in Managing Financial Instruments*

The Group determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The Group’s business model is not assessed on an instrument-by-instrument basis but at a higher level of aggregated portfolios.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group, various risks and the expected frequency, value, timing, as well as the manner of compensation for them.

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Noncurrent Asset Held for Sale. On June 27, 2017, STI ESG’s BOD approved the disposition of STI ESG’s shares in Maestro Holdings to enable the Group 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 disposition 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. The carrying value as at June 30, 2017, which is the date of reclassification of the noncurrent asset held for sale, amounted to ₱716.6 million (see Notes 10 and 13).



Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if there is sufficient evidence that the Group remains committed to its plan to sell the asset.

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.

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).

Classification of Leases - the Group as Lessee (Prior to adoption of PFRS 16). The Group acquired various transportation equipment under various lease arrangements. The Group has evaluated the arrangements and the terms and determined that the agreements qualify as finance lease since all the significant risks and rewards of ownership of the leased assets are transferred to the Group.

The Group entered into several lease agreements for land and building spaces where the corporate office and schools are located, and has determined that the risks and rewards related to the properties are retained with the lessor (e.g., no bargain purchase option and transfer of ownership at the end of the lease term). The lease is, therefore, accounted for as an operating lease (see Note 29).

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. As a result of this review, the probability of default of receivables from students that are due subsequent to report date was adjusted accordingly.



Additional scenario analysis was incorporated which considered differing severity and duration assumptions relating to the global pandemic. This included probability-weighted shocks to annual gross domestic product (“GDP”) and consequential impacts on unemployment and other economic variables.

This adjustment has no significant impact on the ECL computation. As uncertainties in market trend and economic conditions may remain persistent amidst the continuous spread of COVID-19, actual results in the future periods may differ from the estimates.

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.

Allowance for ECL on receivables amounted to ₱225.1 million and ₱248.5 million as at March 31, 2020 and 2019, respectively. The carrying amounts of receivables as at March 31, 2020 and 2019 are disclosed in Note 7.

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. Management uses the adjusted consolidated net assets value of PhilPlans and discounted cash flows from the financial budget covering five years approved by the management of Philippine Life Financial Assurance Corporation (“PhilLife”) and PhilhealthCare, Inc. (“PhilCare”) in estimating the fair value of Maestro Holdings. Philplans consists primarily of investments in listed equity instruments, government bonds, other fixed-income securities (accounts valued at Level 1 and Level 2) and pre-need reserves. Management used a discount rate for the discounted cash flows of PhilLife and PhilCare equal to the prevailing rates of return for a group having substantially the same risks and characteristics. Key assumptions used by management are growth rates, long-term growth rate, discount rates, discount on lack of control (“DLOC”), discount on lack of marketability (“DLOM”), and estimated costs to sell (under Level 3).

The Group recognized a provision for impairment of noncurrent asset held for sale amounting to ₱297.5 million for the year ended March 31, 2020. No impairment was recognized in 2019 and 2018. As at March 31, 2020 and 2019, the carrying value of the noncurrent asset held for sale amounted to ₱419.1 million and ₱716.6 million, respectively (see Notes 10 and 13).



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 in 2020 and 2019.

The carrying values of nonfinancial assets subject to depreciation and amortization are as follows:

	2020	2019
Property and equipment (excluding land and construction in-progress) (see Note 11)	₱6,849,642,300	₱6,227,744,219
Investment properties (excluding land) (see Note 12)	608,382,441	519,290,338
Intangible assets (see Note 16)	42,487,584	10,002,084

Impairment of Nonfinancial Assets. PFRSs require 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 property and equipment, investment properties, investment in and advances to associates and joint ventures 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 ventures and intangible assets and other noncurrent assets are disclosed in Notes 11, 12, 13 and 16, respectively. No provision for impairment losses on these nonfinancial assets are recognized in 2020, 2019 and 2018.

Goodwill. Acquisition method requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date. It also requires the acquirer to recognize any goodwill as the excess of the acquisition cost over the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The Group's business acquisitions have resulted in goodwill which is subject to an annual impairment testing. This requires an estimation of the value in use of the CGUs to which the goodwill is 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 March 31, 2020 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, EBITDA margins, long-term growth rate and discount rate.

Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for 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. Pre-tax discount rates of 10.44% to 11.06% were used in 2020 and 11.55% to 12.29% in 2019. The growth rate used in extrapolating cash flows beyond the period covered by the CGUs’ recent budgets was 5.00%.

Impairment testing as at March 31, 2020 and 2019 showed that the CGUs’ recoverable amounts were greater than their carrying amounts except for the goodwill related to STI Tuguegarao and STI Pagadian as at March 31, 2019. The Group recognized impairment loss on goodwill aggregating to nil and ₱17.0 million for the years ended March 31, 2020 and 2019, respectively, related to these schools since their recoverable amounts were lower compared to their carrying amounts. Goodwill amounted to ₱245.4 million and ₱224.2 million as at March 31, 2020 and 2019, 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 amounted to ₱110.7 million and ₱54.5 million as at March 31, 2020 and 2019, respectively (see Note 30). Deductible temporary differences and unused carryforward benefits of NOLCO and MCIT for which no deferred tax assets were recognized by the Group amounted to ₱128.7 million and ₱132.6 million at March 31, 2020 and 2019, respectively (see Note 30).

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 March 31, 2020 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 amounted to ₱103.4 million and ₱76.1 million as at March 31, 2020 and 2019, respectively (see Note 28).

6. Cash and Cash Equivalents

	2020	2019
Cash on hand and in banks	₱667,955,050	₱475,643,933
Cash equivalents	218,712,538	301,697,602
	₱886,667,588	₱777,341,535

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 amounted to ₱12.2 million, ₱20.8 million and ₱27.7 million in 2020, 2019 and 2018, respectively (see Note 23).



7. Receivables

	2020	2019
Tuition and other school fees	₱690,679,086	₱609,022,183
Educational services (see Note 31)	84,193,972	54,755,086
Rent, utilities and other related receivables (see Note 31)	36,911,392	38,882,542
Advances to officers and employees (see Note 31)	31,228,870	22,765,753
Dividends receivable	-	811,277
Others	104,345,045	24,662,828
	947,358,365	750,899,669
Less allowance for expected credit losses	225,112,730	248,488,698
	₱722,245,635	₱502,410,971

The terms and conditions of the above receivables are as follows:

- a. Tuition and other school fees receivables include receivables from students, DepEd and CHED. These receivables are noninterest-bearing and are normally collected on or before the date of major examinations while receivables from DepEd and CHED are expected to be collected within the next fiscal year.
- b. 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 ₱0.7 million, ₱0.3 million and ₱0.6 million in 2020, 2019 and 2018, respectively (see Note 23).

- c. Rent, utilities and other related receivables are normally collected within 30 days.
- d. Advances to officers and employees are normally liquidated within one month (see Note 31).
- e. For the terms and conditions relating to advances to associates, joint ventures and other related parties, refer to Note 31.
- f. Other receivables account includes ₱75.5 million receivable from a franchisee, STI College Tanay, Inc. (“STI Tanay”). On November 4, 2019, STI ESG and the Development Bank of the Philippines (“DBP”) entered into a Deed of Assignment wherein DBP assigned, transferred and conveyed, without recourse, all its collectibles from STI Tanay to STI ESG 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.

This account also includes receivables from a former franchisee, vendors, and SSS, amounting to ₱1.6 million, ₱6.1 million and ₱5.0 million, respectively, as at March 31, 2020 and amounting to ₱1.6 million, ₱5.4 million and ₱3.0 million, respectively, as at March 31, 2019. These receivables are expected to be collected within the next reporting period.



The movements in the allowance for expected credit losses are as follows:

	2020		
	Tuition and Other School Fees	Others	Total
Balance at beginning of year	₱245,612,736	₱2,875,962	₱248,488,698
Provisions (see Note 26)	57,109,886	282,509	57,392,395
Disposal of net assets (see Note 10)	(487,033)	–	(487,033)
Write-offs	(79,998,822)	(282,509)	(80,281,331)
Balance at end of year	₱222,236,767	₱2,875,962	₱225,112,729

	2019		
	Tuition and Other School Fees	Others	Total
Balance at beginning of year	₱268,953,746	₱2,760,450	₱271,714,196
Provisions (see Note 26)	74,780,667	115,512	74,896,179
Write-offs	(98,121,677)	–	(98,121,677)
Balance at end of year	₱245,612,736	₱2,875,962	₱248,488,698

8. Inventories

	2020	2019
At net realizable values:		
Educational materials	₱118,968,389	₱139,549,603
Promotional materials	17,176,298	15,929,935
School materials and supplies	3,948,788	2,794,368
	₱140,093,475	₱158,273,906

The cost of inventories carried amounted to ₱155.8 million and ₱169.2 million as at March 31, 2020 and 2019, respectively. Allowance for inventory obsolescence amounted to ₱15.7 million and ₱10.9 million as at March 31, 2020 and 2019, respectively. Provision for inventory obsolescence resulting from excess of cost over net realizable value of inventories amounted to ₱4.8 million, ₱0.04 million and ₱1.1 million in 2020, 2019 and 2018, respectively (see Note 26).

Inventories charged to cost of educational materials and supplies sold amounted to ₱113.1 million, ₱120.6 million and ₱131.9 million in 2020, 2019 and 2018, respectively (see Note 25).

Educational materials include inventory of school uniforms amounting to ₱108.5 million and ₱128.0 million as at March 31, 2020 and 2019, respectively. This also includes textbooks and other educational-related materials amounting to ₱10.5 million and ₱11.5 million as at March 31, 2020 and 2019, respectively.

Promotional materials primarily pertain to marketing materials and proware materials amounting to ₱2.9 million and ₱5.7 million, respectively, as at March 31, 2020 and ₱14.2 million and ₱10.2 million, respectively, as at March 31, 2019.



9. Prepaid Expenses and Other Current Assets

	2020	2019
Prepaid taxes	₱30,491,056	₱23,791,549
Input VAT – net	27,784,588	54,530,780
Prepaid subscriptions and licenses	6,415,580	5,708,935
Excess contributions to CEAP (see Note 28)	3,069,046	3,102,625
Software maintenance cost	2,182,105	2,273,472
Prepaid rent	1,296,212	5,782,887
Advances to suppliers	1,251,810	3,110,277
Prepaid insurance	299,777	701,139
Others	3,552,580	3,777,355
	₱76,342,754	₱102,779,019

Prepaid taxes are substantially attributed to creditable taxes withheld by lessees and represent excess creditable withholding taxes over tax due which will be applied against income tax due of the following period.

Net input VAT represents the remaining balance after application against any output VAT and is recoverable in future periods. Input VAT are primarily from the purchase of goods and services.

Prepaid subscriptions and licenses as at March 31, 2020 primarily pertain to Adobe Acrobat and Creative Cloud, Sophos Firewall, Toon Boom Harmony, NEO Learning Management System and Microsoft license subscriptions while the March 31, 2019 balance pertains to Adobe Acrobat and Sophos Firewall license subscriptions. These subscriptions are recognized as expense over the period of coverage.

Excess contributions to CEAP pertain to contributions made by De Los Santos-STI College and STI QA to CEAP which are already considered forfeited pension benefits of those employees who can no longer avail their pension benefits either because they did not meet the required tenure of ten years or they did not reach the retirement age of 60 when they left the service or when De Los Santos-STI College has already advanced the benefits of qualified employees. The excess contributions will be offset against De Los Santos-STI College's and STI QA's future required contributions to CEAP.

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 rent represents advance rent paid for the lease of land and building spaces which are applied to the monthly rental in accordance with the term of the lease agreements.

Advances to suppliers mainly include down payments for rental of venues for company events.

Prepaid insurance represents fire insurance coverage on building, including equipment and furniture, health coverage of employees and life and accident insurance of the students which were paid in advance and are recognized as expense over the period of coverage, which is normally within next reporting period.



10. Noncurrent Asset Held for Sale

Maestro Holdings

Noncurrent asset held for sale amounting to ₱419.1 million and ₱716.6 million as at March 31, 2020 and 2019, respectively, represents the carrying value of STI ESG's 20% ownership in Maestro Holdings. Maestro Holdings owns 100% of PhilPlans, 99.89% of PhilCare, 90.77% of PhilLife and 100% of Banclife Insurance Co. Inc. ("Banclife").

On June 27, 2017, STI ESG's BOD approved the disposal of its 20% stake in Maestro Holdings to enable the Group to focus on its core business of offering educational services. Since then, management had discussions with potential buyers but no final agreements were reached. On September 24, 2020, STI ESG's BOD has approved the sale to a third-party investor for a consideration higher than its present carrying value, subject to completion of certain closing conditions.

With 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 on June 30, 2017 and was carried at the lower of its carrying amount and fair value less costs to sell.

For the year ended March 31, 2020, STI ESG recognized a provision for impairment of ₱297.5 million as a result of the decline in the fair value of Maestro Holdings. The decline in fair value as at March 31, 2020 is an impact of the COVID-19 pandemic and the ensuing economic and market disruptions across markets and industries. The fair value was estimated using Maestro Holdings' adjusted consolidated net assets value which consists significantly of investments in listed equity instruments, government bonds, other fixed-income securities (accounts valued at Level 1 and Level 2) and pre-need reserves for PhilPlans, and discounted cash flows from the financial budget covering five years approved by the management of PhilLife and PhilCare.

Key assumptions used for the discounted cash flows of PhilLife and PhilCare (under Level 3) are growth rates for: net premiums (7.00% y-o-y growth), claims (30.00% of net premiums), enrollees' fee (9.31% to 9.66%) and enrollees' claims (70.00% of enrollees' fees); long-term growth rate (5.70%); and discount rates (13.80% to 15.10%). Other key assumptions used in determining the fair value less costs to sell include DLOC and DLOM (15.00% to 20.00%) and estimated costs to sell (5.00%) (see Note 5).

Management believes that a reasonably possible change in the assumptions used in the estimation would not materially affect the fair value of the noncurrent asset held for sale.

No provision for impairment was recognized for the years ended March 31, 2019 and 2018.

STI College Tagum, Inc.

On March 27, 2019, STI ESG and STI College Tagum, Inc. ("STI Tagum"), the assignee, entered into a deed of assignment to assign, sell, transfer and set over unto the assignee, the assets of STI Tagum, a branch of STI ESG, for the sum of ₱7.0 million, of which ₱3.5 million was paid as at March 31, 2019. The sale is effective on April 1, 2019. The transaction resulted to a gain on disposal of net assets amounting to ₱4.4 million presented in the consolidated statement of comprehensive income for the year ended March 31, 2020.



11. Property and Equipment

	2020												Total
	Land	Buildings	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment (see Note 29)	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	
Cost, Net of Accumulated Depreciation and Amortization													
Balance at beginning of year	₱3,204,910,694	₱5,613,149,194	₱292,631,045	₱94,066,698	₱82,490,785	₱23,348,998	₱97,161,500	₱24,895,999	₱531,290,316	₱-	₱-	₱-	₱9,963,945,229
Effect of adoption of PFRS 16 (see Note 2)	-	-	-	-	-	(14,715,936)	-	-	-	142,394,578	187,825,340	17,935,964	333,439,946
Balance at beginning of period, as restated	₱3,204,910,694	₱5,613,149,194	₱292,631,045	₱94,066,698	₱82,490,785	₱8,633,062	₱97,161,500	₱24,895,999	₱531,290,316	142,394,578	187,825,340	17,935,964	10,297,385,175
Additions	-	129,470,381	51,398,728	23,500,064	22,182,644	-	40,468,818	7,139,957	171,107,934	-	56,392,771	5,771,704	507,433,001
Reclassifications	-	529,500,055	-	-	1,268,922	-	-	(530,768,977)	-	-	-	-	-
Disposal	-	-	(243,264)	(136,785)	(207,477)	(114,816)	(480,791)	(22)	-	-	-	-	(1,183,155)
Effect of business combination (see Note 3)	-	-	10,563,539	1,590,200	-	-	1,262,265	2,726,126	-	-	-	-	16,142,130
Depreciation and amortization (see Notes 24 and 26)	-	(306,879,576)	(95,985,443)	(32,722,819)	(27,055,287)	(2,678,342)	(48,586,599)	(11,324,525)	-	(7,784,897)	(54,008,584)	(6,568,812)	(593,594,884)
Balance at end of year	₱3,204,910,694	₱5,965,240,054	₱258,364,605	₱86,297,358	₱78,679,587	₱5,839,904	₱89,825,193	₱23,437,535	₱171,629,273	₱134,609,681	₱190,209,527	₱17,138,856	₱10,226,182,267
At March 31, 2020:													
Cost	₱3,204,910,694	₱7,549,207,453	₱882,252,282	₱380,904,782	₱379,324,004	₱22,254,711	₱522,713,831	₱218,303,194	₱171,629,273	₱142,394,578	₱244,218,111	₱23,707,668	₱13,741,820,581
Accumulated depreciation and amortization	-	1,583,967,399	623,887,677	294,607,424	300,644,417	16,414,807	432,888,638	194,865,659	-	7,784,897	54,008,584	6,568,812	3,515,638,314
Net book value	₱3,204,910,694	₱5,965,240,054	₱258,364,605	₱86,297,358	₱78,679,587	₱5,839,904	₱89,825,193	₱23,437,535	₱171,629,273	₱134,609,681	₱190,209,527	₱17,138,856	₱10,226,182,267
	2019												Total
	Land	Buildings	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment (see Note 29)	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	
Cost, Net of Accumulated Depreciation and Amortization													
Balance at beginning of year	₱3,204,905,313	₱3,985,803,927	₱148,478,348	₱75,819,583	₱91,392,275	₱27,979,880	₱77,331,343	₱19,067,833	₱796,063,577	₱-	₱-	₱-	₱8,426,842,079
Additions	5,381	141,855,838	203,548,769	54,515,580	17,875,446	10,123,603	60,081,362	13,952,621	1,466,500,249	-	-	-	1,968,458,849
Reclassifications	-	1,714,182,446	8,551,866	232,367	8,537,537	-	(258,317)	27,611	(1,731,273,510)	-	-	-	-
Disposal	-	-	(11)	-	-	(4,173,617)	(147,619)	-	-	-	-	-	(4,321,247)
Depreciation and amortization (see Notes 24 and 26)	-	(228,693,017)	(67,947,927)	(36,500,832)	(35,314,473)	(10,580,868)	(39,845,269)	(8,152,066)	-	-	-	-	(427,034,452)
Balance at end of year	₱3,204,910,694	₱5,613,149,194	₱292,631,045	₱94,066,698	₱82,490,785	₱23,348,998	₱97,161,500	₱24,895,999	₱531,290,316	₱-	₱-	₱-	₱9,963,945,229
At March 31, 2019:													
Cost	₱3,204,910,694	₱6,876,860,665	₱822,169,963	₱355,145,680	₱429,886,653	₱78,408,853	₱510,799,098	₱211,218,676	₱531,290,316	₱-	₱-	₱-	₱13,020,690,598
Accumulated depreciation and amortization	-	1,263,711,471	529,538,918	261,078,982	347,395,868	55,059,855	413,637,598	186,322,677	-	-	-	-	3,056,745,369
Net book value	₱3,204,910,694	₱5,613,149,194	₱292,631,045	₱94,066,698	₱82,490,785	₱23,348,998	₱97,161,500	₱24,895,999	₱531,290,316	₱-	₱-	₱-	₱9,963,945,229

There were no idle property and equipment as at March 31, 2020 and 2019.



Additions

Property and Equipment under Construction. As at March 31, 2020, the construction-in-progress account pertains substantially to the construction of STI Academic Center Legazpi. The related contract costs amounted to ₱379.1 million, inclusive of materials, cost of labor and overhead and all other costs necessary for the completion of the project. Located at Rizal St., Cabangon 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 senior high school and college students. The new STI Academic Center Legazpi was completed in September 2020, in time for the start of classes for SY 2020-2021.

As at March 31, 2019, the construction-in-progress account includes costs incurred for the following: (a) remaining works for construction of school buildings of STI Sta. Mesa and STI Pasay-EDSA and STI San Jose del Monte; (b) repairs and renovation of the basic education school facilities of STI WNU.

The related contract costs amounted to ₱2,692.2 million, inclusive of materials, cost of labor and overhead and all other costs necessary for the completion of the construction projects. The school building for STI San Jose del Monte was completed in March 2019. Similarly, the construction works for STI Sta. Mesa and STI Pasay-EDSA were completed in September 2019. For SY 2019-2020, these schools held classes beginning June 2019 and July 2019 for SHS and tertiary students, respectively. iACADEMY's Yakal campus building was launched as iACADEMY Nexus last February 12, 2018 and is now operational. Installation of new elevators at iACADEMY Plaza Campus is 100% complete and operational in July 2019, while the renovation works in STI WNU were completed in June 2019.

Capitalized Borrowing Costs. Total borrowing costs capitalized as part of property and equipment amounted to ₱5.4 million and ₱49.1 million in 2020 and 2019, respectively. The average interest capitalization rates were 5.97% for STI ESG in 2020; and 5.96% and 4.28% for STI ESG and iACADEMY, respectively, in 2019, which were the effective rates of the general borrowings.

On July 6, 2017, iACADEMY's BOG authorized iACADEMY to obtain a long-term loan amounting to ₱800.0 million for the construction of its Yakal campus and the re-financing of the bridge loan from a local bank in the amount of ₱200.0 million. The long-term loan is secured by a real estate mortgage on the Yakal land and the building now constructed, and all other facilities, machineries, equipment and improvements therein (see Note 18). As at March 31, 2020 and 2019, the total carrying value of the mortgaged land, building, machineries and equipment amounted to ₱1,498.5 million and ₱1,527.3 million, respectively.



12. Investment Properties

	2020			
	Land and Land Improvements	Condominium Units and Buildings	Right-of-Use Asset - Building	Total
Cost:				
Balance at beginning and end of year, as previously reported	₱1,313,385,559	₱665,357,550	₱-	₱1,978,743,109
Effect of adoption of PFRS 16 (see Note 2)	-	-	133,183,838	133,183,838
Balance at beginning and end of year, as restated	1,313,385,559	665,357,550	133,183,838	2,111,926,947
Accumulated depreciation:				
Balance at beginning of year	-	146,067,212	-	146,067,212
Depreciation (see Note 26)	-	30,991,686	13,100,049	44,091,735
Balance at end of year	-	177,058,898	13,100,049	190,158,947
Net book value	₱1,313,385,559	₱488,298,652	₱120,083,789	₱1,921,768,000
	2019			
	Land and Land Improvements	Condominium Units and Buildings	Right-of-Use Asset - Building	Total
Cost:				
Balance at beginning and end of year	₱1,313,385,559	₱665,357,550	₱-	₱1,978,743,109
Accumulated depreciation:				
Balance at beginning of year	-	115,024,462	-	115,024,462
Depreciation (see Note 26)	-	31,042,750	-	31,042,750
Balance at end of year	-	146,067,212	-	146,067,212
Net book value	₱1,313,385,559	₱519,290,338	₱-	₱1,832,675,897

As at March 31, 2020 and 2019, investment properties primarily include parcels of land and buildings and land improvements located in Quezon City and Davao City currently held by the Parent Company for capital appreciation and are not used in business.

These properties 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 recognized at fair value amounting to ₱1,280.5 million at dacion date.



Fair Value

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 March 31, 2020, 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 Quezon City and Davao properties	₱2,117,723,000
Valuation technique	Market approach
Unobservable input	Net price per square meter, 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

Fair value of STI ESG’s land	₱134,287,000
Valuation technique	Market approach
Unobservable input	Net price per square meter
Relationship of unobservable inputs to 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 March 31, 2020, 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:

Fair value	₱1,462,838,000
Valuation technique	Market approach
Unobservable input	Net price per square meter
Relationship of unobservable inputs to fair value	The higher the price per square meter, the higher the fair value

Level 3 fair values of the Parent Company’s buildings and improvements have been derived using the cost approach. The cost approach is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. As at March 31, 2020 and 2019, the fair value of the Parent Company’s buildings and improvements under investment properties amounted to ₱35.6 million and ₱43.0 million, respectively.



The highest and best use of the Quezon City and Davao properties is mixed-use residential and commercial land development; and institutional land development, respectively, while the highest and best use of STI ESG's land, condominium units and buildings is commercial utility.

Rental

Rental income earned from investment properties amounted to ₱169.5 million, ₱101.5 million and ₱93.2 million in 2020, 2019 and 2018, respectively (see Note 29). Direct operating expenses, including real property taxes, insurance, janitorial, security services and repairs and maintenance, arising from investment properties amounted to ₱10.6 million, ₱13.5 million and ₱14.4 million in 2020, 2019 and 2018, respectively.

13. Investments in and Advances to Associates and Joint Ventures

	2020	2019
Investments		
Acquisition costs	₱46,563,407	₱46,563,407
Accumulated equity in net earnings:		
Balance at beginning of year	1,920,524,478	1,918,323,519
Equity in net earnings	733,464	3,190,368
Dividends received	(213,923)	(989,409)
Balance at end of year	1,921,044,019	1,920,524,478
Accumulated share in associates' other comprehensive income (loss):		
Balance at beginning of year	(1,922,909,494)	(1,923,015,272)
Remeasurement gain on pension liability	—	105,778
Balance at end of year	(1,922,909,494)	(1,922,909,494)
	44,697,932	44,178,391
Advances (see Note 31)	37,868,986	37,868,986
Less allowance for impairment loss	37,868,986	37,868,986
	—	—
	₱44,697,932	₱44,178,391

There is no movement in the allowance for impairment of investments in and advances to associates and joint ventures.

The carrying values of the Group's investments in and advances to associates and joint ventures are as follows:

	2020	2019
Associates:		
STI Accent	₱37,868,986	₱37,868,986
STI Alabang	24,873,546	24,873,546
GROW	14,679,178	16,248,742
Joint venture - PHEI (see Note 14)	5,145,208	3,056,103
	82,566,918	82,047,377
Allowance for impairment loss	37,868,986	37,868,986
	₱44,697,932	₱44,178,391



As at March 31, 2020 and 2019, the carrying amount of the investments in STI Marikina, Synergia, STI Accent and PHNS amounted to nil. The Group received dividends from STI Marikina which was recognized as income amounting to ₱1.0 million and ₱2.0 million in 2020 and 2019, respectively.

Information about the associates are discussed below:

Maestro Holdings (an associate up to June 30, 2017 - see Note 10). Maestro Holdings is a holding company that holds investments in PhilPlans, PhilCare, PhilLife and Banlife. PhilPlans is a leading pre-need company, providing innovative pension, education and life plans. It owns 65.0% of Rosehills Memorial Management, Inc., a company engaged in the operation and management of a memorial park, memorial and interment services and sale of memorial products. PhilCare is a Health Maintenance Organization (“HMO”) that provides effective and quality health services and operates through its own clinics and through nationwide accredited clinics and hospitals. PhilLife provides financial services, such as individual, family and group life insurance, investment plans and loan privilege programs. Banlife is formerly engaged in the life insurance business in the Philippines. It ceased operations in March 2013. The investment in Maestro Holdings is presented as noncurrent held for sale in the consolidated statements of financial position as at March 31, 2020 and 2019 (see Note 10).

Condensed financial information of Maestro Holdings as at date of reclassification to noncurrent asset held for sale follows:

	June 30, 2017
Current assets	₱5,324,841,521
Noncurrent assets	38,954,994,859
Current liabilities	(3,822,814,937)
Noncurrent liabilities	(36,416,273,771)
Total equity	4,040,747,672
Less: Equity attributable to holders of noncontrolling interests	458,421,345
Equity attributable to equity holders of the parent company	3,582,326,327
Proportion of the Group’s ownership	20%
Carrying amount of the investment	₱716,586,558

	June 30, 2017 (Three months)
Revenues	₱1,530,208,762
Expenses	(2,538,092,480)
Provision for income tax	(4,384,215)
Loss from operation	(1,012,267,933)
Other comprehensive income	624,885,148
Total comprehensive loss	(387,382,785)
Less: Total comprehensive income attributable to equity holders of noncontrolling interests	103,625,679
Total comprehensive loss attributable to equity holders of the parent company	(491,008,464)
Proportion of the Group’s ownership	20%
Share in total comprehensive loss	(₱98,201,693)



Others. The carrying amount of the Group’s investments in STI Alabang, STI Accent, GROW, STI Marikina and Synergia represents the aggregate carrying values of individually immaterial associates.

The aggregate financial information of individually immaterial associates is as follows:

	As at March 31		
	2020	2019	2018
Current assets	₱177,665,351	₱168,750,426	₱151,461,875
Noncurrent assets	40,436,151	48,214,696	37,978,667
Current liabilities	(106,685,234)	(144,719,686)	(132,038,222)
Noncurrent liabilities	(15,340,787)	(11,647,634)	(10,022,871)
Equity	₱96,075,481	₱60,597,802	₱47,379,449

	For the Years Ended March 31		
	2020	2019	2018
Revenues	₱489,941,910	₱459,885,883	₱393,216,180
Expenses	(493,140,183)	(404,747,328)	(391,963,354)
Total comprehensive income (loss)	(₱3,198,273)	₱55,138,555	₱1,252,826

Share in total comprehensive income	₱733,464	₱3,296,146	₱457,389
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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 March 31, 2020 and 2019, allowance for impairment loss on STI ESG’s investment in STI Accent and related advances amounted to ₱37.9 million.

Terms and conditions relating to advances to associates and joint ventures are disclosed in Note 31 to the consolidated financial statements.

14. Interests in Joint Ventures

PHEI

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.



STI-PHNS

On September 16, 2005, GROW and PHNS International Holdings, Inc., a company incorporated in Dallas, Texas, USA, entered into a Joint Venture Agreement (“JVA”). Under the JVA, the parties have agreed to incorporate a joint venture company in the Philippines and set certain terms with regards to capitalization, organization, conduct of business and the extent of their participation in the management of affairs of the joint venture company for the primary purpose of engaging, directly or indirectly, in the business of medical transcription and other related business in the Philippines. As a result of the JVA, the parties incorporated STI-PHNS where each has a 50.0% ownership of the outstanding capital stock of STI-PHNS.

A Deed of Assignment between GROW and STI ESG was executed on May 5, 2006 to transfer all the rights of GROW in the JVA to the latter.

STI-PHNS ceased operations in 2014. On April 7, 2016, the BOD of STI-PHNS ratified the resolution approving the cessation of the business activities of STI-PHNS effective March 1, 2013 and approved the resolution to shorten the corporate term of STI-PHNS until June 30, 2017. On the same date, the BOD of Summit Technologies, Inc. (“Summit”) ratified the resolution approving the cessation of operations and closure of the business of Summit effective February 28, 2013 and March 1, 2013, respectively, and approved the resolution to shorten the corporate term of Summit until June 30, 2017. Summit is a 89.51%-subsidiary of STI-PHNS. Summit is primarily engaged in encoding, transcribing, translating or converting information, data, documents, files and records of whatever form into usable electronic information or database for use with software programs or other information or database application. The amendments to the STI-PHNS’ and Summit’s Articles of Incorporation for shortening of the corporate term were approved by the SEC on July 12, 2016 and June 7, 2016, respectively.

The allowance for impairment loss on STI ESG’s investment in STI-PHNS amounted to ₱5.6 million as at March 31, 2020 and 2019.

The Group’s share in the net earnings of its joint ventures amounted to ₱2.1 million for the year ended March 31, 2020 and the share in net losses amounted to ₱0.4 million and ₱2.2 million for the years ended March 31, 2019 and 2018, respectively, which were are all individually immaterial.

15. Equity Instruments at Fair Value through Other Comprehensive Income (“FVOCI”)

	2020	2019
Quoted equity shares	₱4,452,444	₱4,700,845
Unquoted equity shares	63,873,258	45,802,363
	₱68,325,702	₱50,503,208

a. Equity Shares

Quoted Equity Shares

The quoted equity shares above pertain to shares listed in the PSE, as well as trade club shares. These are carried at fair value with cumulative changes in fair values presented as a separate component in equity under the “Fair value change in 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.



Unquoted Equity Shares

Unquoted equity shares pertain to shares which are not listed in a stock exchange.

STI ESG and De Los Santos-STI College, a subsidiary of STI ESG, own 57,971 shares and 115,073 shares of De Los Santos Medical Center, Inc. (“DLSMC”, formerly De Los Santos General Hospital), respectively.

On December 12, 2018, De Los Santos-STI College and Metro Pacific Hospital Holdings, Inc. (“MPHHI”) entered into a deed of absolute sale wherein De Los Santos-STI College sold its 79,399 common shares of stock in DLSMC to MPHHI for a total consideration of ₱39.7 million. Similarly, on February 7, 2019, De Los Santos-STI College and MPHHI entered into another deed of absolute sale wherein De Los Santos-STI College sold its remaining 35,674 common shares of stock in DLSMC to MPHHI for a total consideration of ₱17.8 million. At the date of sale, the fair value of the shares is equal to the total consideration. These transactions resulted in realized fair value gain on financial assets designated at FVOCI amounting to ₱37.1 million which was directly recognized to retained earnings in 2019.

In January 2019, First Pacific Investment Ltd., PLDT, Inc., Benpro Inc., Pilipinas Global Network Limited, Cignal TV, Inc., Suha-PH, Inc., Happyfeet Esports team and STI ESG entered into an investment and shareholders agreement whereby the parties agreed to form Philippine Online Sports League Inc., a stock association, which will establish, operate and maintain a national multi-game Esports league in the Philippines with the aim to promote and develop Esports in the country. Esports is a growing sport internationally and in the Philippines. With this, Philippine Online Sports League Inc. was incorporated on September 30, 2019 with the SEC. It has an authorized capital stock of ₱155.0 million divided into 1.25 million common shares and 200.0 thousand preferred shares with a par value of ₱100.0 per common share and ₱150.0 per preferred share. The initial subscribed and paid-up capital of Philippine Online Sports League Inc. is ₱90.0 million of which STI ESG subscribed to and paid ₱10.0 million pesos for 100.0 thousand shares at ₱100.0 par value per share.

Dividend income earned from DLSMC shares pertaining to the shares held by De Los Santos-STI College classified as equity instruments designated at FVOCI amounted to ₱3.1 million and ₱2.9 million in 2019 and 2018, respectively, while STI ESG recognized dividend income earned from DLSMC shares amounting to ₱0.8 million, ₱2.4 million and ₱1.5 million in 2020, 2019 and 2018, respectively.

The rollforward analysis of the “Fair value change in equity instruments at FVOCI” account as shown in the equity section of the consolidated statements of financial position follows:

	2020	2019
Balance at beginning of year	₱3,665,740	₱41,029,769
Fair value change	7,822,494	(230,380)
Realized fair value adjustment on disposal of equity instruments designated at FVOCI	–	(37,133,649)
Balance at end of year (see Note 21)	₱11,488,234	₱3,665,740

b. Pledged Shares

On June 3, 2013, STI ESG executed a deed of pledge on all of its DLSMC shares in favor of Neptune Stroika Holdings, Inc., now known as MPHHI, a wholly-owned subsidiary of Metro Pacific Investments Corporation (“MPIC”), to cover the indemnity obligations of STI ESG



enumerated in its investment agreement entered into in 2013 with MPIC. On January 3, 2020, STI ESG received the notice of termination of the Deed of Pledge and as such, MPHHI released STI ESG from its liability. The pledged share certificates have likewise been released to STI ESG. The carrying value of the investment in DLSCMC amounted to ₱29.0 million as at March 31, 2020 and 2019.

16. Goodwill, Intangible and Other Noncurrent Assets

	2020	2019
Goodwill	₱245,431,568	₱224,200,334
Deposits for asset acquisitions	185,951,923	231,735,901
Advances to suppliers	50,272,903	13,614,325
Intangible assets	42,487,584	10,002,084
Rental and utility deposits (see Note 29)	39,978,297	65,559,832
Deferred input VAT	23,657,593	22,637,773
Others	5,569,189	5,906,094
	₱593,349,057	₱573,656,343

Goodwill

Goodwill acquired through business combinations have been allocated to the following entities which are considered as separate CGUs:

	2020	2019
STI Caloocan	₱64,147,877	₱64,147,877
STI Cubao	28,327,670	28,327,670
STI Pasay-EDSA (<i>formerly STI Makati and STI Taft</i>)	22,292,630	22,292,630
STI Novaliches (see Note 20)	21,803,322	21,803,322
NAMEI (see Note 3)	21,231,234	—
STI Bacolod	15,681,232	15,681,232
STI Global City	11,360,085	11,360,085
STI Sta. Mesa (<i>formerly STI Shaw</i>)	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 Iloilo	3,806,173	3,806,173
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 (see Note 3)	1,776,696	1,776,696
	₱245,431,568	₱224,200,334

Management performs its impairment test every March 31 of each reporting period for all the CGUs. The recoverable amounts are computed based on value-in-use calculations using cash flow projections. Future cash flows are discounted using a pre-tax discount rate of 10.44% to 11.06% and 11.55% to 12.29% in 2020 and 2019, respectively. The cash flow projections are based on a five-year financial planning period as approved by senior management. The growth rate used to



extrapolate the cash flows of the unit beyond the five-year period is 5.00% in 2020 and 2019. Considering the impact of COVID-19, the management used forecasted revenue decrease of 10.19% to 46.93% on all CGUs for SY 2020-2021 and forecasted revenue increase on most CGUs ranging from 2.16% to 54.07% in the next five years. In 2019, forecasted growth rates of 3.00% to 49.00% were used on most CGUs while STI ESG used 4.00% to 125.00% on select CGUs with expansion projects in 2020. Provision for impairment of goodwill amounted to ₱17.0 million in 2019 (see Note 26). No provision for impairment of goodwill was recognized in 2020 and 2018.

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.
- EBITDA margin - It is a measure of a firm's profit that includes all expenses except interest and income tax expenses. It is the difference between operating revenues and operating expenses. Earnings before tax differ for each CGU and are based on historical data and future plans for each CGU which may be affected by expected capital expenditures and number of projected students.
- 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 10 years.
- Long-term growth rate - Rates are based on published industry research.

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.

Deposits for Asset Acquisitions

This account primarily consists of deposits for the purchase of a property in Iloilo aggregating to ₱183.1 million and ₱161.7 million as at March 31, 2020 and, 2019, respectively. The last installment for this Iloilo property was paid in June 2019. Documents for the transfer of ownership to STI ESG are being processed as at September 24, 2020. As at March 31, 2019, the deposits for asset acquisition include the deposits made for the purchase of shares of NAMEI amounting to ₱70.0 million. This amount was reversed on April 1, 2019 upon execution of the Deeds of Assignment for the purchase of NAMEI (see Note 3).

Advances to Suppliers

Advances to suppliers primarily pertain to advance payments made in relation to the acquisition of property and equipment and construction of buildings (see Note 11). These will be reclassified to the "Property and equipment" account when the goods are received or the services are rendered.



Intangible Assets

Intangible assets represent the Group's accounting and school management software which are being amortized over their estimated useful lives.

The rollforward analyses of this account follow:

	2020	2019
Cost, net of accumulated amortization:		
Balance at beginning of year	₱10,002,084	₱17,307,719
Additions	36,625,977	3,156,562
Amortization (see Note 26)	(4,140,477)	(10,462,197)
Balance at end of year	₱42,487,584	₱10,002,084
Cost	₱101,893,242	₱65,267,265
Accumulated amortization	59,405,658	55,265,181
Net carrying amount	₱42,487,584	₱10,002,084

The Group identified the license to operate a maritime school and related agreements as intangible assets, for purposes of estimating the fair value of NAMEI's net assets acquired by STI ESG. Accordingly, intangible assets with indefinite useful life amounting to ₱27.6 million representing the fair value of the license and agreements was recognized as at March 31, 2020 (see Note 3).

Rental and Utility Deposits

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

Deferred Input VAT

This account represents input VAT which is expected to be recovered beyond one year.

17. Accounts Payable and Other Current Liabilities

	2020	2019
Accounts payable (see Note 31)	₱439,545,019	₱606,558,186
Nontrade payable	67,000,000	67,000,000
Dividends payable (see Note 21)	25,934,637	24,570,020
Accrued expenses:		
Contracted services	39,918,221	51,182,166
School-related expenses	19,992,977	39,896,759
Salaries, wages and benefits	17,322,309	18,244,333
Utilities	13,011,828	6,806,925
Interest	9,330,735	12,974,999
Rent	6,816,834	42,316,464
Advertising and promotion	2,934,774	3,130,143
Others	3,710,459	5,926,405
Statutory payables	24,354,943	24,316,077
Current portion of refundable deposits	23,228,775	5,508,189

(Forward)



	2020	2019
Current portion of payable to STI Diamond (see Note 20)	₱15,914,962	₱11,727,550
Student organization fund	8,597,907	6,575,662
Network events fund	5,677,757	6,160,295
Others	10,654,145	8,180,283
	₱733,946,282	₱941,074,456

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. Nontrade payable pertains to a contingent consideration in relation to the acquisition of STI WNU.
- c. Dividends payable pertains to dividends declared which are unclaimed as of report date.
- d. Accrued expenses, network events fund, student organization fund and other payables are expected to be settled within the next fiscal year.
- e. Statutory payables primarily include taxes payable and other payables to government agencies which are normally settled within 30 days.
- f. Refundable deposits pertain to security deposits from existing lease agreements which are expected to be settled in accordance with the terms of the lease agreements.
- g. For terms and conditions of payables to related parties, refer to Note 31.

18. Interest-bearing Loans and Borrowings

	2020	2019
Term loan facilities	₱1,390,623,301	₱793,710,270
Corporate notes facility	399,400,000	719,000,000
	1,790,023,301	1,512,710,270
Less current portion	358,550,269	299,600,000
	₱1,431,473,032	₱1,213,110,270

**Net of unamortized capitalized loan transaction cost of ₱9.4 million and ₱6.3 million as at March 31, 2020 and 2019, 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 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:

Date of drawdown	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%. 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. With the prepayment, China Bank approved the future repayment of the loan principal under the Omnibus Agreement as follows:

Fiscal year ending March 31	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 27, 2019, the total loan balance of ₱600.0 million was repriced at an interest rate of 5.3030%.

iACADEMY incurred costs related to the availment of the loan amounting to ₱8.2 million. These costs are 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 ₱3.6 million and ₱6.3 million as at March 31, 2020 and 2019, respectively. Amortization of transaction costs recognized as interest expense amounted to ₱2.6 million and ₱1.5 million in 2020 and 2019, respectively.

The related borrowing costs capitalized as part of “Building” amounted to nil and ₱13.5 million as at March 31, 2020 and 2019, respectively (see Note 11).



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 and debt-to-equity ratios. The required financial ratios are:

- (1) Debt service cover ratio of a minimum of 1.05x, which is the ratio of EBITDA for immediately preceding twelve (12) months to debt service due in the next 12 months.
- (2) Debt-to-equity ratio of not more than 2.0x, computed by dividing total liabilities (excluding unearned tuition and other school fees) by total equity.

As at March 31, 2020 and 2019, iACADEMY has complied with the above covenants.

Relevant events after the reporting period are discussed in Note 39.

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% 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 shall be collectively reset based on the higher of 1-year BVAL rate plus an interest spread of 1.50% 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% divided by the Applicable Interest Premium Factor, or the agreed Floor rate divided by the Applicable Interest Premium Factor.

As at March 31, 2020, STI ESG availed of loans aggregating to ₱800.0 million subject to interest rates ranging from 5.81% and 6.31%.

The Agreement prescribes that the following financial covenants shall be observed and computed based on STI ESG's consolidated financial statements:

1. Debt-to-equity 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. Debt Service Cover Ratio of a minimum of 1.05x, which is the ratio of EBITDA to Debt Service.

As at March 31, 2020, STI ESG is compliant with the required ratios.



Breakdown of the Group's Term Loan are as follows:

	Amount
Balance at beginning of year	₱-
Proceeds	800,000,000
Balance at end of year	800,000,000
Less current portion	-
Noncurrent portion	800,000,000
Deferred finance cost	(5,737,792)
Noncurrent portion	₱794,262,208

These loans are unsecured and are due based on the following schedule:

Fiscal Year	Amount
2022	₱80,000,000
2023	160,000,000
2024	160,000,000
2025	160,000,000
2026	160,000,000
2027	80,000,000
	₱800,000,000

Relevant events after the reporting period are discussed in Note 39.

Corporate Notes Facility

On March 20, 2014, STI ESG entered into a Corporate Notes Facility Agreement (“Credit Facility Agreement”) with China Banking Corporation (“China Bank”) granting STI ESG a credit facility amounting to ₱3.0 billion with a term of either 5 or 7 years. The facility is available in two tranches of ₱1.5 billion 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.

In 2015, STI ESG availed a total of ₱1,200.0 million loans with interest ranging from 4.34% to 4.75%. STI ESG has made payments totaling to ₱240.0 million and ₱134.4 million in 2020 and 2019, respectively.

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 million. On the same date, STI WNU availed the amount of ₱300.0 million under the same terms and conditions as that of STI ESG's Credit Facility, which has a term of seven (7) years 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 and is subject to annual repricing every January 31. This loan is secured by a Comprehensive Surety issued by the Parent Company.

STI WNU has made payments on the Corporate Notes Facility totaling to ₱79.6 million and ₱63.0 million for the years ended March 31, 2020 and 2019, respectively. The payments include prepayments amounting to ₱20.0 million made on July 31, 2019 and ₱20.0 million made on January 31, 2020. Such prepayments were applied to amortizations due on January 31, 2020 and July 31, 2020, respectively. The loan will be fully settled on January 31, 2021.

These loans are unsecured and are due based on the following schedule:

	STI ESG	STI WNU
2021	₱240,000,000	₱39,400,000
2022	120,000,000	–
	₱360,000,000	₱39,400,000

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 (“DSCR”). STI ESG was 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.

Breakdown of the Group’s Credit Facility Agreement follows:

	2020	2019
Balance at beginning of year	₱719,000,000	₱916,400,000
Repayments	319,600,000	197,400,000
Balance at end of year	399,400,000	719,000,000
Less current portion	279,400,000	299,600,000
Noncurrent portion	₱120,000,000	₱419,400,000

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 February 17, 2017, China Bank likewise advised STI WNU that it has approved that the latter shall maintain a debt-to-equity ratio of not more than 1.50x, computed by dividing the total debt over the total equity and that for the purpose of this computation, total debt shall exclude unearned tuition and other school fees.

The required debt service cover ratio of a minimum of 1.10x for STI WNU remained the same.

As at March 31, 2020 and 2019, STI ESG and STI WNU have complied with the above covenants.

Relevant events after the reporting period are discussed in Note 39.

Short-term Loans

STI ESG availed of loans from the Bank of the Philippine Islands aggregating to ₱468.0 million in 2020. These loans are subject to interest rates ranging from 4.75% to 5.75%. The short-term loans were unsecured and were fully settled as at March 31, 2020. The proceeds from these loans were used for working capital requirements.

Interest Expense

Starting February 1, 2016, the one-year PDST-F on the Credit Facility Agreement was changed to PDST-R2 as the basis for determining the interest rate for both STI ESG and STI WNU loans.

On January 31, 2017, STI ESG and STI WNU elected to adopt the interest rate based on the 1-year Benchmark Rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than 3.75% payable every January 31 and July 31 of each year.

On October 29, 2018, the Bankers Association of the Philippines launched the BVAL Reference Rates replacing the set of PDST Reference Rates (PDST-R1 & PDST-R2). Hence, starting the interest period January 31, 2019, the benchmark rate for the loans of STI ESG and STI WNU is the BVAL reference rate for one-year tenor.

Interest expense on the loans amounted to ₱110.0 million, ₱74.6 million and ₱54.3 million in 2020, 2019 and 2018, respectively (see Note 23).

19. Bonds Payable

	2020	2019
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	35,581,838	42,045,746
	₱2,964,418,162	₱2,957,954,254

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. 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 under PAS 39, *Financial Instruments: Recognition and Measurement*. Under PFRS 9, 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:

Issued	Interest Payable	Term	Interest Rate	Principal Amount	Carrying Value as at March 31		Features
					2020	2019	
2017	Quarterly	7 years	5.8085%	₱2,180,000,000	₱2,155,683,709	₱2,150,449,125	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	808,734,453	807,505,129	Callable from the 7th anniversary issue and every year thereafter until the 9th anniversary issue date
				₱3,000,000,000	₱2,964,418,162	₱2,957,954,254	

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 Credit Facility 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. As at March 31, 2020 and 2019, STI ESG is in compliance with the debt covenants.

STI ESG's debt-to-equity and debt service cover ratios as at March 31, 2020 and 2019 are as follows:

	2020	2019
Total liabilities*	₱5,184,846,516	₱4,407,031,500
Total equity	6,112,499,312	6,569,707,487
Debt-to-equity	0.85:1.00	0.67:1.00

*Excluding unearned tuition and other school fees

	2020	2019
EBITDA	₱748,788,166	₱806,111,804
Total interest-bearing liabilities	491,929,714	462,616,744
Debt service cover	1.52:1.00	1.74:1.00

**EBITDA for the last twelve months

***Total principal and interest due in the next twelve months

Relevant events after the reporting period are discussed in Note 39.



Bond Issuance Costs

In 2017, STI ESG incurred costs related to the issuance of the bonds amounting to ₱53.9 million. These costs are capitalized and amortized using the EIR method. The carrying value of the unamortized bond issuance costs amounted to ₱35.6 million and ₱42.0 million as at March 31, 2020 and 2019, respectively. Amortization of bond issuance costs amounting to ₱6.4 million and ₱11.8 million for the years ended March 31, 2020 and 2019, respectively, were recognized as part of the “Interest expense” account in the consolidated statements of comprehensive income (see Note 23).

Interest Expense

Interest expense (including amortization of bond issuance costs), net of amount capitalized as property and equipment, associated with the bonds payable recognized in the consolidated statements of comprehensive income amounted to ₱183.7 million, ₱150.7 million and ₱162.0 million in 2020, 2019 and 2018, respectively (see Notes 11 and 23).

20. Other Noncurrent Liabilities

	2020	2019
Advance rent (see Note 29)	₱52,626,366	₱47,901,355
Refundable deposit – net of current portion (see Note 29)	31,795,936	19,902,451
Payable to STI Diamond – net of current portion	22,421,181	38,336,143
Deferred lease liability (see Note 29)	2,869,794	2,438,532
Deferred output VAT	162,108	105,767
	₱109,875,385	₱108,684,248

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.

On August 16, 2016, STI Diamond entered into a Deed of Assignment with STI Novaliches where STI Diamond assigned, transferred and conveyed in a manner absolute and irrevocable, and free and clear of all liens and encumbrances, to STI Novaliches all its rights, title and interest in its assets and liabilities for a price of ₱75.7 million, payable quarterly over five years. Consequently, the management contract between STI ESG and STI Diamond was terminated. In addition, any rights to the residual interest in STI Diamond was transferred to an entity outside of the Group. As a result, STI ESG derecognized STI Diamond as a subsidiary. The total carrying value of the unpaid purchase price amounted to ₱38.3 million and ₱50.0 million as at March 31, 2020 and 2019, respectively. The current portion of the payable amounting to ₱15.9 million and ₱11.7 million is recorded under the “Accounts payable and other current liabilities” account as at March 31, 2020 and 2019, respectively (see Note 17).



21. Equity

Capital Stock

Details as at March 31, 2020 and 2019 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:

Date of Approval	Number of Shares		Issue/ Offer Price
	Authorized	Issued	
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 March 31, 2020 and 2019, the Parent Company has a total number of shareholders on record of 1,266 and 1,263, respectively.

Cost of Shares Held by a Subsidiary

This account represents STI Holdings shares owned by STI ESG as at March 31, 2020 and 2019 which are treated as treasury shares in the consolidated statements of financial position.

Details of the account as at March 31, 2020 and 2019 are as follows:

Number of shares	500,433,895
Cost	₱498,142,921

Dividends received by STI ESG related to these shares amounting to ₱10.0 million each year were offset against the dividends declared in 2020, 2019 and 2018 as shown in the consolidated statements of changes in equity.



Other Comprehensive Income

	2020		
	Attributable to Equity Holders of the Parent Company	Non-controlling interests	Total
Cumulative actuarial gain (see Note 28)	P10,446,933	P479,211	P10,926,144
Fair value changes in equity instruments at FVOCI (see Note 15)	11,340,730	147,504	11,488,234
Share in associates' cumulative actuarial gain (loss) (see Note 13)	321,569	(199)	321,370
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 13)	(114)	(2)	(116)
	P22,109,118	P626,514	P22,735,632
	2019		
	Attributable to Equity Holders of the Parent Company	Non-controlling interests	Total
Cumulative actuarial gain (see Note 28)	P20,950,751	P479,211	P21,429,962
Fair value changes in equity instruments at FVOCI (see Note 15)	3,623,046	42,694	3,665,740
Share in associates' cumulative actuarial gain (loss) (see Note 13)	321,569	(199)	321,370
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 13)	(114)	(2)	(116)
	P24,895,252	P521,704	P25,416,956
	2018		
	Attributable to Equity Holders of the Parent Company	Non-controlling interests	Total
Cumulative actuarial gain (see Note 28)	P96,727,608	P479,211	P97,206,819
Unrealized mark-to-market gain on AFS financial assets (see Note 15)	847,989	5,432	853,421
Share in associates' cumulative actuarial gain (see Note 13)	215,592	-	215,592
Share in associates' unrealized mark-to-market loss on AFS financial assets (see Note 13)	(114)	(2)	(116)
	P97,791,075	P484,641	P98,275,716



Other Comprehensive Income and Other Equity Reserves associated with Noncurrent Asset Held for Sale

As at March 31, 2020 and 2019, 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
	<u>₱90,645,302</u>	<u>₱1,231,144</u>	<u>₱91,876,446</u>

Retained Earnings

- a) On December 6, 2019, cash dividends amounting to ₱0.02 per share or the aggregate amount of ₱198.1 million were declared by the Parent Company's BOD in favor of all stockholders of record as at December 20, 2019, payable on January 15, 2020.

On October 26, 2018, cash dividends amounting to ₱0.02 per share or the aggregate amount of ₱198.1 million were declared by the Parent Company's BOD in favor of all stockholders on record as at November 13, 2018, payable on December 10, 2018.

On September 29, 2017, cash dividends amounting to ₱0.02 per share or the aggregate amount of ₱198.1 million were declared by the Parent Company's BOD in favor of all stockholders on record as at October 16, 2017, payable on November 13, 2017.

As at March 31, 2020 and 2019, long-outstanding unclaimed dividends amounting to ₱11.0 million pertain to dividend declarations from 1998 to 2018, recognized as "Dividends payable" under "Accounts payable and other current liabilities" account (see Note 17).

- b) Consolidated retained earnings include undeclared retained earnings of subsidiaries and share in net earnings of associates amounting to ₱2,780.6 million and ₱3,152.0 million as at March 31, 2020 and 2019, respectively. 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 ₱1,431.0 million and ₱1,457.7 million as at March 31, 2020 and 2019, 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% 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's 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 and Non-controlling Interests

- a. Dividends declared by subsidiaries to non-controlling interest owners amounted to ₱2.5 million, ₱2.5 million and ₱3.3 million in 2020, 2019 and 2018, respectively.
- b. In April 2018, the Parent Company recognized other equity reserve amounting to ₱2.7 million as a result of the merger of iACADEMY and Neschester (see Note 3).

22. Revenues

Disaggregated Revenue Information

The table below shows the disaggregation of revenues of the Group by type of services or goods for the years ended March 31, 2020, 2019 and 2018:

	2020	2019	2018
Tuition and other school fees	₱2,303,456,918	₱2,346,326,130	₱2,612,702,587
Sale of educational materials and supplies	149,755,626	160,629,516	178,303,107
Educational services	140,705,289	166,922,124	208,333,217
Royalty fees	12,950,012	15,717,540	20,545,886
Other revenues	67,756,284	62,991,152	62,786,149
Total consolidated revenue	₱2,674,624,129	₱2,752,586,462	₱3,082,670,946



Timing of Revenue Recognition

	2020	2019	2018
Services transferred over time	₱2,524,868,503	₱2,591,956,946	₱2,904,367,839
Goods and services transferred at a point in time	149,755,626	160,629,516	178,303,107
	₱2,674,624,129	₱2,752,586,462	₱3,082,670,946

Contract Balances

The Group's receivables are disclosed in Note 7 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 liability include the shift in the classes of tertiary students from June to July in SY 2019-2020; and the implementation of the second batch of tertiary students in SY 2018-2019 that extended collection of tuition and other school fees after March 31, 2020 and 2019, respectively.

Set out below is the amount of revenue recognized from:

	2020	2019
Amounts included in contract liabilities at the beginning of the year	₱174,119,912	₱134,754,159

There is no revenue recognized from performance obligations satisfied in previous years in 2020 and 2019.

Performance Obligations

The performance obligations related to revenue from tuition and other school fees, educational services, and royalty fees are satisfied over time since the student and the franchisees receive and consume the benefit provided by the Group's performance. The payment for these services is normally due within the related school term.

On the other hand, the performance obligations related to the sale of educational materials and supplies and other revenues are satisfied upon receipt by the customers since the control of the goods and products is transferred at this point. The payment for the sale of educational materials and supplies is generally due within 30 days from delivery.

As at March 31, 2020 and 2019, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) are as follows:

	2020	2019
Within one year	₱325,739,460	₱185,395,888
More than one year	-	-

The remaining performance obligations which are expected to be satisfied within one year pertains to the advance payment for tuition and other school fees for the school year commencing after the financial reporting date and will be recognized as tuition and other school fees within one year. 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:

	2020	2019	2018
Cash and cash equivalents (see Note 6)	₱12,247,167	₱20,750,729	₱27,722,535
Past due accounts receivables (see Note 7)	675,765	271,068	602,352
Others	91,385	92,527	202,254
	₱13,014,317	₱21,114,324	₱28,527,141

Sources of interest expense are as follows:

	2020	2019	2018
Bonds payable (see Note 19)	₱183,999,676	₱150,687,700	₱161,995,040
Interest-bearing loans and borrowings (see Note 18)	110,039,717	74,649,525	54,346,029
Lease liabilities (see Note 29)	40,823,195	–	–
Obligations under finance lease (see Note 29)	–	1,146,491	1,334,147
Others	5,216,481	2,334,105	1,736,683
	₱340,079,069	₱228,817,821	₱219,411,899

24. Cost of Educational Services

	2020	2019	2018
Faculty salaries and benefits (see Notes 27 and 28)	₱357,973,946	₱344,389,653	₱369,602,766
Depreciation and amortization (see Note 11)	399,002,361	284,333,160	226,293,347
Student activities and programs	105,073,043	146,766,009	131,067,506
Rental (see Note 29)	29,627,623	105,371,770	105,142,007
Software maintenance	19,424,457	14,080,823	17,059,078
School materials and supplies	15,830,617	14,876,265	14,292,901
Courseware development costs	10,249,143	2,202,058	1,285,625
Others	11,274,193	15,041,537	17,344,331
	₱948,455,383	₱927,061,275	₱882,087,561

25. Cost of Educational Materials and Supplies Sold

	2020	2019	2018
Educational materials and supplies	₱98,853,444	₱104,055,641	₱115,578,747
Promotional materials	12,430,431	15,583,102	15,028,535
Others	1,819,721	945,646	1,309,240
	₱113,103,596	₱120,584,389	₱131,916,522



26. General and Administrative Expenses

	2020	2019	2018
Salaries, wages and benefits (see Notes 27 and 28)	₱361,763,307	₱341,870,129	₱322,823,847
Depreciation and amortization (see Notes 11, 12 and 16)	242,824,735	184,206,239	172,543,429
Light and water	138,677,113	140,336,912	131,056,313
Outside services	131,702,887	120,638,771	110,261,517
Provision for:			
Expected credit losses (see Note 7)	57,392,395	74,896,179	82,214,937
Impairment on goodwill (see Note 16)	-	17,035,240	-
Impairment on investments in and advances to associates and joint ventures (see Note 13)	-	-	591,839
Professional fees	81,453,601	75,097,175	77,001,661
Advertising and promotions	61,882,531	73,737,761	29,504,100
Taxes and licenses	42,376,544	42,508,124	47,571,833
Transportation	31,721,067	32,811,822	29,951,267
Repairs and maintenance	24,688,277	24,194,975	23,427,436
Meetings and conferences	18,879,560	22,331,705	19,807,155
Insurance	18,078,222	14,822,631	11,868,058
Rental (see Notes 2 and 29)	16,940,437	62,604,931	61,576,885
Office supplies	16,358,633	20,748,567	20,189,861
Entertainment, amusement and recreation	14,644,702	18,463,734	17,163,999
Communication	12,495,294	13,668,191	11,589,826
Excess of cost over net realizable value of inventories (see Note 8)	4,805,445	43,403	1,074,439
Software maintenance	3,011,481	2,859,491	2,929,618
Association dues	1,410,175	1,695,424	1,657,161
Others	17,917,081	23,940,238	19,513,752
	₱1,299,023,487	₱1,308,511,642	₱1,194,318,933

27. Personnel Costs

	2020	2019	2018
Salaries and wages (see Notes 24 and 26)	₱626,435,424	₱606,198,314	₱608,737,425
Pension expense (see Note 28)	19,192,734	12,000,303	17,388,947
Other employee benefits	74,109,095	68,061,165	66,300,241
	₱719,737,253	₱686,259,782	₱692,426,613



28. Pension Plans

Defined Benefit Plans

The Group (except iACADEMY, De Los Santos-STI College and STI QA) has 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 a trustee bank 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 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.

The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of comprehensive income and the net pension assets/liabilities recognized in the consolidated statements of financial position as at March 31:

	2020	2019	2018
Pension expense (recognized under the "Salaries, wages and benefits" account):			
Current service cost	₱14,605,079	₱12,772,524	₱15,263,799
Net interest cost (income)	4,587,655	(901,491)	1,828,704
	₱19,192,734	₱11,871,033	₱17,092,503



	2020	2019	2018
Net pension liabilities (assets) (recognized in the consolidated statements of financial position):			
Pension liabilities	₱202,456,804	₱194,680,346	₱42,455,457
Pension assets	(99,044,521)	(118,628,624)	(53,474,883)
	₱103,412,283	₱76,051,722	(₱11,019,426)
Present value of defined benefit obligations	₱202,456,804	₱194,680,346	₱153,548,419
Fair value of plan assets	(99,044,521)	(118,628,624)	(164,567,845)
	₱103,412,283	₱76,051,722	(₱11,019,426)
Changes in the present value of defined benefit obligations:			
Balance at beginning of year	₱194,680,346	₱153,548,419	₱176,920,560
Current service cost	14,605,079	12,772,524	15,263,799
Interest cost	11,565,582	10,225,238	8,418,109
Benefits paid	(3,573,447)	(6,054,850)	(8,755,296)
Actuarial loss (gain) on obligations:			
Deviations of experience from assumptions	(5,729,876)	12,100,479	(10,519,652)
Financial assumptions	(13,057,507)	12,088,536	(27,796,763)
Demographic assumptions	4,045,870	–	17,662
Effect of disposal of net assets (see Note 10)	(79,243)	–	–
Balance at end of year	₱202,456,804	₱194,680,346	₱153,548,419
Changes in the fair value of plan assets:			
Balance at beginning of year	₱118,628,624	₱164,567,845	₱131,591,737
Contributions	3,573,447	9,951,486	14,601,799
Interest income	6,977,927	11,126,729	6,589,405
Benefits paid	(3,573,447)	(6,054,850)	(8,755,296)
Actuarial gain (loss) on plan assets	(26,562,030)	(60,962,586)	20,540,200
Balance at end of year	₱99,044,521	₱118,628,624	₱164,567,845
Actual return (loss) on plan assets	(₱19,584,103)	(₱48,589,606)	₱27,129,605

The principal assumptions used in determining pension liabilities are shown below:

	March 31, 2020	March 31, 2019	March 31, 2018
Discount rate	4.91%-5.03%	5.83%-5.96%	6.54%-7.06%
Future salary increases	3.00%-5.00%	4.00%-5.00%	4.00%-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:

	2020	2019	2018
Short-term fixed income	66%	54%	35%
Investment in debt securities	2%	4%	3%
Investments in equity securities	32%	42%	62%
	100%	100%	100%

The plan assets of the Group are maintained by Union Bank of the Philippines, United Coconut Planters Bank 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:

	2020	2019
Cash	₱180,656	₱2,141
Short-term fixed income	65,328,300	63,787,679
Investments in:		
Equity securities	31,739,002	49,676,952
Government securities	1,793,718	5,153,487
Others	2,845	8,365
	₱99,044,521	₱118,628,624

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 ₱0.40 and ₱0.71 per share as at March 31, 2020 and 2019, respectively.

Total unrealized loss from investments in equity securities of related parties amounted to ₱7.0 million as at March 31, 2020 and ₱14.7 million unrealized gain as at March 31, 2019.

The plan may expose the Group to a concentration of equity market risk since the Group's plan assets are primarily composed of investments in listed equity securities.

Investments in Government Securities. Investments in government securities include treasury bills and fixed-term treasury notes with maturities ranging from one to thirteen years and bear interest rates ranging from 3.25% to 6.38%. 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 32% equity instruments, 66% short-term fixed income and 2% debt instruments while cash and cash equivalents are kept at a minimum level.



The average duration of the defined benefit obligation at the end of the period is 12 to 18 years.

Shown below is the maturity analysis of the undiscounted benefit payments as at March 31:

	2020	2019
Less than one year	₱49,892,915	₱40,668,128
More than one year to five years	79,477,926	44,865,129
More than five years to ten years	81,005,148	99,941,289
More than ten years to fifteen years	121,954,682	163,445,581
More than fifteen years to twenty years	165,942,624	201,137,663
More than twenty years	197,238,638	529,383,343

The expected contribution of the Group in 2021 is ₱9.2 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		
	2020	2019	2018
Discount rates			
Increase by 1%	(₱13,743,092)	(₱15,328,053)	(₱14,545,266)
Decrease by 1%	16,200,531	18,272,659	17,031,781
Future salary increases			
Increase by 1%	14,887,610	18,283,245	17,256,324
Decrease by 1%	(14,332,801)	(15,982,164)	(15,136,916)
Employee turnover			
Increase by 10%	1,895,235	1,951,350	1,796,509
Decrease by 10%	(1,895,235)	(1,951,350)	(1,796,509)

Defined Contribution Plans

De Los Santos-STI College and STI QA have funded, noncontributory defined contribution plan (“De Los Santos Plan”) covering all regular and permanent employees and is a participating employer in CEAP Retirement Plan. The De Los Santos Plan has a defined contribution format wherein the obligation is limited to specified contributions to the De Los Santos Plan and the employee’s contribution is optional.

De Los Santos-STI College and STI QA’s contributions consist of future service cost and past service cost. Future service cost is equal to 4.00% of employee’s monthly salary from the date an employee becomes a member of CEAP. Past service cost is 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 QA’s participation in CEAP, multiplied by the number of years of past service amortized over 10 years. Future service refers to the periods of covered employment on or after the date of De Los Santos-STI College and STI QA’s participation in CEAP. Past service refers 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 QA as a Participating Employer in CEAP Retirement Plan. In addition, De Los Santos-STI College and STI QA give 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 QA then provide 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 monitors compliance with



RA No. 7641. As at March 31, 2020 and 2019, the Group is in compliance with the requirements of RA No. 7641.

As at March 31, 2020 and 2019, De Los Santos-STI College and STI QA have excess contributions to CEAP amounting to ₱3.1 million. These excess contributions are classified as prepaid expense and will be offset against De Los Santos-STI College and STI QA's future required contributions to CEAP (see Note 9).

Philippine Interpretations Committee Q&A No. 2013-03 requires 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 is performed every year-end. Based on the latest actuarial valuation, the minimum retirement benefit provided under RA No. 7641 exceeded the accumulated contribution and earnings under the Plan. However, the amount is not significant.

Pension expense recognized by De Los Santos-STI College and STI QA in 2020, 2019 and 2018 amounted to ₱0.1 million, ₱0.1 million and ₱0.3 million, respectively.

Total pension expense recognized in profit or loss follows:

	2020	2019	2018
Defined benefit plans	₱19,192,734	₱11,871,033	₱17,092,503
Defined contribution plans	70,400	129,270	296,444
	₱19,263,134	₱12,000,303	₱17,388,947

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. All 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 amounted to ₱180.4 million, ₱126.6 million and ₱114.6 million in 2020, 2019 and 2018, 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, presented under "Other noncurrent liabilities" in the consolidated statement of financial position (see Note 20).

Future minimum rental receivable for the remaining lease terms as at March 31 follows:

	2020	2019
Within one year	₱180,810,747	₱93,580,572
After one year but not more than five years	154,009,364	103,392,016
Total	₱334,820,111	₱196,972,588



As Lessee (upon adoption of PFRS 16)

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.

Total rental expense charged to operations amounted to ₱46.6 million, ₱168.0 million and ₱166.7 million in 2020, 2019 and 2018, 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 statement of comprehensive income for the year ended March 31, 2020:

	Amount
Depreciation expense of right-of-use assets included in property and equipment and investment properties (see Notes 11 and 12)	₱81,462,342
Interest expense on lease liabilities (see Note 23)	40,823,195
Expenses relating to short-term leases (see Notes 24 and 26)	45,706,139
Variable lease payments (see Notes 24 and 26)	861,921
Total amount recognized in the consolidated statement of comprehensive income	₱168,853,597

The rollforward analysis of lease liabilities for the year ended March 31, 2020 is as follows:

	Amount
As at April 1, 2019, as previously reported	₱-
Effect of adoption of PFRS 16 (see Note 2)	568,653,033
At April 1, 2019, as restated	568,653,033
Additions	60,688,756
Interest expense	40,823,195
Payments	(107,361,024)
As at March 31, 2020	562,803,960
Less current portion	91,748,409
Noncurrent portion	₱471,055,551

Shown below is the maturity analysis of the undiscounted lease payments as of March 31:

	2020	2019
Within one year	₱108,373,323	₱129,817,297
After one year but not more than five years	330,472,028	350,587,001
More than five years	383,417,070	385,447,093
Total	₱822,262,421	₱865,851,391

As Lessee - Finance Lease (prior to adoption of PFRS 16)

The Group acquired various transportation equipment under various finance lease arrangements. These are included as part of transportation equipment under the "Property and equipment" account in the consolidated statements of financial position.



Future minimum lease payments under the lease agreements, together with the present value of the minimum lease payments are as follows:

	2019
Within one year	₱7,768,282
After one year but not more than five years	13,170,352
Total minimum lease payments	20,938,634
Less amount representing interest	2,486,471
Present value of lease payments	18,452,163
Less current portion of obligations under finance lease	6,500,632
Noncurrent portion of obligations under finance lease	₱11,951,531

Interest expense from finance lease amounted to ₱1.3 million, ₱1.1 million and ₱1.3 million in 2020, 2019 and 2018, respectively (see Note 23).

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 Corporation - Sec 27(B) of the said Act defines and provides that: a “Proprietary Educational Institution” is any private school maintained and administered by private individuals or groups with an issued permit to operate from DepEd, CHED, or TESDA, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of ten percent (10.00%) on its taxable income.

The components of recognized net deferred tax assets and net deferred tax liabilities are as follows:

	2020	2019
Deferred tax assets:		
Lease liabilities	₱53,696,265	₱-
Allowance for doubtful accounts	22,511,273	24,677,118
Unearned tuition and other school fees	15,941,299	14,475,848
Pension liabilities	10,321,978	7,556,592
Advance rent	6,570,843	4,606,413
Excess of:		
Cost over net realizable value of inventories	1,646,017	1,093,436
Rental under operating lease computed on a straight-line basis	-	2,030,063
Unamortized deposit discount	-	86,731
	110,687,675	54,526,201
Deferred tax liabilities:		
Right-of-use assets	(44,125,911)	-
Unamortized debt issue costs	(1,918,446)	(1,793,040)
Intangible assets	(2,762,187)	-
Excess of rental under operating lease computed on a straight-line basis	(1,440,454)	-
Unamortized deposit discount	(54,369)	-
Excess of fair value over carrying value of net assets acquired in business combination	-	(209,144)
	(50,301,367)	(2,002,184)
Net deferred tax assets	₱60,386,308	₱52,524,017



	2020	2019
Deferred tax liabilities:		
Excess of fair values over carrying values of net assets acquired in business combination	(P123,319,902)	(P124,094,492)
Excess of fair value over acquisition price	(110,861,700)	(110,861,700)
Right-of-use assets	(2,059,168)	-
Deferred tax asset:		
Lease liabilities	2,371,900	-
Net deferred tax liabilities	(P233,868,870)	(P234,956,192)

Certain deferred tax assets of the Group were not recognized as at March 31, 2020 and 2019 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:

	2020	2019
NOLCO	P90,245,444	P93,182,157
Allowance for:		
Advances to associates	37,868,986	37,868,986
Allowance for doubtful accounts	-	858,771
MCIT	1,186,221	1,158,939
Pension liabilities	192,506	242,908
	P129,493,157	P133,311,761

As at March 31, 2020 and 2019, the Group also did not recognize any deferred tax assets on the provision for impairment on investment in and advances to an associate because management does not expect to generate enough capital gains against which these capital losses can be offset.

The details of the Group's NOLCO, which can be claimed as deduction from future taxable income, are as follows:

Year	Availment Period	Amount	Applied	Expired	Amount
2017	2018-2020	P23,542,558	(P4,235,871)	(P19,306,687)	P-
2018	2019-2021	23,470,776	-	-	23,470,776
2019	2020-2022	51,074,500	(880,534)	-	50,193,966
2020	2021-2023	16,580,702	-	-	16,580,702
		P114,668,536	(P5,116,405)	(P19,306,687)	P90,245,444

The Parent Company has MCIT incurred in 2020, 2019 and 2018 amounting to P0.4 million each year expiring in 2023, 2022 and 2021, respectively.



The reconciliation of the provision for income tax on income before income tax computed at the effect of the applicable statutory income tax rate to the provision for income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2020	2019	2018
Provision for (benefit from) income tax			
at statutory income tax rate	(₱36,965,729)	₱98,123,190	₱174,188,009
Income tax effects of:			
Nondeductible expenses	89,457,177	475,911	123,849
Interest income already subjected to final tax	(3,674,151)	(6,225,219)	(8,316,761)
Equity in net losses (earnings) of associates and joint ventures	(220,039)	(471,672)	66,610,924
Others	19,370,543	4,769,446	67,715
Difference in 10% and 30% tax rate	(43,643,961)	(53,714,612)	(154,865,059)
Provision for income tax	₱24,323,840	₱42,957,044	₱77,808,677

Others pertain to the income tax effects of change in unrecognized deferred tax assets, expired NOLCO and MCIT and other items.

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:

Related Party	Amount of Transactions during the Year			Outstanding Receivable (Payable)		Terms	Conditions
	2020	2019	2018	2020	2019		
<i>Associates</i>							
STI Accent							
Reimbursement for various expenses and other charges	₱-	₱-	₱591,839	₱37,868,986	₱37,868,986	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for ECL
GROW							
Rental income and other charges	585,110	232,379	29,025	7,600,032	7,033,994	30 days upon receipt of billings	Unsecured; no impairment
STI Alabang							
Educational services and sale of educational materials and supplies	12,283,237	14,563,510	19,762,175	7,158,501	539,737	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Marikina							
Educational services and sale of educational materials and supplies	12,116,812	14,797,696	10,889,990	12,200	97,000	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividends received	1,171,260	2,037,549	-	-	-	Due and demandable; noninterest-bearing	Unsecured; no impairment

(Forward)



Related Party	Amount of Transactions during the Year			Outstanding Receivable (Payable)		Terms	Conditions
	2020	2019	2018	2020	2019		
<i>Affiliates*</i>							
PhilCare							
Facility sharing and other charges	₱9,983,938	₱16,575,728	₱17,122,248	₱1,995,089	₱835,427	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
HMO coverage	6,943,344	6,671,764	4,695,098	-	(20,125)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposits	-	-	-	(1,820,984)	(1,820,984)	Refundable upon end of contract	Unsecured
Reimbursement for various expenses	-	99,395	-	-	(11,741)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Phil First Insurance Co., Inc.							
Utilities and other charges	-	101,703	216,552	22,228	29,473	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental and other charges	4,321,084	4,105,046	3,961,159	(713,846)	(456,534)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Insurance	8,808,123	7,157,155	5,071,370	(178,215)	(60,944)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Philippines First Condominium Corporation							
Association dues and other charges	10,648,261	11,276,082	11,586,012	(46,477)	(898,030)	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilLife							
Facility sharing, utilities and other charges	10,797,071	17,133,268	12,998,288	2,525,153	1,212,561	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Insurance	171,387	170,098	-	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>Officers and employees</i>							
Advances for various expenses	30,963,493	35,381,850	30,512,898	31,228,870	22,765,753	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
<i>Others</i>							
Rental income and other charges	345,087	4,394,599	5,656,366	1,686,071	1,721,262	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Advertising and promotion charges	400,000	400,000	370,000	(200,000)	(150,000)	30 days upon receipt of billings; noninterest-bearing	Unsecured
				₱87,137,608	₱68,685,835		

*Affiliates are entities under common control of a majority Shareholder

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:

	2020	2019
Educational services (see Note 7)	₱7,170,701	₱636,737
Advances to officers and employees (see Note 7)	31,228,870	22,765,753
Rent, utilities and other related receivables (see Note 7)	13,828,573	10,832,717
Advances to associates and joint ventures (see Note 13)	37,868,986	37,868,986
Accounts payable (see Note 17)	(2,959,522)	(3,418,358)
	₱87,137,608	₱68,685,835



Outstanding balances of transactions with subsidiaries which were eliminated at the consolidated financial statements follow:

Category	Amount of Transactions for the Year			Outstanding Receivable (Payable)			Terms	Conditions
	2020	2019	2018	2020	2019	2018		
Subsidiaries								
STI ESG								
Advisory fee	₱14,400,000	₱14,400,000	₱14,400,000	₱-	₱-	₱-	30 days upon receipt of billings; Noninterest-bearing	Unsecured
Reimbursements	770,363	73,123	3,945	-	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured
Dividends paid	10,008,658	10,008,658	10,008,658	-	-	-	Due and demandable; noninterest-bearing	Unsecured
Dividend received	182,437,383	182,437,382	243,249,844	-	-	-	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
Dividends received	-	24,215,776	-	-	-	-	Due and demandable; noninterest-bearing	Unsecured
Subscription payable	-	(25,227,650)	(5,000,000)	-	-	(25,227,650)	Noninterest-bearing	Unsecured
AHC								
Payable to AHC	-	-	-	(63,778,000)	(63,778,000)	(63,778,000)	Payable upon demand; noninterest-bearing	Unsecured
Subscription payable	-	-	-	(64,000,000)	(64,000,000)	(64,000,000)	Noninterest-bearing	Unsecured
iACADEMY								
Advisory fee	1,020,000	580,000	-	-	-	-	30 days upon receipt of billings; Noninterest-bearing	Unsecured

Compensation and Benefits of Key Management Personnel

Compensation and benefits of key management personnel of the Group are as follows:

	2020	2019	2018
Short-term employee benefits	₱66,046,902	₱68,339,545	₱61,953,870
Post-employment benefits	3,675,429	2,395,128	2,266,417
	₱69,722,331	₱70,734,673	₱64,220,287

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%) 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 (Losses) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company

The table below shows the summary of net income (loss) and weighted average number of common shares outstanding used in the calculation of earnings (losses) per share for the years ended March 31:

	2020	2019	2018
Net income (loss) attributable to equity holders of STI Holdings	(₱135,956,820)	₱280,983,764	₱496,017,439
Common shares outstanding at beginning and end of year (see Note 21)	9,904,806,924	9,904,806,924	9,904,806,924
Basic and diluted earnings (losses) per share on net income (loss) attributable to equity holders of STI Holdings	(₱0.014)	₱0.028	₱0.050

The basic and diluted earnings (losses) per share are the same for the years ended March 31, 2020, 2019 and 2018 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 school year 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 September 24, 2020, 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.* 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 in RTC Manila (“PWU Rehabilitation Case”). The PWU Rehabilitation Case was raffled to Branch 46 of the RTC Manila (“Rehabilitation Court”).

On March 26, 2015, the Parent Company filed a Notice of Claim with the Rehabilitation Court.

On August 29, 2015, the Rehabilitation Court rendered a decision dismissing the PWU Rehabilitation Case.

After filing of the Motion for Reconsideration and responsive pleadings thereto, on January 21, 2016, the Rehabilitation Court denied the respective Motions for Reconsideration filed by HZB and PWU.

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.

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 and Davao properties as “Investment properties” (see Note 12).

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

- (i). *Complaint filed by the Heirs of the Family of Villa-Abrille relative to Unlad’s Davao Property.* On October 21, 2015, the Parent Company and AHC each received copies of the Complaint filed by the Heirs of Carlos Villa-Abrille, Heirs of Luisa Villa-Abrille, Heirs of Candelaria V.A. Tan, Heirs of Adolfo V.A. Lim, Heirs of Saya V.A. Lim Chiu, Heirs of Guinga V.A. Lim Lu, Heirs of Rosalia V.A. Lim Lua, Heirs of Lorenzo V.A. Lim, and Heirs of Fermin Abella against the Philippine Women’s Educational Association (“PWEA”), Unlad, the Parent Company, and AHC for cancellation of certificate of title, reconveyance of real property, declaration of nullity of real estate mortgage, damages, and attorney’s fees. The subject matter of the case is Unlad’s property located in Davao City.

The Plaintiffs claim that ownership of Unlad’s property in Davao City should revert back to them because PWEA and Unlad violated the restrictions contained in the Deed of Sale covering the property. The restrictions referred to by the Plaintiffs provide that PWEA shall use the land for educational purposes only and shall not subdivide the land for purposes of resale or lease to other persons. The Plaintiffs also claim that the real estate mortgage constituted over Unlad’s property in Davao City in favor of the Parent Company and AHC should be declared null and void because PWEA and Unlad have no capacity to mortgage the property based on the restrictions contained in the Deed of Sale.

On November 20, 2015, the Parent Company and AHC filed the Motion to Dismiss (“First Motion to Dismiss”) before Branch 10 of the Regional Trial Court of Davao City. In the First Motion to Dismiss, the Parent Company and AHC asserted that the Plaintiffs’ cause of action against PWEA and Unlad has prescribed considering that the alleged violation of the restrictions in the Deed of Sale occurred in 1987 or more than ten (10) years from the filing of the case. In addition, Plaintiffs cannot seek the cancellation of the real estate mortgage in favor of the Parent Company and AHC because (a) Plaintiffs are not privy/real parties in interest to the said mortgage, and (b) the restrictions in the title and Deed of Sale do not prohibit the mortgage of the subject property. The First Motion to Dismiss was scheduled by the Trial Court on December 4, 2015.

On December 4, 2015, the Plaintiffs failed to attend the hearing of the Motion to Dismiss. The Trial Court instead ordered the Plaintiffs to file their comment to the Motion to Dismiss within ten (10) days from receipt of its order while the Parent Company and AHC are given the same period to file their reply thereto.

The Trial Court also noticed that the records failed to show that PWEA and Unlad received the Summons. The Trial Court then ordered the branch sheriff to cause the service of the Summons to PWEA and Unlad.



Despite the extensions given to the Plaintiffs, Plaintiffs belatedly filed its Comment/Opposition to the First Motion to Dismiss. Subsequently, AHC and STI Holdings filed an (1) Omnibus Motion, which seeks to expunge Plaintiffs' Comment/Opposition to the First Motion to Dismiss for belatedly filing the same, and (2) a Second Motion to Dismiss dated March 22, 2016 ("Second Motion to Dismiss").

In the Second Motion to Dismiss, the Parent Company and AHC informed the Trial Court that they were able to discover that the plaintiffs filed a similar case against PWEA and Unlad with another Trial Court of Davao City (Civil Case No. 20,415-90 filed before Branch 15 of the Regional Trial Court of Davao City), which was dismissed without qualifications for their failure to comply with the said Trial Court's order. Said dismissal was eventually affirmed with finality by the Supreme Court. Because of this information, the Parent Company and AHC moved to dismiss the case for res judicata and willful and deliberate forum shopping for filing the same case to the Trial Court.

After filing their respective responsive pleadings to the above-mentioned Motion(s) to Dismiss, the Trial Court issued the Order dated October 20, 2016, which granted the Motions to Dismiss and dismissed the instant case on the basis of (a) prescription, and (b) res judicata. The Trial Court likewise affirmed that there were no violations of the provisions and/or restrictions in the Deed of Sale annotated on the title of the subject property because (a) the mortgage of the subject property between the Parent Company and AHC and Unlad is not a prohibited act; and (b) there is no allegation that the subject property shall not be used by the Parent Company and AHC for educational purpose.

On November 24, 2016, the Plaintiffs filed a Notice of Appeal of the Order dated October 20, 2016, and sought the reversal of the same with the Court of Appeals-Cagayan de Oro ("Court of Appeals").

After due proceedings on the appeal by the Plaintiffs, the Court of Appeals issued the *Decision* dated August 17, 2018, which affirmed the dismissal of the Plaintiffs-Appellants' case on the ground of (a) res judicata and (b) failure to state a cause of action against the Parent Company and AHC insofar as the nullification of the mortgage contracts over the subject property.

After the Plaintiffs filed a Motion for Reconsideration dated August 31, 2018, the Court of Appeals affirmed its Decision in its Resolution dated December 14, 2018.

On March 14, 2019, the Parent Company received the Petition for Review ("Petition") under Rule 45 of the Rules of Court filed by the Plaintiffs before the Supreme Court. In the Petition, the Plaintiffs sought to annul and reverse the aforesaid Decision and Resolution issued by the Court of Appeals.

Instead of requiring the Parent Company and AHC to file its Comment to the Petition, the Supreme Court issued the Resolution dated July 24, 2019, which denied the Petition filed by the Plaintiffs. The Supreme Court determined that the Plaintiffs failed to show that the Court of Appeals committed any reversible error in the challenged decision and resolution of dismissing their case.

After receipt of the Plaintiffs' Motion for Reconsideration dated November 19, 2019, the Parent Company and AHC filed their Motion to Admit attached Comment to the said Motion for Reconsideration on January 2, 2020. In the said Comment, the Parent Company and AHC reiterated the validity of the Court of Appeals' findings in its Decision dated August 17, 2018.



On July 13, 2020, the Parent Company received the Resolution dated February 13, 2020 of the Supreme Court, which denied the Plaintiffs' Motion for Reconsideration.

On July 28, 2020, the Parent Company received the Entry of Judgment on the aforesaid Resolution.

With the issuance of the Entry of Judgment, the case is terminated.

(ii). *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, Mr. Eusebio H. Tanco ("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 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 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 for expenses and reimbursement of cost of suit, expenses, and other fees.

On July 12, 2016, the Parent Company, AHC and EHT received the Notice of Arbitration from the PDRCI, and required said parties to file their Response to the Request for Arbitration filed by the Claimant within thirty (30) days from receipt thereof, or until August 11, 2016.

Upon verification with the PDRCI, the Claimant has yet to pay the full amount of fees required by the PDRCI.

Based on the rules of the PDRCI, the Respondents in the arbitration case need not file their Response until full payment of the Claimant.

Based on said circumstances, the Parent Company, AHC, and EHT filed an Entry of Appearance with Manifestation ("Manifestation"). In the Manifestation, they informed the PDRCI that the filing of their Response shall be deferred until full payment of the provisional advance of cost by the Claimant as required under the PDRCI Rules. Likewise, they manifested that the Claimant should be compelled to pay said fees in order for the PDRCI and/or the arbitral tribunal to be constituted to rule on the defenses and/or claim to be raised by the Parent Company, AHC and EHT.



On September 7, 2016, 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.

In view of the foregoing, the case is deemed suspended pending the settlement by the Claimant of the provisional advance on cost.

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 September 24, 2020, the PDRCI have 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”). The Derivative Suit was raffled to Branch 24 of the RTC of Manila presided over by Judge Ma. Victoria A. Soriano-Villadolid.

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, ₱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. Under the relevant laws and arbitration clause of the Loan Documents, only parties to said contracts may be required to submit themselves to arbitration. EHT has ceased to be a party to the Joint Venture Agreement when he assigned all his rights and interests thereto to the Parent Company, while he is not a party to the Omnibus Agreement. EHT further asserted that the Petitioner’s only motive of including him in said case is to destroy his good name with the latter’s blatant lies and baseless allegations.



The Petitioner then filed his Consolidated Reply to the Joint Answer and Answer of EHT.

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 filing of their Answer(s), the other co-defendants filed (1) Notice to take Deposition Upon Oral Examination and (2) their respective Motion(s) to Set Preliminary Hearing on the Special and Affirmative Defenses raised in their respective Answers (“Motion(s)”). The said Motion and pleading were denied by the Trial Court upon motion by the Plaintiff.

While the Parent Company, AHC and EHT also filed their respective Motion to Set Hearing on Affirmative Defenses to cause for the immediate dismissal of the case, the Trial Court denied the said Motions.

The Trial Court then issued the Order dated March 3, 2017, which set the case for pre-trial conference on April 18, 2017 with pre-marking of documentary evidence on April 7, 2017 (“Notice of Pre-Trial”). The Notice of Pre-Trial further requires the parties to file their respective (a) pre-trial briefs, (b) documentary evidence, (c) affidavits of witnesses, and (d) special power of attorney of counsels, in case any of the party-litigants cannot attend the pre-trial conference.

The parties participated in the pre-trial conference and complied with the filing of the aforesaid pleadings and documents.

The parties also underwent mediation before the Court-Annexed Mediation with the Philippine Mediation Center (“PMC”) as allowed during pre-trial. During said hearings, the Parent Company, through counsel, manifested that it rejects the Petitioner’s proposal, and moved to terminate the mediation hearing. Upon said motion, the Court-Annexed Mediation was terminated.

While said mediation hearings were ongoing, Petitioner filed an Urgent Motion (For Issuance of Temporary Restraining Order and Writ of Preliminary Injunction) (“Motion for TRO/Injunction”) in relation to the construction work being initiated by the Parent Company on the Davao Property.

While the defendants filed their respective opposition thereto, the same was eventually withdrawn upon motion by the Petitioner on May 25, 2017. The Petitioner alleged that instead of conducting hearings on the issuance of said injunction, 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.

On July 5, 2017, the Parent Company, AHC and EHT received the Trial Court’s Order dated June 23, 2017. In the Order, the parties were required 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”).

On July 25, 2017, all of the parties filed their respective Memoranda.



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.

After the parties filed their respective Comment(s) to the aforesaid Petition for Review, the Court of Appeals referred the case for a court-annexed mediation on January 17, 2019. The same was immediately terminated upon agreement by the parties.

While the said Petition for Review is pending, the Corporation filed a Motion to Cancel Lis Pendens. In the Motion, the Parent Company alleged that the Plaintiff annotated the instant case as a lis pendens on the titles of the Corporation over the Quezon City properties subject of the amicable settlement with Unlad. Considering the impropriety and/or invalidity of the same, the Parent Company sought for the Court of Appeals to order the cancellation of the lis pendens.

On April 24, 2019, the Parent Company received the Court of Appeals' *Resolution* requiring all of the parties to file their respective Memoranda. Upon submission of the same, the case would be submitted for resolution.

On May 9, 2019, the Parent Company, AHC and EHT filed their Joint-Memorandum.

As at September 24, 2020, the appeal of the Petitioner and Motion to Cancel Lis Pendens of the Parent Company are pending for resolution by the Court of Appeals.

(iii) *Ejectment Case against Philippine Women University of Davao involving Unlad's Davao Property.* On March 11, 2019, the Parent Company filed the Complaint for Unlawful Detainer against Philippine Women's College, Inc. 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. In the Answer, PWC-Davao asserted the following defenses:

(1) The defendant should be *Philippine Women's College of Davao, Inc.*;



- (2) PWC-Davao has been in an open, notorious and peaceful possession of the Subject Premises since in or about the 1950's and not by mere tolerance of or any contract with the Parent Company;
- (3) The proceedings should be suspended in light of the pending derivative suit filed by Mr. Conrado Benitez II; and
- (4) The Parent Company came to court with unclean hands when it allegedly took possession of the Property sans the Subject Premises.

The case was referred to Court-Annexed Mediation on September 26, 2019 by the Trial Court through its Order dated July 23, 2019.

Both parties attended the aforesaid mediation hearing. During the mediation hearing, the Corporation insisted that it should be in possession of the Subject Premises.

Without offering any proposal to amicably settle the case, the counsel and representative of PWC-Davao rejected aforesaid position and moved to terminate the mediation hearing.

Consequently, the Mediator terminated the Court-Annexed Mediation due to failure of the parties to amicably settle. As provided by law, the Mediator referred the above-captioned case back to the Court.

The Trial Court then referred the case to Judicial Dispute Resolution and set the same on March 20, 2020.

However, the aforesaid hearing was cancelled due to the Community Quarantine declared by National Government due to the outbreak of COVID-19.

As at September 24, 2020, the Trial Court has not issued any notice regarding the new hearing date for Judicial Dispute Resolution.

- 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 CHED 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 Agustins a portion of the balance of the purchase price.



On June 2, 2016, the Parent Company received the Agustins' Reply to the Answer. In the Reply, the Agustin family are asserting that (a) the Memorandum of Agreement, Share Purchase Agreement and Deed of Absolute Sale (the "STI WNU Contracts") provide that the Parent Company can withhold the payment of the remaining balance of ₱50.0 million, which alleged to be pursuant to the license to operate the Maritime Programs of STI WNU, and (b) the Parent Company should be deemed to have agreed on the ₱400.0 million purchase price. Likewise, the allegations in the Answer are also against the Parol Evidence Rule which provides that the parties to a written agreement cannot change the stipulations provided therein.

The Agustin family also filed and served a Request for Admission to the Parent Company's counsel wherein they sought the Parent Company to submit (a) the existences and authenticity of the STI WNU Contracts, (b) issues of the instant case are (i) determination of the final purchase price based on the STI WNU Contracts and (ii) final purchase price should be either the ₱400.0 million or the adjusted price of ₱350.0 million, and (c) the STI WNU Contracts constitute the entire written agreement of the parties.

On June 17, 2016, the Parent Company filed its Comment/Opposition to the Agustin family's Request for Admission. In the Comment/Opposition, the Parent Company filed their objections thereto and sought the same to be denied or deemed ineffectual on the following grounds; (a) defective service because it should have been served directly to the Parent Company and not to its counsel as required under the Rules of Court, (b) redundant because the matters raised therein have already been addressed in the Answer, and (c) improper and irrelevant because it sought admission of issues which are proper during pre-trial and not in a Request for Admission.

Pending the resolution on the aforesaid objections, the Agustin family filed an Omnibus Motion, which seeks, among others, a judgment on the pleadings to be issued against the Parent Company by the Trial Court. The Agustin family asserted that the Parent Company is prohibited from presenting parol evidence.

Pursuant to the order of the Trial Court, the parties filed their respective responsive pleadings in relation to the Agustin family's Omnibus Motion.

On March 27, 2017, the Trial Court issued the Omnibus Order, which denied the Agustin family's Omnibus Motion. In the Omnibus Order, the Trial Court affirmed that the matter raised in the Request for Admission has already been admitted by the Parent Company. The Trial Court also adopted the Parent Company's position that the affirmative defenses raised in the Answer may only be resolved in a full blown trial, and consequently, the Agustin family's Judgment on the Pleading should be denied for lack of merit.

On May 2, 2017, the Parent Company received the Agustin family's Motion for Reconsideration. In the Motion for Reconsideration, the Agustin family reiterated its position that the Parent Company could not question or insist the reduction of the purchase price of WNU Shares due to their failure to submit the CHED Permits when the Share Purchase Agreement and Deed of Absolute Sale of the WNU Shares stipulated that the purchase price is for the amount of ₱400.0 million. The Motion for Reconsideration was set for hearing on May 5, 2017.

During the May 5, 2017 hearing, the Trial Court allowed the parties to file their respective responsive pleadings to the Agustin family's Motion for Reconsideration, wherein the Parent Company had to file its Comment/Opposition thereto on May 22, 2017. After the filing of all of the said responsive pleadings of the parties, the Motion for Reconsideration was submitted for resolution. The Trial Court likewise set the pre-trial of the instant case on August 15, 2017.



On October 19, 2017, the Parent Company received the Trial Court's Order dated October 3, 2017. In the Order, the Trial Court granted the Agustin's Motion for Reconsideration insofar as the proceedings in the instant case should no longer be through a full blown trial. The Trial Court considered that an expeditious disposition of the case is warranted considering the age and medical condition of the Agustins. Consequently, the Trial Court required the parties to file their respective Memoranda with supporting affidavits and deposition, if any, within twenty days from receipt of the Order, or until November 8, 2017.

While the Parent Company sought for the reconsideration of the aforesaid order and suspension of the filing of the Memorandum, the Agustin filed their Memorandum in Support of the Summary Judgment dated October 23, 2017 ("Agustins' Memorandum"). In the Agustins' Memorandum, the Agustins asserted that they are entitled to the (a) full purchase price of ₱400.0 million and not ₱350.0 million as asserted by the Parent Company; (b) moral, nominal, temporal, exemplary damages; and (c) attorney's fees.

The Parent Company filed an Urgent Omnibus Motion to suspend the filing of the Memorandum due to its pending Motion for Reconsideration.

During the hearing on the aforesaid motions of the Parent Company, both parties were given the opportunity to present their respective arguments on the (a) reconsideration for a summary judgment and (b) issue on the non-filing of the Memorandum of the Corporation.

Meanwhile, the presiding judge proposed that the Parent Company should file its Memorandum, and waive the Omnibus Motion in order for the Trial Court to resolve the case through summary judgment.

While the Corporation insisted that the Trial Court should resolve the Omnibus Motion before proceeding to summary judgment, the Parent Company filed and served its Memorandum without prejudice to the Omnibus Motion.

On January 29, 2018, the Parent Company received its Order dated January 10, 2018, which denied the Parent Company's Motion for Reconsideration but, in the interest of justice, admitted the Memorandum of the Corporation. With the admission of the said Memorandum, the case was deemed submitted for resolution.

In view of the Trial Court's order to proceed to summary judgment, the Parent Company sought to annul the same by filing a Petition for Certiorari with application for Temporary Restraining Order and Writ of Preliminary Injunction with the Court of Appeals of Cebu City (the "Petition"). The Petition was docketed as CA-G.R. S.P. Case No. 11645. Upon receipt thereof, the Court of Appeals required the Plaintiffs to file their comment to the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction.

While the Petition was pending, the Trial Court rendered its Decision dated April 4, 2018. In the Decision, the Trial Court ordered the Parent Company to pay the Agustin family the amount of ₱50.0 million with legal interest of 6.0% from the filing of the case until full payment only.

On May 11, 2018, the Parent Company filed the Motion for Reconsideration Ex Abudanti Ad Cautelam. In the said Motion, the Parent Company asserted that the findings of the Trial Court are contrary to law and facts of the case. Moreover, the Parent Company manifested that the filing of the said Motion is without prejudice to the Petition filed to the Court of Appeals of Cebu City, which questions the propriety of the summary judgment procedure followed by the Trial Court in the case.



Considering that the Petition was still pending with the Court of Appeals, the Parent Company filed a Manifestation and furnished the Court of Appeals the aforesaid Motion for Reconsideration Ex Abudanti Ad Cautelam. Said Manifestation informed the Court of Appeals of the status of the case and moved for the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction.

The Agustin family filed their Opposition to the said Motion. Besides reiterating the validity of findings of the Trial Court, the Agustin family raised the issue of forum shopping due to the pending Petition in the Court of Appeals of Cebu City. The Agustin family also sought the execution of the Decision dated April 4, 2018.

As to the Petition, the Agustin family filed their Opposition to the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction. The Agustin family also prayed for the denial of the Petition. Consequently, the issue on the issuance of the Temporary Restraining Order and Writ of Preliminary Injunction is also submitted for resolution by the Court of Appeals of Cebu City.

On August 29, 2018, the Parent Company received the Order dated August 6, 2018, which denied its Motion for Reconsideration Ex Abudanti Ad Cautelam. In the same Order, the trial court also denied the Agustin family's prayer for the execution of the decision on April 4, 2018.

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") of the Decision dated April 4, 2018 and Order dated August 6, 2018.

Meanwhile, the Agustin family filed their (a) Motion for Execution Pending Appeal dated September 5, 2018 and subsequently, (b) Comment and Opposition to the Notice of Appeal dated September 21, 2018 and (c) Supplemental Comment and Opposition to the Notice of Appeal dated September 24, 2018 (collectively, "Opposition(s) to Notice of Appeal").

In response thereto, the Parent Company filed its (a) Comment and Opposition dated September 14, 2018 to the Motion for Execution Pending Appeal and (b) Reply to the Opposition(s) to the Notice of Appeal.

After the filing of the aforesaid responsive pleadings, the (a) Motion for Execution Pending Appeal, (b) Notice of Appeal and (c) Opposition(s) to the Notice of Appeal are submitted for resolution.

On December 11, 2018, the Parent Company received the Omnibus Order of the Trial Court. In the said Omnibus Order, the Trial Court granted the Motion for Discretionary Execution Pending Appeal. In the same order, the Trial Court affirmed the Parent Company's position that the Notice of Appeal was timely filed and consequently, was given due course.

On December 13, 2018, the Parent Company received the Writ of Execution dated December 6, 2018. In the said Writ, the Branch Clerk of Court ordered the sheriff of the Trial Court to cause the execution of the summary judgment in favor of the Plaintiffs.

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 ("Motion(s)"). While the said Motions was pending, the Parent Company also sent a letter to the Provincial Sheriff of the Regional Trial



Court of Bacolod City to inform them of the aforesaid pending Motion(s) and reminded them that such incident necessarily required them to suspend any action to enforce the Writ of Execution.

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”).

On January 24, 2019, the Parent Company filed a Compliance with Motion. In the said pleading, the Parent Company filed with the Trial Court a supersedeas bond issued by Pioneer Insurance and Surety Corporation.

Meanwhile, the Plaintiffs filed an Urgent Motion for Reconsideration, which questioned the order to stay the execution pending appeal of the summary judgment. The Plaintiffs were asserting that the Trial Court no longer has any jurisdiction to issue said order.

In response thereto, the Parent Company filed a Comment/Opposition on January 25, 2019. In the said Comment/Opposition, the Parent Company asserted that both the Rules of Court and jurisprudence recognize the residual jurisdiction of the Trial Court to issue such order while the records of the case were still in its possession.

On March 29, 2019, the Parent Company received two (2) Order(s) from the Trial Court both dated March 14, 2019. In the First Order, the Trial Court denied the Urgent Motion for Reconsideration of the Agustins. Meanwhile, the Second Order provided that the Trial Court approved the supersedeas bond posted by the Parent Company and consequently, the execution pending appeal of the judgment award was ordered stayed.

The following are the pending cases before the Court of Appeals – Cebu:

(i) *Petition for Certiorari filed by the Parent Company (CA-G.R. S.P. Case No. 11645)*

On December 20, 2019, the Parent Company received the Decision of the Court of Appeals. In the Decision, the Court of Appeals deemed that the Trial Court’s order to allow a summary judgment procedure instead of a full blown trial is merely a mistake of judgment and not grave abuse of discretion amounting to lack of jurisdiction.

On January 6, 2020, the Parent Company filed its Motion for Reconsideration. In the Motion for Reconsideration, the Parent Company asserts that the Trial Court committed grave abuse of discretion when it allowed such procedure not sanctioned in the Rules of Court.

On January 28, 2020, the Parent Company received the Vehement Opposition to its Motion for Reconsideration filed by the Agustin family.

As of September 24, 2020, unless the Court of Appeals requires additional pleadings, the case is submitted for resolution.

(ii) *Ordinary Appeal of the Parent Company (CA G.R. CV No. 07140)*

The instant appeal seeks to reverse and set aside the Trial Court’s Decision dated April 4, 2018, which ordered the Parent Company to pay the Agustin family the amount of ₱50.0 million with legal interest of 6.0% from the filing of the case until full payment only (the “Summary Judgment”).



After the approval of the Notice of Appeal and transmittal of the records of the case, the Court of Appeals required the Parent Company to file its Appellant's Brief.

After filing a Motion for Extension of Time to File Appellant's Brief, the Parent Company filed the Appellants' Brief on August 8, 2019. In the said Appellants' Brief, the Parent Company sought to reverse and set aside the Decision dated April 4, 2018 on the ground that the payment of ₱50.0 million was conditioned on the issuance of CHED permit for STI WNU to offer the Maritime Engineering Courses as agreed upon by the parties in the MOA. Said condition was also embodied in the Share Purchase Agreement and recognized by the parties through their representations and actions during the relevant period in this case.

The Parent Company also moved to consolidate the instant ordinary appeal with CA-G.R. S.P. Case No. 11645.

Meanwhile, the Agustins filed their Motion to Dismiss Ad Cautelam to the appeal and Opposition to the Motion for Consolidation. In the Motion to Dismiss Ad Cautelam, the Agustins moved to dismiss the appeal on the ground that the Appellant's Brief was not filed within the original period to file the same. The Agustins further asserted that the Parent Company could not rely on its Motion for Extension of Time to File Appellant's Brief because there was no order granting the same by the Court of Appeals.

While the aforesaid Motion to Dismiss Ad Cautelam was pending, the Agustins filed their Appellees' Brief Ad Cautelam. In the said Brief, the Agustins asserted that the findings of the Trial Court were correct and should be upheld by the Court of Appeals. The Agustins also sought for the payment of damages and attorney's fees in their Appellees' Brief.

Within the period allowed by the Rules of Court, the Parent Company filed its Reply Brief. Aside from reiterating that the findings of the Trial Court were erroneous, the Parent Company opposed the prayer for damages and attorney's fees of the Agustins on the ground that the same (a) was not awarded nor prayed for in the court a quo and (b) unsubstantiated and baseless.

On October 22, 2019, the Court of Appeals issued the *Resolution*, which denied the (a) Parent Company's Motion to Consolidate and the (b) Agustins' Motion to Dismiss Ad Cautelam.

On November 20, 2019, the Agustin family filed its Rejoinder to the Reply Brief.

On March 12, 2020, the Court of Appeals declared the Parent Company's Appeal submitted for resolution.

(iii) *Petition for Certiorari filed by the Agustins (CA G.R. CV No. 12663)*

After the Trial Court suspended the execution of the Summary Judgment upon posting by the Parent Company of a supersedeas bond of ₱100.0 million, the Agustin family sought to annul the Stay Order by filing a Petition for Certiorari dated April 10, 2019 before the Court of Appeals.

On June 3, 2019, the Parent Company received the Resolution by the Court of Appeals, which dismissed the Petition for Certiorari of the Plaintiffs on technical infirmities.



On June 24, 2019, the Agustin family filed a Motion for Reconsideration on the aforesaid Resolution. In the Motion for Reconsideration, the Agustin family, among others, attached a Petition for Certiorari which rectified the technical infirmities cited in the Resolution.

Upon receipt of the Court of Appeals' Resolution dated August 29, 2019 which admitted the Petition for Certiorari of the Agustins, the Parent Company filed its Comment and Opposition to the Petition for Certiorari. In the said Comment and Opposition, the Parent Company asserted that the suspension of the execution pending appeal of the Summary Judgment is (a) within the residual powers of the Trial Court and (b) allowed under the relevant provisions of the Rules of Court.

On December 19, 2019, the Agustin family sought for early resolution of the instant case.

As of September 24, 2020, unless the Court of Appeals requires additional pleadings, the case is submitted for resolution.

- c. *Tax Assessment Case.* STI ESG filed a petition for review with the Court of Tax Appeals (“CTA”) on October 12, 2009. This is to contest the Final Decision on Disputed Assessment issued by the BIR assessing STI ESG for deficiencies on income tax, and expanded withholding tax for the year ended March 31, 2003 amounting to ₱124.3 million. On February 20, 2012, STI ESG rested its case and its evidence has been admitted into the records.

On June 27, 2012, the BIR rested its case and has formally offered its evidence. On April 17, 2013, the CTA issued a Decision which granted STI ESG's petition for review and ordered the cancellation of the BIR's assessment since its right to issue an assessment for the alleged deficiency taxes had already prescribed. On May 16, 2013, STI ESG received a copy of the Commissioner of Internal Revenue's (“CIR”) Motion for Reconsideration dated May 8, 2013. STI ESG filed its Comment to CIR's Motion for Reconsideration on June 13, 2013. The CTA issued a resolution dated July 17, 2013 denying the CIR's Motion for Reconsideration. On August 22, 2013, the CIR filed its Petition for Review dated August 16, 2013, with the CTA En Banc. On October 29, 2013, STI ESG filed its Comment to the CIR's Petition for Review. The CTA En Banc deemed the case submitted for decision on May 19, 2014, considering the CIR's failure to file its memorandum. On March 24, 2015, the CTA En Banc affirmed the decision dated April 17, 2013 and the resolution dated July 17, 2013 and granted STI ESG's Petition for Review and ordered the cancellation of the BIR assessment for the fiscal year ended March 31, 2003. On April 21, 2015, the CIR filed a Motion for Reconsideration with the CTA En Banc, which was denied by the CTA En Banc. On July 3, 2015, STI ESG filed its Comment on the Motion for Reconsideration. On September 2, 2015, the CTA En Banc denied the CIR's Motion for Reconsideration. On October 30, 2015, the CIR filed a Petition for Review with the Supreme Court. On January 26, 2016, STI ESG received a notice from the Supreme Court requiring it to file its Comment on the Petition for Review filed by the CIR. On February 5, 2016, STI ESG filed a Motion for Extension of Time to File Comment on the Petition for Review requesting an additional period of twenty (20) days from February 5, 2016, or until February 25, 2016, within which to file the Comment. On February 25, 2016, STI ESG filed another Motion for Extension of Time to File Comment on the Petition for Review requesting an additional period of fifteen (15) days from February 25, 2016, or until March 11, 2016, within which to file the Comment. On March 11, 2016, STI ESG, through its counsel, filed its Comment on the Petition. On October 27, 2016, STI ESG received a notice from the Supreme Court in which the Court, inter alia, required the CIR to reply to STI ESG's Comment (to the Petition for Review) within ten days from receipt of the notice. On November 25, 2016, the CIR filed its reply to STI ESG's Comment.



On October 4, 2017, STI ESG received the decision from the Supreme Court dated July 26, 2017. In its decision, the Supreme Court denied the petition for review filed by the CIR and affirmed the Decision dated March 24, 2015 and Resolution dated September 2, 2015 of the CTA En Banc in CTA EB No. 1050. The Supreme Court ruled that the Waivers of Statute of Limitations, being defective and invalid, did not extend the CIR's period to issue the subject assessments. Thus, the right of the government to assess or collect the alleged deficiency taxes is already barred by prescription. On October 25, 2017, the CIR has filed a Motion for Reconsideration of the Supreme Court's decision dated July 26, 2017.

On April 5, 2018, STI ESG received the decision from the Supreme Court dated December 14, 2017. In its decision, the Supreme Court denied the Motion for Reconsideration filed by the CIR and affirmed the Decision dated July 26, 2017. The Supreme Court ruled that there is no substantial argument to warrant a modification of the Supreme Court's decision.

Thus, the Supreme Court denied the Motion for Reconsideration with finality. The Supreme Court also resolved that no further pleadings or motions shall be entertained in the case. Thus, the Supreme Court also ordered the immediate issuance of the Entry of Judgment.

On July 2, 2018, STI ESG received the Entry of Judgment issued by the Supreme Court dated May 7, 2018 which certified that its decision dated December 14, 2017 became final and executory and was recorded in the Book of Entries of Judgments on the said date.

d. *Labor Cases.*

- i. A former employee filed a Petition with the Supreme Court after the Court of Appeals denied the former employee's claims and rendered prior decisions in favor of STI ESG. On August 13, 2014, STI ESG received the Supreme Court's decision dated July 9, 2014 annulling the decision of the Court of Appeals and ordered that STI ESG reinstate the former employee to her former position and pay the exact salary, benefits, privileges and emoluments which the current holder of the position is receiving and should be paid backwages from the date of the former employee's dismissal until fully paid, with legal interest.

On November 17, 2014, the Supreme Court issued a resolution which denied with finality STI ESG's Motion for Reconsideration. As a result of the decision, STI ESG recognized a provision amounting to ₱3.0 million representing the estimated compensation to be made to the former employee.

On October 20, 2015, a Bank Order to release was issued to one of STI ESG's depository banks for the release of the garnished amount of ₱2.2 million. The bank released the garnished amount to the National Labor Relations Commission ("NLRC").

The garnished amount was put on hold for 15 days because of the filing of STI ESG's Petition questioning, among others, the Writ of Execution issued by the labor arbiter, which was docketed as LER-CN-10291-15.

While the Petition was pending for resolution by the NLRC and without any injunction order being issued by the said Commission, the garnished amount of ₱2.2 million was released to the former employee.

On March 1, 2016, the former employee filed an Entry of Appearance with Manifestation/Motion for Computation dated February 24, 2016. In the said motion, the former employee sought for computation of her backwages, inclusive of monetary equivalent of leaves and 13th month pay from July 22, 2004 until the same is actually paid.



In addition, the former employee waived the reinstatement aspect of the March 31, 2016 decision of labor arbiter, and sought the payment of separation pay.

On October 28, 2015, STI ESG filed another Petition with the NLRC, which sought to inhibit the labor arbiter from continuing the execution proceedings for the former employee's judgment award. In the said Petition, STI ESG alleged that the actions of the labor arbiter showed partiality and bias in favor of the former employee.

On October 29, 2015, STI ESG filed a Motion to Consolidate with the NLRC. In the said Motion, STI ESG moved that the aforesaid Petitions would be consolidated and resolved by the same Division of the NLRC.

The former employee, thru her new counsel, filed two (2) Entry of Appearance with Motion for Leave (To Admit Attached Answer with Comment/Opposition) for the two (2) Petitions of STI ESG. In the said Comment/Opposition, the former employee averred that (a) the Writ of Execution was issued pursuant to the Supreme Court's Decision dated July 9, 2014 and (b) the acts of labor arbiter were above-board.

Before the NLRC resolved the pending Petitions filed by STI ESG, the garnished amount was released to the former employee as partial payment for the judgment award. Based on the record of the NLRC, the amount of ₱2.2 million was released for the partial execution of the judgment award of the former employee.

On February 29, 2016, the Sixth Division of the NLRC issued a Decision wherein it, among others, nullified the Writ of Execution, and ordered the inhibition of labor arbiter. In the same Decision, the Sixth Division of the NLRC also set a guide for the enforcement of the judgment award in favor of the former employee, which provides, among others, that the computation of the backwages of the former employee shall be from May 18, 2004 until October 30, 2006.

After the denial of the former employee's Motion for Reconsideration on the aforesaid Decision, STI ESG received on September 6, 2016 the former employee's Petition for Certiorari filed with the Court of Appeals. Said Petition questioned the aforesaid decision of the NLRC.

After the filing of their respective pleadings in relation to the former employee's Petition for Certiorari, STI ESG received on June 6, 2017 the Court of Appeals' Decision wherein it determined that there is no need to resolve the issue on the nullification of the Partial Writ of Execution because both parties agreed that the funds garnished by virtue of said Writ to the former employee shall be considered as partial satisfaction of her judgment award.

The Court of Appeals likewise clarified that the issue on the former employee's waiver of reinstatement pending appeal should have been resolved by the new labor arbiter, and not the NLRC. Contrary to the former employee's assertion that the former labor arbiter resolved the said issue, the Court of Appeals took into consideration that the NLRC validly ordered the re-affle of the case to a new labor arbiter who should resolve all pending incidents and issues.

Without making any findings and/or rulings contrary to STI ESG's claim that the former employee waived her reinstatement pending appeal in October 2006 and consequently invalidated her assertion that her backwages should be computed from May 2004 until present day, the Court of Appeals affirmed the re-affle of the execution proceedings of the



former employee's judgment award to a new labor arbiter to make an independent determination of all pending incidents and issues.

Considering the aforesaid Decision did not prejudice STI ESG's position, STI ESG decided to refer all pending issues on the execution of the judgment award of the former employee, including the waiver of backwages pending appeal, to the new labor arbiter.

On September 19, 2017, STI ESG received the former employee's Manifestation with Omnibus Motion filed with the new labor arbiter. In the said Manifestation with Omnibus Motion, the former employee sought for (a) computation of the updated judgment award, (b) resolution of the issue on waiver of reinstatement by the former employee raised by STI ESG and (c) issuance of Writ of Execution based on the updated judgment award.

The new labor arbiter set the pre-execution hearing on January 31, 2018. During the said hearing, STI ESG filed its Comment with Manifestation. In the Comment with Manifestation, STI ESG asserted that the only issues to be resolved are the computations of the (a) backwages, (b) legal interest and (c) separation pay. STI ESG further reiterated that the former employee is entitled to receive backwages from May 2004 until October 2006 and separation pay from November 1999 until February 2016. Based on said premises, STI ESG paid the former employee ₱2.0 million in January 2018.

Based on the record, STI ESG has paid the total amount of ₱4.2 million, exclusive of withholding taxes, to the former employee. STI ESG then moved to the new labor arbiter that STI ESG be deemed to have fully paid the judgment award of the former employee. While the former employee accepted the aforesaid amount, she manifested that the same is only partial payment of the judgment award, and moved that she would be given ten (10) days to file her reply to the Comment with Manifestation.

In the hearing on February 13, 2018, the former employee filed her Reply dated February 12, 2018. In the Reply, it was argued that the alleged waiver of reinstatement pending appeal in October 2006 did not interrupt the running of backwages until present day. She insisted that the return to work order of STI ESG was (a) vague, (b) served only through her former counsel and (c) belatedly served or after four (4) months from STI ESG's receipt of the former labor arbiter's order to reinstate her. Based on the foregoing the former employee presented her computation of her judgment award to date, which amounted to ₱11.0 million, less payments already made by STI ESG.

On February 28, 2018, STI ESG filed and served the Rejoinder. In the Rejoinder, STI ESG reiterated that the notice to return to work was (a) clear and (b) duly received by her through her former counsel. It was asserted that the former employee was fully aware of said return to work order because she refused the same by filing a counter-manifestation with the former labor arbiter. Moreover, the belated service of said return to work order does not prevent STI ESG to choose actual reinstatement pending appeal as provided in the Labor Code.

After the parties filed their respective Rejoinder and Sur-Rejoinder, the new labor arbiter granted STI ESG's motion to submit the pending issues on the computation of the former employee's judgment award for resolution.

As at September 24, 2020, the new labor arbiter has not issued any resolution on the aforesaid computation of the former employee's judgment award.



- 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 when 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. For its part, 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. 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. At present, a Petition for Certiorari questioning the decision of the NLRC is pending before the Court of Appeals.

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 with Prayer for Payment of Separation Pay in Lieu of Reinstatement.

Subsequently, a hearing on the motion for execution was set on June 5, 2017. In the said hearing, 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. When asked for how much is she willing to settle the matter amicably, she insisted that she be paid the total amount of her backwages and separation pay. When asked if STI ESG has any counter-offer on the payment of 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 same. At that point, the hearing officer showed STI ESG a computation of the backwages which amounted to ₱0.5 million. STI ESG then manifested that it will bring the matter to management. On the part of the complainant, she manifested that she will file her reply to STI ESG's opposition. The hearing officer then said that upon submission of said reply, the motion for execution is deemed submitted for resolution.

Also, in the motion for execution, it was also alleged that the Court of Appeals already denied the Petition for Certiorari of STI ESG. However, STI ESG did not receive any copy of the said resolution by the Court of Appeals. Upon inquiry with the Court of Appeals, it appeared that the copy of the resolution dismissing the petition for certiorari was returned to sender due to "RTS-UNKNOWN ADDRESS". Apparently, the indicated address of counsel of record simply states Ortigas Ave., Extension, Cainta, Rizal. STI ESG then filed a manifestation with the Court of Appeals manifesting that it has yet to receive a copy of their minute resolution and clarifying that the complete address where a copy of the said resolution may be sent is "3rd Flr. STI Academic Center, Ortigas Avenue Extension, Cainta, Rizal 1900".



On June 2, 2017, STI ESG received a copy of the Minute Resolution dated January 12, 2017 dismissing its Petition for Certiorari based on the following grounds: a) failure to attach a copy of the Resolution dated June 30, 2017 of the NLRC; b) failure to attach the Secretary Certificate authorizing Mario Malferrari, Jr. as representative for STI ESG to file the petition for certiorari; c) failure to verify the petition; and d) failure to attach affidavit of service.

On June 21, 2017, STI ESG filed its Motion for Reconsideration.

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. On July 21, 2017, STI ESG received 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 November 7, 2017, STI ESG received a copy of the Resolution of the Court of Appeals dated September 25, 2017 on its motion for reconsideration. The Court of Appeals resolved to grant the motion for reconsideration and reinstated STI ESG's petition for certiorari. The complainant was then directed to file her comment to the petition within ten (10) days from receipt of the said resolution and STI ESG was given five (5) days to file its reply to Complainant's comment.

On January 31, 2018, STI ESG received a copy of a Minute Resolution dated January 15, 2018 issued by the Court of Appeals which 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 within fifteen (15) days from receipt of said minute resolution. Thereafter, the petition for certiorari is deemed submitted for decision.

On February 15, 2018, STI ESG filed through registered mail its Memorandum with the 22nd Division, Court of Appeals, CDO. On April 25, 2018, STI ESG received a copy of Complainant's Memorandum. In a resolution of the Court of Appeals dated April 19, 2018, 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 (Special Former Twenty-First [21st] Division). On October 31, 2018, STI ESG received the resolution of the said court directing STI ESG to file its Comment to the Motion for Reconsideration filed by the complainant within ten (10) days from notice. On November 12, 2018, STI ESG filed its Comment to the Motion for Reconsideration of the complainant. With the filing of the Comment, the Motion for Reconsideration is deemed submitted for resolution.



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. With this development, STI ESG will now initiate proceedings to recover the amount of ₱0.5 million, more or less given to the complainant based on the overturned decision of the NLRC.

As at September 24, 2020, STI ESG is preparing the necessary motion for the recovery of the ₱0.5 million.

- iii. Former part-time faculty members of STI College Legazpi who were erroneously issued employment contracts for regular employees filed an illegal dismissal case against STI College Legazpi, a school owned by STI ESG, following their stubborn refusal to sign their respective job offers as required by CHED. The labor arbiter rendered a Decision finding the complainants as regular employees of STI ESG; declaring STI ESG as guilty of illegal dismissal; and ordering STI ESG to pay them separation pay of ₱0.22 million, ₱0.18 million, ₱0.15 million, respectively, plus backwages, moral and exemplary damages of ₱0.2 million each, plus 10% attorney's fees.

Upon appeal to the NLRC, the case filed by one of the faculty members was dropped, while the rest of the Decision was affirmed. Accordingly, a Motion for Reconsideration of the NLRC Decision was filed wherein it prayed for the dismissal of the complaints of Brazil and Garcera as well, invoking well-settled cases as jurisprudential authorities to persuade the NLRC to dismiss the cases against STI ESG.

As it developed, STI ESG prevailed at the NLRC, and the complaint was dismissed. The former faculty members assailed said Decision of the NLRC at the Court of Appeals which denied the Petition.

Both parties here may have been mistaken in believing that the former faculty members have become regular faculty members by their length of service and seemingly satisfactory performance. Because of such incorrect grant of regular employment status, STI ESG, for years, have paid to complainants the salaries and benefits ought to be received by regular faculty members, which they did not deserve considering their failure to meet the qualifications set out in the MORPS and MORPHE. To punish STI ESG for such act of giving Petitioners more than what they deserve would run contrary to the basic tenets of equity and justice. In fact, STI ESG sought to remedy its mistake by formulating its two-year compliance consideration program, wherein affected teachers such as complainants shall continue to receive the same benefits they are currently enjoying, subject to the completion of their master's degree within a period of two (2) years. Even complainants admitted that their job offers stipulated a higher monthly salary. In spite of all these, complainants chose not to sign the said job offers.

The former faculty members filed a motion for reconsideration of the said decision of the Court of Appeals. STI ESG filed its Comment on the motion for reconsideration emphasizing the following points: (1) that the instant motion for reconsideration is pro-forma and should be denied outright; and (2) that the petitioners failed to raise any substantial argument to warrant a modification of the Court's decision considering that (a) the Court of Appeals did not err in finding that the NLRC did not commit grave abuse of discretion in dismissing petitioner's complaint for illegal constructive dismissal; and (b) the Court of Appeals did not err in upholding the NLRC's finding that petitioners were



mere part-time teaching personnel of STI ESG. In a Resolution dated June 30, 2017, the Court of Appeals denied the Motion for Reconsideration filed by the former faculty members.

On September 6, 2017, STI ESG received a copy of the Petition for Review on Certiorari of the Decision of the Court of Appeals dismissing the complaint for illegal dismissal of the former faculty members with the Supreme Court. STI ESG filed its Comment to the petition on November 10, 2017.

In a decision dated November 21, 2018, the First Division of the Supreme Court denied the petition filed by petitioners and affirmed the November 9, 2016 Decision as well as the June 30, 2017 Resolution of the Court of Appeals.

As at September 24, 2020, STI ESG has yet to receive a motion for reconsideration by the petitioners of the decision dated November 21, 2018.

- iv. The case stemmed from a Complaint for illegal dismissal filed by former employees of STI Davao. They were formerly the Chief Executive Officer (“CEO”) and Chief Operating Officer (“COO”), respectively, of STI Davao, until they were separated from service effective June 23, 2009.

On September 3, 2009, STI Davao filed a Motion to Dismiss before the Labor Arbiter and prayed for the dismissal of the Complaint for illegal dismissal on the ground that the Labor Arbiter and the NLRC have no jurisdiction over the case. STI Davao argued that Complainants are not mere employees, but are rather corporate officers, of STI Davao. As such, the controversy involving their removal involves an intra-corporate dispute which falls within the jurisdiction of the regular courts.

On December 16, 2009, the Labor Arbiter issued an Order which granted the Motion to Dismiss filed by STI Davao. The Labor Arbiter ruled that Complainants are corporate officers, and are not mere employees, of STI Davao.

Not satisfied with the ruling of the Labor Arbiter, Complainants filed an appeal before the NLRC. On September 30, 2010, the NLRC issued a Resolution affirming the Labor Arbiter’s Order dated December 16, 2009 finding that Complainants are corporate officers whose removal from office is not within the ambit of the jurisdiction of the NLRC. While they subsequently filed a Motion for Reconsideration, such motion was denied by the NLRC.

Complainants then elevated the case to the Court of Appeals via a Petition for Certiorari. On February 14, 2014, the Court of Appeals rendered a Decision annulling the assailed Resolutions of the NLRC and found that Complainants are not corporate officers, but are rather mere employees, of STI Davao. The case was thus ordered to be remanded to the Labor Arbiter for reception of evidence. While STI Davao filed a Motion for Reconsideration, such motion was denied by the Court of Appeals.

STI Davao eventually elevated the case to the Supreme Court via a Petition for Review on Certiorari. Unfortunately, through a Resolution dated August 19, 2015, the Supreme Court denied the Petition. STI Davao’s Motion for Reconsideration was likewise denied by the Supreme Court.



On August 23, 2017, STI Davao received a Notice of Hearing from the Office of Labor Arbiter for a preliminary conference set on September 18, 2017. STI Davao attended the said hearing. During the hearing, Complainants proposed for the amicable settlement of their claims the payment of their separation pay, backwages, monetary benefits, as well as damages with attorney's fees. STI Davao requested that Complainants provide the exact amount of what they are asking for the amicable settlement of their claims. Another hearing was made for October 26, 2017 for the continuation of the preliminary conference.

In the October 26, 2017 hearing, Complainants provided STI Davao with a computation of what they are willing to accept for the amicable settlement of the case with total amount of ₱33.2 million.

In the December 5, 2017 hearing, considering the substantial amount being demanded by Complainants for the amicable settlement of their claims, no amicable settlement was reached by the parties, hence, they were directed to file their respective position papers within ten days from the receipt of the order from the Office of the Labor Arbiter. The last day of the ten-day period to file STI Davao's position paper was on February 5, 2018. However, a Motion for Extension of Time to File Position Paper was filed by STI Davao on February 5, 2018.

On February 19, 2018, STI ESG filed its position paper by registered mail. In the Position Paper, the following important points were raised: (1) the complainants' termination from employment is clearly legal having been grounded on just and valid causes since (a) the adoption of STI ESG's Basic Operations Manual and Code of Conduct providing, among others, disciplinary rules and regulations on willful disobedience of the lawful orders, instructions, policies and procedure of STI ESG, is well within the ambit of management prerogative, (b) complainants' willful disregard and violation of STI ESG's Basic Operations Manual and Code of Conduct providing guidelines and standards for employees to effectively go about their roles and prohibiting willful disobedience as well as failure to perform assigned tasks, constitute sufficient bases for termination of employment, (c) complainants' acts or omissions in willful disregard of STI ESG's general work policies and procedures, amounted to gross and habitual neglect of duties, (d) complainants' willful disregard of STI ESG's operating procedures and systems amounted to serious misconduct, and (e) STI ESG's evidence sufficiently established facts and incidents upon which the loss of confidence in the complainants may fairly be made to rest considering that (i) complainants held a position of trust and confidence, and (ii) complainants' termination was based on willful breach of trust and founded on clearly established facts; (2) the School observed the requirements of due process before effecting complainants' dismissal from employment; (3) complainants are not entitled to their claims for reinstatement and the payment of monetary benefits, such as allowance, as well as damages and attorney's fees; and (4) complainants have no cause of action for illegal suspension and against individual respondent of STI ESG.

On March 14, 2018, STI ESG received a copy of the Position Paper of complainants. On April 5, 2018, STI ESG filed its Reply to the Position Paper of complainants. In said reply, STI ESG emphasized the following important points: (1) STI ESG's prerogative to terminate the complainants' employment on just and valid causes does not run afoul with the enshrined right to security of tenure; (2) complainants' termination from employment was warranted by just and valid grounds as (a) the just and valid causes were proven with substantial evidence, and (b) the penalty of dismissal is warranted under the circumstances; (3) there is no necessity to dwell on the issue of whether the respondents observed and complied with the requirements of due process before effecting complainants' dismissal from employment; and



(4) complainants are not entitled to their claim for reinstatement with payment of full backwages, and other monetary claims such as damages and attorney's fees.

In a decision dated June 28, 2018, the labor arbiter dismissed the complaint for lack of merit. On August 2, 2018, STI ESG received a copy of the Memorandum of Appeal filed by complainants with the NLRC. On August 28, 2018, STI ESG filed its Answer to Appeal with the Eighth Division of the NLRC in Cagayan De Oro City where it was emphasized that the complainants had failed to show that the Arbiter a quo committed grave abuse of discretion and/or serious errors in rendering the assailed Decision, particularly in declaring that the complainants were lawfully terminated on the ground of loss of trust and confidence. In support of STI ESG's counter-arguments to the complainants' arguments, STI ESG stressed on the following important points: (a) the Appeal is just a 90% verbatim reproduction of the facts, arguments and discussion in their Position Paper; and (b) there was no such grave error shown in the case at bar considering that there is more than sufficient basis for the School to lose the trust and confidence it bestowed upon the complainants (i) as one of the complainants demonstrated, through repeated infractions, that complainant is not fit to continue undertaking the serious task and heavy responsibility of a CEO, and this holds true for the other complainant, being the COO of STI Davao, (ii) the willful act of disregarding the Operating Procedures and Systems equates to abuse of authority and, therefore, is sufficient basis for STI to lose its trust and confidence on the complainants, and (iii) the task of ensuring the integrity of the RFA by warranting the completeness and accuracy of the information and required supporting documents thereto, definitely falls within the complainants' scope of responsibilities.

In a decision dated February 13, 2019, the Eighth Division of the NLRC in Cagayan De Oro City dismissed the Appeal filed by the complainants and hereby affirmed the earlier Decision of Labor Arbiter dated June 28, 2018. A motion for reconsideration dated March 4, 2019 was filed by the complainants. On March 25, 2019, STI ESG filed its Opposition to the Motion for Reconsideration filed by the complainants. In a Resolution dated March 26, 2019, the Eighth Division of the NLRC in Cagayan De Oro City denied the Motion for Reconsideration filed by the complainants.

On June 10, 2019, STI ESG received a copy of the Petition for Certiorari filed by complainants with the Court of Appeals in Cagayan De Oro City. On July 4, 2019, STI ESG received a copy of the Resolution dated June 25, 2019 of the Court of Appeals in Cagayan De Oro City dismissing the Petition for Certiorari filed by complainants for failure to comply with the requirements for filing said petition.

A motion for reconsideration dated July 18, 2019 on the said resolution of the Court of Appeals in Cagayan De Oro City dismissing the Petition for Certiorari was filed by complainants. As at September 11, 2019, STI ESG filed its Comment to the motion for reconsideration of the complainants.

Without having received the resolution of the Court of Appeals on the motion for reconsideration filed by complainant, as at August 3, 2020, STI ESG received a copy of Complainant's Petition for Review on Certiorari filed before the Supreme Court.

As at September 24, 2020, STI ESG has yet to receive any action by the Court of Appeals on the motion for reconsideration filed by complainants. The Supreme Court likewise has yet to render its initial action on the Petition.



- e. *Specific Performance Case.* STI College Cebu, Inc. (“STI Cebu”) was named defendant 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 Plaintiffs based their claim on (a) their payment and STI ESG’s Finance Officer’s receipt of earnest money amounting to ₱0.3 million, and (b) representations of STI ESG’s Finance Officer that he was authorized to negotiate for the sale of the property based on the terms and conditions in the draft Deed of Absolute Sale sent by STI ESG’s Finance Officer to the Plaintiffs. Plaintiffs also sought the payment of damages and attorney’s fees in the aggregate amount of One Million Five Hundred Fifty Thousand (₱1.6 million), exclusive of cost of suit and appearance fees.

After seeking an extension to file the Answer to the Plaintiffs’ Amended Complaint, 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.

While Plaintiffs opposed the (a) motion for extension and (b) subsequent filing of the Consolidated Answer, the Trial Court affirmed the admission of the Consolidated Answer and set the case for pre-trial.

After the parties were referred to court-annexed mediation and judicial dispute resolution as required under the relevant rules, the parties failed to reach an amicable settlement of the case.

As required by the rules, the case was re-raffled to a new presiding judge who would handle the trial and disposition of the case.

After the case was set for pre-trial by the new Presiding Judge, the Plaintiffs filed a Motion for Leave to Admit Second Amended Complaint, whereby they sought the substitution of STI ESG as one of the Defendants.

Upon the order of the Trial Court, the Defendants filed their Amended Consolidated Answer with Compulsory Counterclaims.

After filing their respective pre-trial brief and Judicial Affidavit(s), the pre-trial conference proceeded on November 14, 2018. Based on the Plaintiffs’ pre-trial brief and manifestation during said hearing, the Plaintiffs intended to include in their list of witnesses two Senior Officers of STI ESG. While there were no interrogatories served to said adverse witnesses as required by the Rules of Court, the Defendants reserve their right to file the appropriate pleading on said matter.

The Trial Court then gave the Plaintiffs six (6) hearing dates to present their witnesses.

Within the said period, the Plaintiffs presented four (4) witnesses. Based on their respective testimonies, the said witnesses testified on the discussions and/or communications between the Plaintiffs and STI ESG’s Finance Officer regarding the sale of the subject property.



During their respective cross-examination, the said witnesses failed to provide any document and/or evidence showing (a) the authority of the Finance Officer to bind STI ESG on said negotiations and (b) approval of the BOD of STI ESG on the terms and conditions discussed during said negotiations.

After the Plaintiffs presented their fourth (4th) witness, the Plaintiffs orally moved for the issuance of Subpoena to two Senior Officers of STI ESG.

In relation to said subpoena and to comply with the relevant provisions of the Rules of Court, the Plaintiffs served written interrogatories to the said Senior Officers.

After STI ESG objected on the same, the Trial Court ordered the Senior Officers to file their respective Answer(s) to the written interrogatories.

After the filing and admission of their Answer(s) to the written interrogatories of the Plaintiffs, the case was set for continuation of the Plaintiffs' presentation of evidence June 19, 2019.

Despite being allowed by the Trial Court to propound additional oral interrogatories to the Senior Officers, the Plaintiffs waived the same before the scheduled hearing.

Consequently, the Trial Court required the Plaintiffs to file their Formal Offer of Evidence in order to terminate the presentation of their evidence.

On August 6, 2019, the Defendants received the Formal Offer of Evidence of the Plaintiffs.

After the Defendants filed its Objections to the Formal Offer of Evidence, the Trial Court issued its Order dated September 27, 2019. In the Order, the Trial Court denied the admission of, among others, the SMS messages relating to the communications between certain officers of STI ESG and Plaintiffs.

The aforesaid Order was affirmed in the Trial Court's Omnibus Order dated November 11, 2019.

On November 12, 2019, the Defendants presented their first witness, Defendant Finance Officer, to testify, among others, that (a) he acted as liaison of STI Cebu and STI ESG on the negotiations for the sale of the subject property and (b) the Boards of Directors of STI Cebu and STI ESG did not approve the proposal/offer to purchase of the Plaintiffs.

After cross-examination, the Defendants terminated the presentation of said witness' testimony.

On November 29, 2019, the Defendants presented their external counsel's accountant who testified on their counterclaim against the Plaintiffs for legal cost/fees incurred for the case.

On January 17, 2020, the Defendants terminated the presentation of their evidence.

After due proceedings on the Defendants' Formal Offer of Evidence, the Trial Court issued the Order dated February 13, 2020, which admitted all the documentary evidence of the Defendants.

After both 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 BOD, (a) gave its consent to the sale or (b) authorized its Finance Officer to sell the Property in favor of the Plaintiffs.

However, the Trial Court determined that STI ESG's Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages. The Trial Court also 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%) per annum from receipt thereof on March 30, 2011 until the 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.

On September 16, 2020, the Plaintiffs filed a Notice of Appeal.

Consequently, the parties will comply with the appeal procedures required under the Rules of Court.

- f. *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% of the amount to be awarded and ₱3.0 thousand per court appearance.

On January 23, 2017, STI ESG filed its Motion to Dismiss Ad Cautelam. In the said Motion, STI ESG asserted that the dismissal of the case was warranted on the following grounds; (a) lack of jurisdiction over STI ESG due to improper service of Summons to a Human Relations Officer ("HR Officer"), and (b) failure to state a cause of action because GATE has no right for the renewal of the Licensing Agreement when (i) the same already expired and (ii) it clearly provides that it may be renewed by mutual agreement of the parties. The Motion to Dismiss Ad Cautelam was set for hearing on February 3, 2017.

On February 3, 2017, STI ESG received GATE's Comment /Opposition. In the said Comment/Opposition, GATE alleged that (a) the HR Officer was allegedly authorized by its in-house counsel to receive the Summons, and (b) the decision of STI ESG not to renew the Licensing Agreement was not based on its mutual agreement provision but the violations of GATE. Consequently, such decision of STI ESG to cancel the Licensing Agreement was allegedly in bad faith.

Upon the filing of all the pleadings in relation to the Motion to Dismiss Ad Cautelam of STI ESG, the Trial Court issued its Resolution dated May 16, 2017, which denied the said Motion. The Trial Court also required STI ESG to file its Answer to the Complaint within the non-extendible 15 days from receipt of said Resolution on May 25, 2017 or until June 9, 2017.



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.

Both parties have been required to attend and participate in the court-annexed mediation, and subsequently, the judicial dispute resolution with the Trial Court. After the aforesaid proceedings, the parties failed to reach an amicable settlement, and terminated the judicial dispute resolution on October 27, 2017. As mandated by the relevant rules, the case was raffled to a new presiding judge.

The new presiding judge issued an Order setting the case for a pre-trial hearing on May 11, 2018.

The pre-trial proper was re-scheduled by the Trial Court in order for the parties to pre-mark their documentary evidence before the branch clerk of court on May 23, 2018.

On May 23, 2018, both parties attended and caused the pre-marking of their respective documentary exhibits.

Meanwhile, the pre-trial was set by the Trial Court and upon agreement of the parties on August 31, 2018.

On August 31, 2018, the pre-trial conference commenced and terminated on the same day. The Trial Court then scheduled the presentation of the testimony of the Plaintiffs' witnesses on October 9 and 30, 2018.

On October 9 and 30, 2018, the Plaintiff presented its two witnesses.

Thereafter, the Plaintiff terminated their presentation of evidence and filed their Formal Offer of Evidence.

On December 11, 2018, STI ESG filed the Comment and Objections to the said Formal Offer of Evidence.

On February 6, 2019, the Trial Court issued the Order dated January 10, 2019. In the Order, the Trial Court denied the admission of two (2) letters issued by both parties as part of the evidence of the Plaintiff.

After the Plaintiffs filed the Motion for Reconsideration, the Trial Court admitted the aforesaid two (2) letters, and set the presentation of evidence by STI ESG.

STI ESG presented three (3) witnesses in relation to its defense that the decision not to renew the Licensing Agreement is in accordance with contractual stipulations therein, and devoid of any bad faith. Moreover, STI ESG presented evidence to show the attorney's fees it incurred in the instant case.

After the presentation of the last witness, STI ESG formally offered its evidence by filing its Formal Offer of Evidence on May 22, 2019.



After the Plaintiffs filed their Comment/Objections to the Formal Offer of Evidence, the Trial Court issued its Order dated July 18, 2019. In the Order, the Trial Court denied the admission of only one (1) exhibit, which was the letter of Plaintiffs' counsel to STI ESG insisting that the cancellation of the Licensing Agreement was erroneous and in bad faith.

In the same Order, the Trial Court required the parties to file their respective Memoranda. After the filing of said Memoranda, the case was submitted for decision by the Trial Court.

On February 4, 2020, STI ESG received the Decision dated January 16, 2020. In the Decision, 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.

Consequently, the parties will comply with the appeal procedures required under the Rules of Court.

- g. *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 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.

As at September 24, 2020, the Office of the City Prosecutor of Taguig City has yet to issue a resolution in the instant case.



- h. *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 ₱0.9 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.

- i. *Criminal Case.* A complaint for qualified theft was filed by iACADEMY against its former Cashier. Based on the complaint, the former Cashier manipulated the Daily Cash Collection Summary Reports submitted to the 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 the iACADEMY’s bank accounts.

On January 30, 2020, iACADEMY filed the complaint for qualified theft for the total amount of One Million Six Hundred Sixty Six Thousand Six Hundred Sixty Five Pesos and 80/100 (₱1,666,665.80) for the period of January 24, 2018 until July 2, 2019 from the cash collection of iACADEMY. Despite receipt of summons, the former Cashier failed to appear on the preliminary investigation hearings. On July 20, 2020 the handling prosecutor submitted the complaint for resolution.



As at September 24, 2020, the Office of the City Prosecutor of Makati City has yet to issue a resolution in the said complaint.

- j. Due to the nature of their business, STI ESG and STI WNU 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 and STI WNU 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 its BOD has no knowledge of any proceedings pending or threatened against STI ESG and STI WNU or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that STI ESG and STI WNU have substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial position as well as in the results of its operations.
- k. STI WNU is likewise contingently liable for lawsuits or claims filed by third parties, including labor-related cases, which are pending decision by the courts, the outcome of which are not presently determinable.
- l. Other subsidiaries also stand as defendant of various lawsuits and claims filed by their former employees. The complainants are seeking payment of damages such as backwages and attorney's fees.

As at September 24, 2020, the cases are pending before the Labor Arbiters.

Management and their legal counsels believe that the outcome of these cases will not have a significant impact on the consolidated financial statements.

Commitments

a. Financial Commitments

STI ESG has a ₱65.0 million domestic bills purchase lines from various local banks as at March 31, 2020, 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.

In December 2014, the Parent Company issued a Surety Agreement in favor of China Bank to secure STI WNU's ₱300.0 million long-term loan and ₱5.0 million credit line. As at March 31, 2020 and 2019, STI WNU's long-term loan amounted to ₱39.4 million and ₱119.0 million, respectively. The ₱5.0 million credit line has never been availed and has not been renewed.

STI Holdings signed as co-maker on the ₱200.0 million bridge financing loan of iACADEMY which was fully paid on September 29, 2017.

Relevant events after the reporting period are discussed in Note 39.



b. Capital Commitments

As at March 31, 2020, STI ESG has contractual commitments and obligations for the construction of STI Legazpi with an aggregate project cost of ₱251.8 million of which ₱135.2 million has been paid as at March 31, 2020.

As at March 31, 2019, STI ESG has contractual commitments and obligations for the construction of school buildings for STI Lipa, STI Sta. Mesa, STI Pasay-EDSA and STI San Jose del Monte with an aggregate amount of ₱1,956.6 million of which ₱1,850.6 million and ₱1,682.4 million have been paid as at March 31, 2020 and 2019, respectively.

STI WNU likewise has contractual commitments and obligations for the construction of school buildings and upgrade of its facilities aggregating to ₱16.7million and ₱15.0 million as at March 31, 2020 and 2019, respectively. Of these, ₱13.7 million and ₱14.0 million had already been paid as at March 31, 2020 and 2019, respectively.

iACADEMY has contractual commitments and obligations for the construction of its Yakal Campus totaling ₱1,059.6 million as at March 31, 2020 and 2019. Of these, ₱981.4 million and ₱897.3 million have been paid as at March 31, 2020 and 2019, 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%, 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 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.

- 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 and are qualified to receive the TES, are entitled to ₱60.0 thousand. 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 Voucher and TES Programs, DepEd and CHED, respectively, pay 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 Standards of Training, Certification and Watchkeeping for Seafarers (“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% payable upon signing of the agreement while the remaining 50% 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.

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 school operations. The Group has various other financial assets and liabilities such as receivables, accounts payable and other current liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The 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. 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 ventures with credit terms of 30 days.

As at March 31, 2020 and 2019, the Group's current assets amounted to ₱2,244.5 million and ₱2,257.4 million, respectively, while current liabilities amounted to ₱1,518.6 million and ₱1,444.7 million, respectively.

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



In relation to the Group's interest-bearing loans and borrowings, 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. Related events due to the outbreak and the economic effects of COVID-19 are discussed in Note 39.

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.

March 31, 2020						
	Due and Demandable	Less than 2 Months	2 to 3 Months	3 to 12 Months	More than 1 Year	Total
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	₱886,667,588	₱-	₱-	₱-	₱-	₱886,667,588
Receivables*	280,519,378	-	101,721,577	175,708,899	138,125,256	696,075,110
Deposits (included as part of "Prepaid expenses and other current assets" and "Goodwill, intangible and other noncurrent assets" accounts)	-	-	-	368,895	39,978,297	40,347,192
Equity investments designated at FVOCI	-	-	-	-	68,325,702	68,325,702
	₱1,167,186,966	₱-	₱101,721,577	₱176,077,794	₱246,429,255	₱1,691,415,592

Financial Liabilities						
Other financial liabilities-						
Accounts payable and other current liabilities**	₱558,388,215	₱28,000	₱12,641,442	₱71,420,896	₱-	₱642,478,553
Nontrade payable	67,000,000	-	-	-	-	67,000,000
Bonds payable:						
Principal	-	-	-	-	3,000,000,000	3,000,000,000
Interest	-	-	-	178,905,220	693,555,420	872,460,640
Interest-bearing loans and borrowings:						
Principal	-	-	-	358,550,269	1,431,473,032	1,790,023,301
Interest	-	-	-	114,597,877	348,744,138	463,342,015
Lease liabilities	-	-	-	1,101,760	994,560	2,096,320
Other noncurrent liabilities	-	-	-	-	54,217,117	54,217,117
	625,388,215	₱28,000	₱12,641,442	₱724,576,022	₱5,528,984,267	₱6,891,617,946

March 31, 2019						
	Due and Demandable	Less than 2 Months	2 to 3 Months	3 to 12 Months	More than 1 Year	Total
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	₱747,341,535	₱-	₱-	₱30,000,000	₱-	₱777,341,535
Receivables*	277,067,352	22,474,276	71,056,207	94,597,868	14,449,515	479,645,218
Deposits (included as part of "Prepaid expenses and other current assets" and "Goodwill, intangible and other noncurrent assets" accounts)	6,716,906	-	-	-	58,842,926	65,559,832
Equity investments designated at FVOCI	-	-	-	-	50,503,208	50,503,208
	₱1,031,125,793	₱22,474,276	₱71,056,207	₱124,597,868	₱123,795,649	₱1,373,049,793

Financial Liabilities						
Other financial liabilities-						
Accounts payable and other current liabilities**	₱420,456,274	₱28,000	₱118,679,082	₱310,595,022	₱-	₱849,758,378
Nontrade payable	67,000,000	-	-	-	-	67,000,000
Bonds payable:						
Principal	-	-	-	-	3,000,000,000	3,000,000,000
Interest	-	-	-	178,905,220	872,460,640	1,051,365,860
Interest-bearing loans and borrowings:						
Principal	-	-	-	1,099,600,000	419,400,000	1,519,000,000
Interest	-	-	-	52,054,268	29,743,185	81,797,453
Obligations under finance lease	-	62,733	1,985,045	5,683,083	13,207,773	20,938,634
Other noncurrent liabilities	-	-	-	6,674,545	54,411,895	61,086,440
	487,456,274	₱90,733	₱120,664,127	₱1,653,512,138	₱4,389,223,493	₱6,650,946,765

*Excluding advances to officers and employees amounting to ₱31.2 million and ₱22.8 million as at March 31, 2020 and 2019.

** Excluding taxes payable, SSS, Philhealth and Pag-ibig benefits payable amounting to ₱26.8 million and ₱25.9 million as at March 31, 2020 and 2019, respectively.



As at March 31, 2020 and 2019, the Group's current ratios are as follows:

	2020	2019
Current assets	P 2,244,465,346	P2,257,391,989
Current liabilities	1,518,596,180	1,444,702,063
Current ratios	1.48:1.00	1.56:1.00

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from students, franchisees or other counterparties that 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 March 31, 2020 and 2019, 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:

	2020		2019	
	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)	P 689,553,645	P 662,553,645	P775,459,782	P755,459,782
Receivables*	695,733,290	695,733,290	479,645,218	479,645,218
Rental deposits (included as part of the "Goodwill, intangible and other noncurrent assets" account)	40,290,991	40,290,991	65,559,832	65,559,832
Equity instruments at FVOCI	68,325,702	68,324,872	50,503,208	50,503,208
	P1,492,708,957	P1,465,708,127	P1,371,168,040	P1,351,168,040

* Excluding advances to officers and employees amounting to P31.2 million and P22.8 million as at March 31, 2020 and 2019.

(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 March 31, 2020 and 2019:

	2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Class A	₱1,081,432,028	₱324,019,393	₱-	₱1,405,451,421
Class B	-	293,262,544	-	293,262,544
Class C	-	167,090,802	3,895,593	170,986,395
Gross carrying amount	1,081,432,028	784,372,739	3,895,593	1,869,700,360
ECL	-	221,217,136	3,895,593	225,112,729
Carrying amount	₱1,081,432,028	₱563,155,603	₱-	₱1,644,587,631

	2019			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Class A	₱921,144,621	₱200,689,985	₱-	₱1,121,834,606
Class B	-	224,193,446	-	224,193,446
Class C	-	199,424,986	6,256,862	205,681,848
Gross carrying amount	921,144,621	624,308,417	6,256,862	1,551,709,900
ECL	-	242,231,836	6,256,862	248,488,698
Carrying amount	₱921,144,621	₱382,076,581	₱-	₱1,303,221,202

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.

As at March 31, 2020 and 2019, 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
March 31, 2020	₱286,846,534	₱41,158,379	₱19,828,314	₱132,867,906	(₱222,236,767)	₱258,464,366
March 31, 2019	₱165,674,041	₱73,685,352	₱29,094,086	₱149,707,302	(₱245,612,736)	₱172,548,045

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 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 March 31:

Increase/decrease in Basis Points (bps)	Effect on Income Before Income Tax		
	2020	2019	2018
+100 bps/+300 bps	(P56,180,000)	(P42,727,954)	(P42,321,954)
-100 bps/+300 bps	56,180,000	42,727,954	42,321,954

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 (see Note 39).

The Group considers its equity contributed by stockholders, net of cost of shares held by a subsidiary, as capital.

	March 31	
	2020	2019
Capital stock	P4,952,403,462	P4,952,403,462
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	4,227,039,845	4,612,253,086
	P9,800,427,687	P10,185,640,928



The Group's debt-to-equity ratios are as follows:

	March 31	
	2020	2019
Total liabilities*	₱6,506,960,003	₱5,862,014,392
Total equity	8,326,475,149	8,727,464,794
Debt-to-equity ratio	0.78:1.00	0.67:1.00

*Excluding unearned tuition and other school fees of ₱325.7 million and ₱185.4 million as at March 31, 2020 and 2019, respectively.

The Group's asset-to-equity ratios are as follows:

	March 31	
	2020	2019
Total assets	₱15,159,174,612	₱14,774,875,074
Total equity	8,326,475,149	8,727,464,794
Asset-to-equity ratio	1.82:1.00	1.69:1.00

No changes were made in the objectives, policies or processes during the years ended March 31, 2020 and 2019.

36. Fair Value Information of Financial Instruments

The Group's financial instruments consist of cash and cash equivalents, receivables, advances to associates and joint ventures, deposits, equity instruments at FVOCI, interest-bearing loans and borrowings, accounts payable and other current liabilities, obligations under finance lease and lease liabilities. The primary purpose of these financial instruments is to finance the Group's operations.

There are no material unrecognized financial assets and liabilities as at March 31, 2020 and 2019.

Due to the short-term nature of cash and cash equivalents, receivables and accounts payable and other current liabilities, their carrying values reasonably approximate their fair values at year end.

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

Equity instruments 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 Level 2 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 carrying value approximates its fair value because of recent and regular repricing based on market conditions.

Lease Liabilities. Estimated fair value under Level 3 is based on the present value of future cash flows discounted using the prevailing PHP BVAL reference rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Obligation under Finance lease. The fair values of obligations under finance lease are computed under Level 3 based on discounted present value of lease payments with discount rates ranging from 5.59% to 6.18% as at March 31, 2019.

Refundable Deposits. The fair values of the refundable deposits are computed under Level 3 based on the present value of future cash flows discounted using the prevailing BVAL reference rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

In 2020 and 2019, 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 ₱62.2 million as at March 31, 2020 (see Note 11).
- b. Acquisitions of property and equipment under finance lease recorded under the "Property and equipment" account amounting to ₱4.5 million and ₱15.7 million in 2019 and 2018, respectively (see Note 11).
- c. Unpaid progress billing for construction-in-progress and acquisition of property and equipment amounting to ₱73.1 million, ₱313.3 million and ₱254.6 million as at March 31, 2020, 2019 and 2018, respectively (see Note 11).
- d. Uncollected dividends from De Los Santos Medical Center amounting to ₱0.8 million as at March 31, 2019 (see Note 15).



38. Changes in Liabilities Arising from Financing Activities

	April 1, 2019	Cash flows	Effect of adoption of PFRS 16 (Note 2)	Reclassified as current (Notes 18 and 29)	New leases (Note 29)	Capitalized borrowing cost (Note 11)	Interest expense (Note 23)	Dividends declared	March 31, 2020
Current interest-bearing loans and borrowings	₱299,600,000	(₱519,600,000)	₱-	₱578,550,269	₱-	₱-	₱-	₱-	₱358,550,269
Current obligations under finance leases	6,500,632	-	(6,500,632)	-	-	-	-	-	-
Bonds payable	2,957,954,254	-	-	-	-	-	6,463,908	-	2,964,418,162
Interest-bearing loans and borrowings - net of current portion	1,213,110,270	794,000,000	-	(578,550,269)	-	4,779,316	(1,866,285)	-	1,431,473,032
Obligations under finance lease - net of current portion	11,951,531	-	(11,951,531)	-	-	-	-	-	-
Lease liabilities	-	(107,361,024)	568,653,034	-	60,688,756	-	40,823,194	-	562,803,960
Dividends payable	24,570,020	(189,198,111)	-	-	-	-	-	190,562,728	25,934,637
Interest payable	12,985,510	(299,730,885)	-	-	-	3,286,900	292,789,210	-	9,330,735
Total liabilities from financing activities	₱4,526,672,217	(₱321,890,020)	₱550,200,871	₱-	₱60,688,756	₱8,066,216	₱338,210,027	₱190,562,728	₱5,352,510,795

	April 1, 2018	Cash flows	Effect of adoption of PFRS 16 (Note 2)	Reclassified as current (Notes 18 and 29)	New leases (Note 29)	Capitalized borrowing cost (Note 11)	Interest expense (Note 23)	Dividends declared	March 31, 2019
Current interest-bearing loans and borrowings	₱167,400,000	(₱197,400,000)	₱-	₱329,600,000	₱-	₱-	₱-	₱-	₱299,600,000
Current obligations under finance leases	7,134,449	(7,877,299)	-	7,152,567	90,915	-	-	-	6,500,632
Bonds payable	2,951,879,134	-	-	-	-	-	6,075,120	-	2,957,954,254
Interest-bearing loans and borrowings - net of current portion	1,071,208,112	470,000,000	-	(329,600,000)	-	-	1,502,158	-	1,213,110,270
Obligations under finance lease - net of current portion	14,627,824	-	-	(7,152,567)	4,476,274	-	-	-	11,951,531
Dividends payable	26,815,767	(192,842,778)	-	-	-	-	-	190,597,031	24,570,020
Interest payable	10,584,218	(254,307,928)	-	-	-	35,468,677	221,240,543	-	12,985,510
Total liabilities from financing activities	₱4,249,649,504	(₱182,428,005)	₱-	₱-	₱4,567,189	35,468,677	₱228,817,821	₱190,597,031	₱4,526,672,217



39. Events after Reporting Period

- a. 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 National Capital Region (“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 an enhanced community quarantine (“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. On May 11, 2020, Inter-Agency Task Force for the Management of Emerging Infectious Diseases (“IATF”) Resolution No. 35 was issued, placing high-risk local government units (“LGUs”) (i.e., entire Metro Manila, Laguna, and Cebu City) under modified enhanced community quarantine (“MECQ”) from May 16, 2020 until May 31, 2020. On May 29, 2020 under IATF Resolution No. 41 series of 2020, all Highly Urbanized Cities (“HUCs”) of the NCR and the Municipality of Pateros were placed under general community quarantine (“GCQ”) until June 15, 2020, subsequently extended until June 30, 2020 under IATF Resolution No. 46-A dated June 15, 2020. On June 29 and again on July 14, 2020, the GCQ in the NCR and some areas was extended further to July 15 and July 31, 2020 under IATF Resolution Nos. 50-A and 55-A, respectively.

On August 3, 2020, the Office of the President supported an urgent appeal by medical workers to reimpose stricter quarantine measures in the NCR and selected provinces and declared these areas under MECQ from August 4 to 18. The quarantine status of these areas was subsequently downgraded to GCQ from August 19 until August 31, 2020.

IATF Resolution No. 67 dated August 31, 2020 placed all HUCs of the NCR and the municipality of Pateros under GCQ. The rest of the country was placed under modified general community quarantine (“MGCQ”) except for Iligan City where MECQ was imposed. These quarantine classifications are effective September 1 to September 30, 2020, without prejudice to the declaration of localized ECQ in critical areas.

These measures have caused disruptions to businesses and economic activities, and their impact on businesses continue to evolve. The Group has considered the impact of these disruptions to its financial position, performance and cash flows as at and for the year ended March 31, 2020. 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.

- b. For SY 2019-2020, the school calendar of STI ESG and STI WNU for tertiary students was from July 2019 to April 2020. Classes of tertiary students were suspended since the implementation of ECQ in March 2020. Online classes of those who opted online and offline studies resumed beginning the 3rd week of May 2020 and were completed as at July 30, 2020.

For SY 2020-2021, STI ESG and STI WNU are introducing the ONline and ONsite Education (“ONE”) STI Learning Model. 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 refers to school activities to be conducted on-campus. Onsite activities follow the latest regulations issued by the IATF, DepEd for SHS, and CHED for College. In the event that onsite activities are prohibited by a government agency, activities or modules are to be delivered 100% online until onsite sessions are allowed.



For iACADEMY, SHS and Tertiary level, the school calendar for SY 2019-2020 was originally set from August 2019 to May 2020 and July 2019 to June 2020, respectively. Classes for SHS and Tertiary students were suspended due to the implementation of ECQ in March 2020. SHS Modular classes of those who opted online and offline options resumed on April 15, 2020 and were completed on June 5, 2020 for Grade 12 students and June 11, 2020 for Grade 11 students. For tertiary, the online classes resumed on April 15, 2020 and the school year was completed on July 15, 2020.

For SY 2020-2021, iACADEMY introduced its fully online learning program entitled Guided Online Autonomous Learning (“GOAL”). This would take place from August 2020 to December 2020. In this setup, all activities or modules would be delivered 100% online through the use of Neo Learning Management System, Google Meet, and MS Teams. Classes for SHS and tertiary started on August 24, 2020 and August 28, 2020, respectively.

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, internationalization, and collaborating with parents and guardians.

Onsite learning and other onsite activities in iACADEMY will only be allowed as long as there is compliance to the policies set by IATF, DepEd for SHS, and CHED for College.

Management continues to monitor the COVID-19 situation and will take further actions as necessary and appropriate in response to the economic disruptions, government regulations and other COVID-19 consequences.

- c. On June 23, 2020, STI ESG requested China Bank for consent to avail of LandBank of the Philippines’ (“LandBank”) **AC**cess to **A**cademic **D**evelopment to **E**mpower the **M**asses towards **E**ndless Opportunities (“ACADEME”) Lending Program and the waiver of certain covenants in its Corporate Notes Facility Agreement dated March 20, 2014 and the Term Loan Agreement dated May 7, 2019. On July 23, 2020, China Bank approved the waiver of the following covenants in relation to the availment by STI ESG of LandBank’s ACADEME Lending Program:
- 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.

China Bank further approved the temporary waiver the DSCR requirement covering period ending September 30, 2020 and March 31, 2021.



- d. 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 shall be available to the Borrower on any Business day for the period beginning on the date of this 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 this Agreement. Any amount undrawn at the end of the Availability Period shall be automatically cancelled and may not be reinstated. On July 3, 2020 and July 30, 2020, STI ESG made drawdowns aggregating to ₱400.0 million from this Term Loan Facility. As of July 31, 2020, the Term Loan Facility is fully drawn at ₱1,200.0 million.
- e. 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 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 holders of the Bonds (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 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 Debt Service Coverage Ratio 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%) plus one peso (₱1.00) 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”;

(c) Section 7.02(f) of the Trust Agreement is hereby amended to read as follows:

“assign, transfer or otherwise convey any right to receive any of its income or revenues unless in the ordinary course of business, or unless otherwise required by applicable law, 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 Debt Service Coverage Ratio 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) a Debt Service Coverage Ratio of not less than 1.05:1:00, provided that this Debt Service Coverage Ratio shall be waived up to June 30, 2023.

- f. 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% 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 3 years. The loans covered by these promissory notes to be issued by the parents/benefactors/students are interest free.



This ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by STI Holdings, 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.

- g. 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 in the amount of ₱250.0 million and waiver of certain covenants in the Corporate Note 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

China Bank further approved the one-time waiver of the DSCR testing for the period ending September 30, 2020.

- h. 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 by 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 the Parent Company 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.
- i. In various dates in September 2020, STI ESG wrote CHED, TESDA and DepEd of its decision to suspend the operations of some of its owned schools namely: STI Cebu, STI Iloilo, STI Quezon Avenue and STI Tuguegarao for SY 2020-2021 and to cease the operations of STI Pagadian effective SY 2020-2021. Similarly, the respective franchisees also informed CHED, TESDA and DepEd of the cessation of operations of some of STI ESG's 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.
- j. 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.




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 March 31, 2020 and 2019 and for each of the three years in the period ended March 31, 2020, included in this Form 17-A, and have issued our report thereon dated September 24, 2020. 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.



Benjamin N. Villacorte

Partner

CPA Certificate No. 111562

SEC Accreditation No. 1539-AR-1 (Group A),
March 26, 2019, valid until March 25, 2022

Tax Identification No. 242-917-987

BIR Accreditation No. 08-001998-120-2019,

January 28, 2019, valid until January 27, 2022

PTR No. 8125320, January 7, 2020, Makati City

September 24, 2020

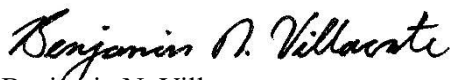


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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 March 31, 2020 and 2019 and for each of the three years in the period ended March 31, 2020, included in this Form 17-A, and have issued our report thereon dated September 24, 2020. 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 (PFRS) 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 March 31, 2020 and 2019 and for each of the three years in the period ended March 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
SEC Accreditation No. 1539-AR-1 (Group A),
March 26, 2019, valid until March 25, 2022
Tax Identification No. 242-917-987
BIR Accreditation No. 08-001998-120-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8125320, January 7, 2020, Makati City

September 24, 2020



STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

Schedule	Content
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from/Payable to Related Parties which are Eliminated During the Consolidation of the Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Capital Stock
H	Reconciliation of Retained Earnings Available for Dividend Declaration
I	Map of Relationships Between and Among the Company and Its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-Subsidiaries and Associates
J	Schedule of Financial Soundness Indicators

SCHEDULE A – FINANCIAL ASSETS

March 31, 2020

(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
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The Group has no financial assets at Fair Value through Profit or Loss as at March 31, 2020

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,
RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
March 31, 2020
(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
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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 March 31, 2020.

SCHEDULE C – AMOUNTS RECEIVABLE FROM/PAYABLE TO RELATED PARTIES WHICH ARE
ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

March 31, 2020
(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	-	770,363	770,363	-	-	-	Advances
Receivable of STI Holdings from iACADEMY	-	1,020,000	1,020,000	-	-	-	Advisory fees
Receivable of STI ESG from iACADEMY	-	573,074	573,074	-	-	-	Advances
Receivable of STI ESG from STI WNU	-	4,500,376	3,377,191	1,123,185	-	1,123,185	Advances
Receivable of STI ESG from STI WNU	-	13,637,929	9,702,769	3,935,160	-	3,935,160	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
 March 31, 2020
 (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 Maturity Date / Interest Rate July 31, 2021 / 4.75%	3,000,000,000	240,000,000	120,000,000
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	-	2,964,418,162
China Banking Corporation - Term Loan: Maturity Date / Interest Rate September 19, 2026 / 5.81% to 6.31% *	1,200,000,000	-	794,262,208
China Banking Corporation – Term Loan Maturity Date / Interest Rate September 29, 2027 / 5.3030%*	800,000,000	79,150,269	517,210,824
China Banking Corporation – Corporate Notes Maturity Date / Interest Rate January 31, 2021 / 4.36%	300,000,000	39,400,000	-

*presented net of bond issue costs / transactions costs in the Consolidated Statements of Financial Position

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)

March 31, 2020
(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
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The Group has no long-term loans from related parties as at March 31, 2020

SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS

March 31, 2020
(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
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The Group does not have guarantees of securities of other issuing entities as at March 31, 2020

SCHEDULE G – CAPITAL STOCK

March 31, 2020
(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	-	4,749,760,081*	1,653,359,001**	3,501,687,842

*Related Parties			**Directors, Officers, and Employees:			
Prudent Resources, Inc.	1,619,599,964		Eusebio H.Tanco		1,426,955,875	
Biolim Holdings and Management Corp. (Formerly: Rescom Developers, Inc.)	795,918,934		Monico V. Jacob		33,784,057	
Eujo Philippines, Inc.	806,157,130		Maria Vanessa Rose L. Tanco		20,558,001	
Tantivy Holdings, Inc. (Formerly, Insurance Builders, Inc.)	629,776,992		Joseph Augustin L. Tanco		2,000,001	
STI Education Services Group	500,432,895		Martin K. Tanco		78,357,100	
Eximious Holdings, Inc. (Formerly, Capital Managers and Advisors, Inc.)	306,890,332		Paolo Martin O. Bautista		3,250,000	
Philippines First Insurance Co., Inc.	3,722,000		Rainerio M. Borja		1,000,000	
First Optima Realty Corporation	29,014,752		Jesli A. Lapus		6,000,000	
Prime Power Holdings Corp.	23,000,000		Robert G. Vergara		1,000	
Amina Inc.	35,247,082		Ma. Leonora V. De Jesus		1,000	
TOTAL	4,749,760,081		Raymond N. Alimurong		1,000	
			Yolanda M. Bautista		5,000,001	
			Arsenio C. Cabrera, Jr.		6,500,000	
			Franchini Vina Z. Cordova		65,000	
			STI Employees Retirement Plan		69,885,966	
			TOTAL		1,653,359,001	

SCHEDULE H – RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
March 31, 2020
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.

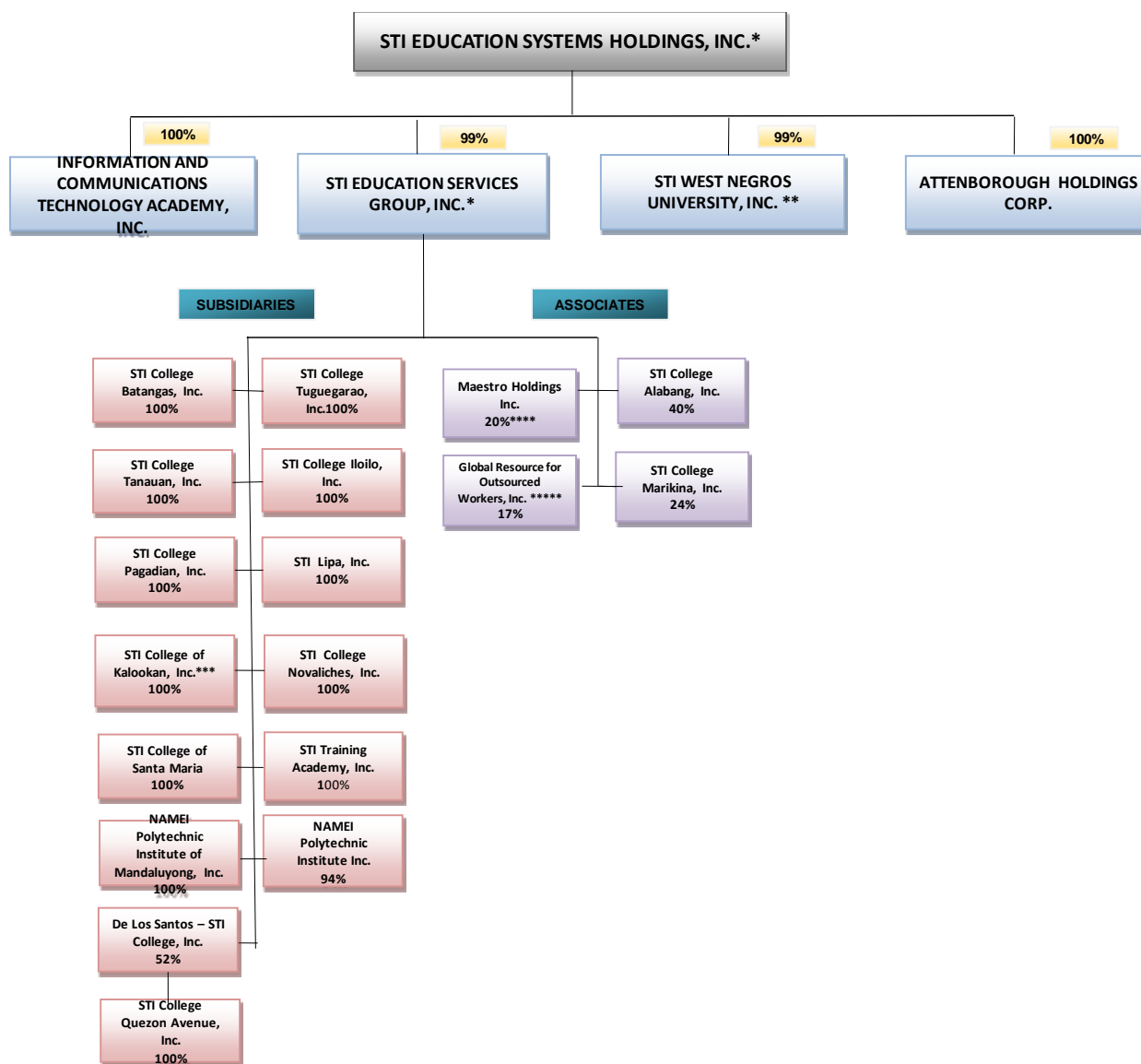
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Unappropriated Retained Earnings, beginning of the year	1,640,688,697
Adjustments: Effect of merger of subsidiaries in 2019	<u>(182,954,744)</u>
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year, as previously reported	1,457,733,953
Effect of PFRS 16 adoption	<u>(724,962)</u>
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year, as restated	1,457,008,991
Add: Net income actually earned/realized during the period	
Net income during the period closed to Retained Earnings	<u>172,124,351</u>
Less: Non-actual/unrealized income net of tax	0
Equity in net income of associate/joint venture	0
Unrealized foreign exchange gain - (after tax except those attributable to Cash and Cash equivalents)	0
Unrealized actuarial gain	0
Fair value adjustment (mark-to-market gains)	0
Fair value adjustment of Investment Property resulting to gain	0
Adjustment due to deviation from PFRS - gain	0
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	0
Sub-total	<u>-</u>
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	0
Adjustment due to deviation from PFRS - loss	0
Loss on fair value adjustment of Investment property (after tax)	<u>0</u>
Sub-total	<u>-</u>
Net income actually earned/realized during the period	172,124,351
Add	
(Less):	
Dividend declarations during the period	(198,096,138)
Appropriation of Retained Earnings during the period	0
Reversals of appropriations	0
Effects of prior period adjustments	0
Treasury shares	<u>0</u>
Sub-total	<u>(198,096,138)</u>
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION	<u>1,431,037,204</u>

SCHEDULE I – MAP OF RELATIONSHIPS BETWEEN AND AMONG THE COMPANY
AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR
CO-SUBSIDIARIES, AND ASSOCIATES
March 31, 2020

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 March 31, 2020

** Formerly West Negros University Corp.

*** A subsidiary through a management contract.

**** Investment is classified as noncurrent asset held for sale effective June 30, 2017.

***** Maestro Holdings, Inc. owns 20% equity interest in Global Resource for Outsourced Workers, Inc. as at March 31, 2020

SCHEDULE J – SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
March 31, 2020

STI EDUCATION SYSTEMS HOLDINGS, INC.

7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Ratio	Formula	Current Year	Prior Year
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.48	1.56
Acid test ratio	$\frac{\text{Current assets less inventories, prepayments \& noncurrent asset held for sale}}{\text{Current liabilities}}$	1.06	0.89
Solvency ratios Debt-to-equity ratio	$\frac{\text{Total liabilities less unearned tuition \& other school fees}}{\text{Total equity}}$	0.78	0.67
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.82	1.69
Interest rate coverage ratio	$\frac{\text{Net income excluding interest expense and provision for income tax}}{\text{Interest expense}}$	0.52	2.43
Return on equity	$\frac{\text{Net income attributable to equity holders of the parent company}}{\text{Average equity attributable to equity holders of the parent company}}$	-2%	3%
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	-1%	2%
Net profit margin	$\frac{\text{Net income after provision for income tax}}{\text{Total revenues}}$	-6%	10%
Other ratios EBITDA margin	$\frac{\text{EBITDA*}}{\text{Total revenues}}$	38%	36%
Debt service cover ratio	$\frac{\text{EBITDA for the last twelve months}}{\text{Total principal and interest due for the next twelve months}}$	1.44	1.70

*EBITDA or Earnings before interest, taxes, depreciation and amortization is defined as earnings (losses) before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint ventures, and nonrecurring gains (losses) such as gain on disposal of net assets and impairment provision on noncurrent asset held for sale. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets.

Sustainably Life-ready



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GRI 102-50, 102-52, 102-53, 102-54

ABOUT THIS REPORT

Through the years, STI Education Systems Holdings, Inc. (STI Holdings), 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 "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. The Group is committed to continuously improve the delivery of education to its students in pursuit of sustainable development.

This year, we are pleased to present our inaugural Sustainability Report to our stakeholders, which communicates the goals of our sustainability journey.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option, covering the period of April 1, 2019 to March 31, 2020, and will be produced annually moving forward. The disclosures in this report do not cover franchise schools and include only the STI ESG branches and subsidiaries, STI WNU, and iACADEMY, unless otherwise stated.

To better understand our sustainability plans, we encourage all stakeholders to read this publication in conjunction with STI Holdings' annual report as of and for the year ended March 31, 2020, which is available on our website www.stiholdings.com. For feedback on and queries about this report, you may email info.sr@stiholdings.com.ph

GRI 102-14

MESSAGE FROM THE CHAIRMAN AND PRESIDENT

Dear Fellow Stakeholders,

Over the years, STI Education Systems Holdings, Inc. (STI Holdings) has championed the cause of nation-building by making quality and relevant education available to the Filipino youth and producing graduates who are life-ready, conscientious, and innovative members of society. It is in this spirit that its subsidiaries – STI Education Services Group (STI ESG), STI West Negros University (STI WNU) and Information and Communications Technology Academy, Inc. (iACADEMY) – have endeavored to establish long-lasting and sustainable educational facilities, robust learning delivery systems, industry-aligned curricula, and strong relationships with students, parents, employees, partner companies, regulatory government institutions, and the communities that the schools serve.




EUSEBIO H. TANCO
 Chairman, STI Holdings

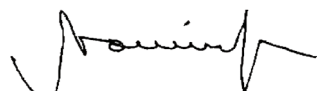
School Year 2019-2020 saw STI Holdings record a 41% increase in new tertiary student enrollment, bringing about a 6% increase in total tertiary enrollment amid the backdrop of having mainly only two years in college as a continuing effect of the full implementation of the K to 12 program and the enactment of Republic Act 10931, which is the Universal Access to Quality Tertiary Education Act or the act more commonly known as the Free Tuition Law.

STI Holdings and its subsidiaries (the "Group") focused on their strengths to be able to deliver world-class education to their students and value to their shareholders. This year, mindful of its corporate and social responsibility and being home to more than 80,000 students and 2,000 employees network-wide, the Group identified sustainability topics that are material to its stakeholders in order to craft and drive its sustainability framework. Further, the Group measured its contribution to the country's achievement of relevant United Nations Sustainable Development Goals ("SDGs") to establish reference baselines for its sustainability goals.

In this first issue of the Group's Sustainability Report, we are pleased to share that the educational entities' different initiatives supported the attainment of priority UN SDGs based on the materiality assessment undertaken by the Group. Among these initiatives was the strengthening of school policies that will safeguard Good Health and Well-being of students and employees alike. To ensure access to Quality Education, program offerings and student projects were continually reviewed with the aim of enriching and elevating student experience. Financial assistance programs and scholarships were also made available to deserving students. To safeguard brand equity, thus supporting Decent Work and Economic Growth, each entity determined appropriate revenue strategies given its business landscape.

With the COVID-19 pandemic looming above all industries around the world, however, we anticipate a challenging year ahead. In particular, health protocols have dictated that the schools shift to an online mode of delivering education while keeping the facilities safe for faculty, employees, and visiting parents/guardians as well as students as soon as conditions permit their onsite presence. Guided by its mission to nurture the students to become life-ready individuals, the Group has been quick to beef up its already outstanding learning management systems and forge partnerships with key telecommunications players to provide the students with internet connectivity assistance. Our faculty, through continuous and rigorous trainings, are well-equipped to deliver lessons and conduct consultations online. The schools have set up online enrollment systems – from enlistment to settlement – for ease of registration. They have likewise continued to be accessible through various online platforms and maintained contact with the parents, students, and the general public. The Group also worked with government institutions to be able to extend additional financial assistance options such as zero-interest student loans and 20% scholarship grants. It is our hope that these efforts will aid our students in their pursuit of education.

As we look towards the future, we hold fast to our vision of becoming the premier provider of relevant and affordable education to the different markets that we serve by making sure that our business itself is sustainably life-ready. We are committed to building on our sustainability performance and furthering our contribution to the achievement of the UN SDGs. We will continue to seek opportunities that will bring us closer to our mission of molding the youth to be competent and responsible citizens of our nation.


MONICO V. JACOB
 President and CEO, STI Holdings



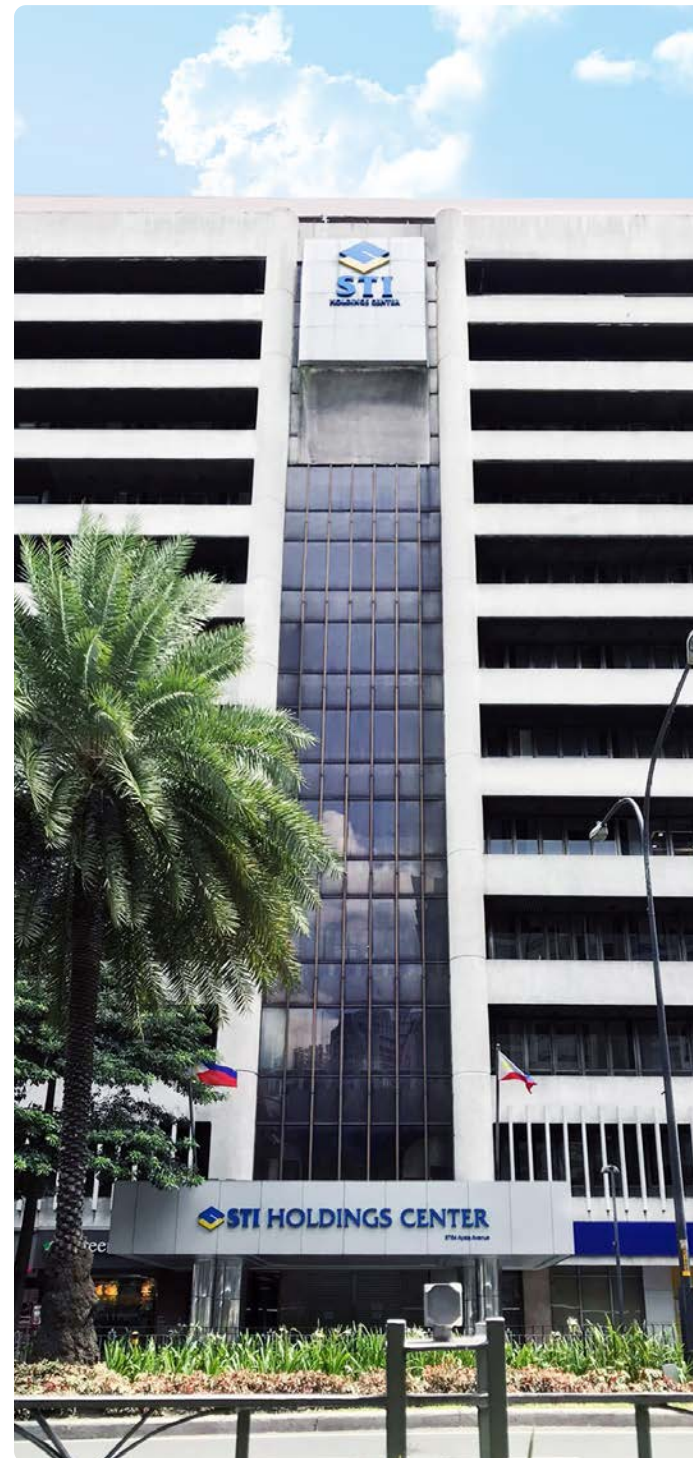


GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6

OUR ORGANIZATION

STI EDUCATION SYSTEMS HOLDINGS, INC. (STI HOLDINGS)

STI Holdings (the Parent Company) was originally established in 1928 as a Philippine branch office of Theo H. Davies and Co., a Hawaiian corporation. It was reincorporated as a Philippine company in 1946 as part of the Jardine-Matheson group and was listed in the Philippine Stock Exchange on October 12, 1976. STI Holdings was then sold to Filipino investors in 2006. In March 2010, it became part of the Tanco Group of Companies. The Parent Company completed its follow-on offering of 2.9 billion shares in November 2012 comprising of primary and secondary issues. Today, it is a holding company with 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. Established on August 21, 1983, 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. STI ESG is involved in establishing, 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.

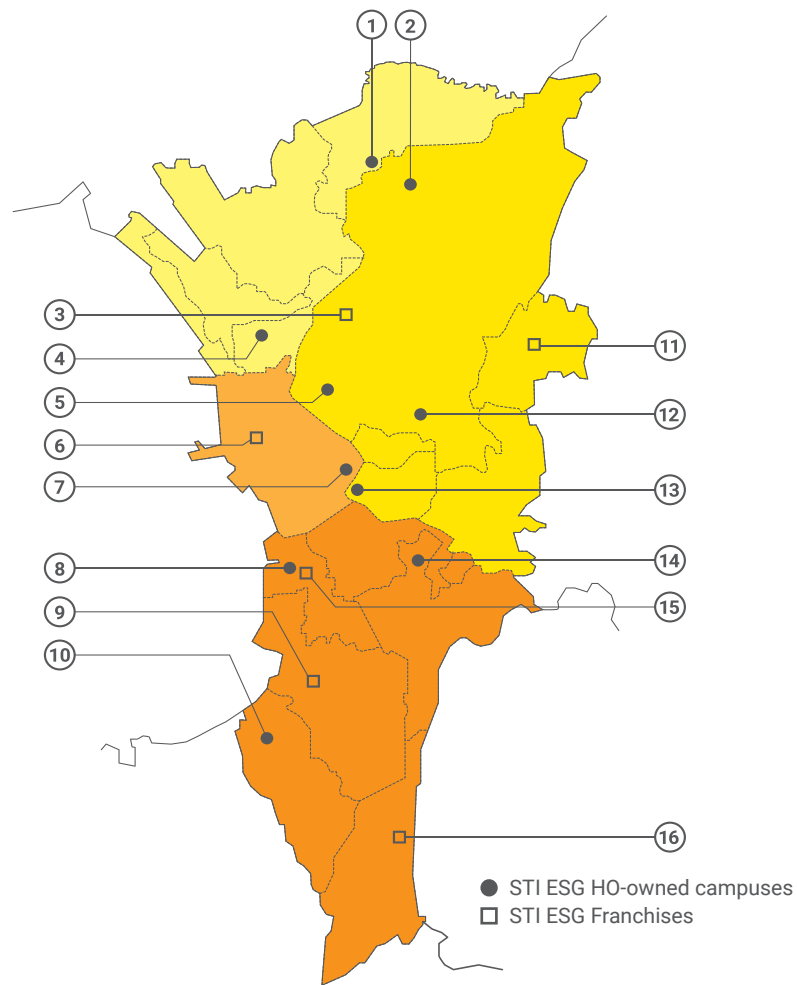
At present, STI ESG offers secondary and tertiary programs as well as post-graduate, and associate programs. The colleges of STI ESG has Associate Degrees, Baccalaureate Degrees, Technical Courses,

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 granted permit by the Department of Education (DepEd) to offer Senior High School (SHS).



STI ESG, whose head office is located in Cainta, Rizal, has a network of seventy-six (76) schools spread across Luzon, Visayas, and Mindanao. It is composed of seventy (70) STI-Branded Colleges and six (6) STI-Branded Education Centers. Likewise, of these seventy-six (76) schools, thirty-seven (37) college campuses and one (1) education center are wholly-owned while thirty-three (33) college campuses and five (5) education centers are operated by franchisees.

Map 1: STI Campuses in Metro Manila



Metro Manila

- | | |
|------------------|-----------------|
| 1. Novaliches | 9. Parañaque |
| 2. Fairview | 10. Las Piñas |
| 3. Muñoz-EDSA | 11. Marikina |
| 4. Caloocan | 12. Cubao |
| 5. Quezon Avenue | 13. NAMEI |
| 6. Recto | 14. Global City |
| 7. Sta. Mesa | 15. Pasay |
| 8. Pasay-EDSA | 16. Alabang |

Northern and Central Luzon

1. Laoag
2. Vigan
3. Tuguegarao
4. Cauayan
5. La Union
6. Baguio
7. Alaminos
8. Dagupan
9. San Jose
10. Tarlac
11. Malolos
12. Balagtas
13. Meycauayan
14. Angeles
15. San Fernando
16. Baliuag
17. Sta. Maria
18. San Jose Del Monte

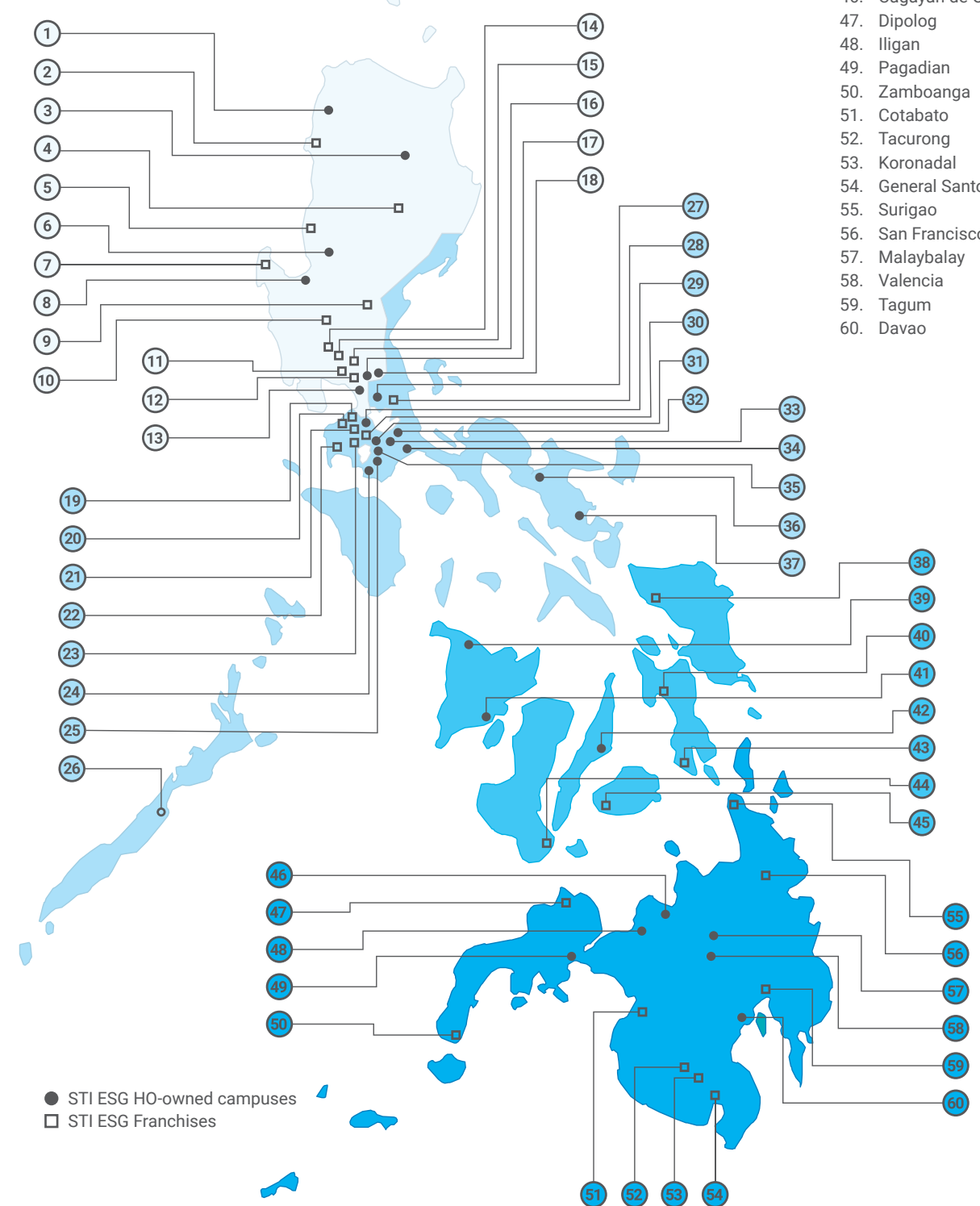
Southern Luzon

19. Bacoor
20. Rosario
21. Dasmariñas
22. Balayan
23. Tagaytay
24. Batangas
25. Lipa
26. Puerto Princesa
27. Ortigas-Cainta
28. Tanay
29. Carmona
30. Santa Rosa
31. Calamba
32. Sta. Cruz
33. San Pablo
34. Lucena
35. San Pablo
36. Naga
37. Legazpi

Visayas

38. Calbayog
39. Kalibo
40. Ormoc
41. Iloilo
42. Cebu
43. Maasin
44. Dumaguete
45. Bohol

Map 2: STI Campuses in Northern & Central Luzon, Southern Luzon, Visayas, and Mindanao



Mindanao

46. Cagayan de Oro
47. Dipolog
48. Iligan
49. Pagadian
50. Zamboanga
51. Cotabato
52. Tacurong
53. Koronadal
54. General Santos
55. Surigao
56. San Francisco
57. Malaybalay
58. Valencia
59. Tagum
60. Davao

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 elementary, secondary including SHS, tertiary education, and post-graduate courses. It also operates a maritime training center that offers and conducts 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.

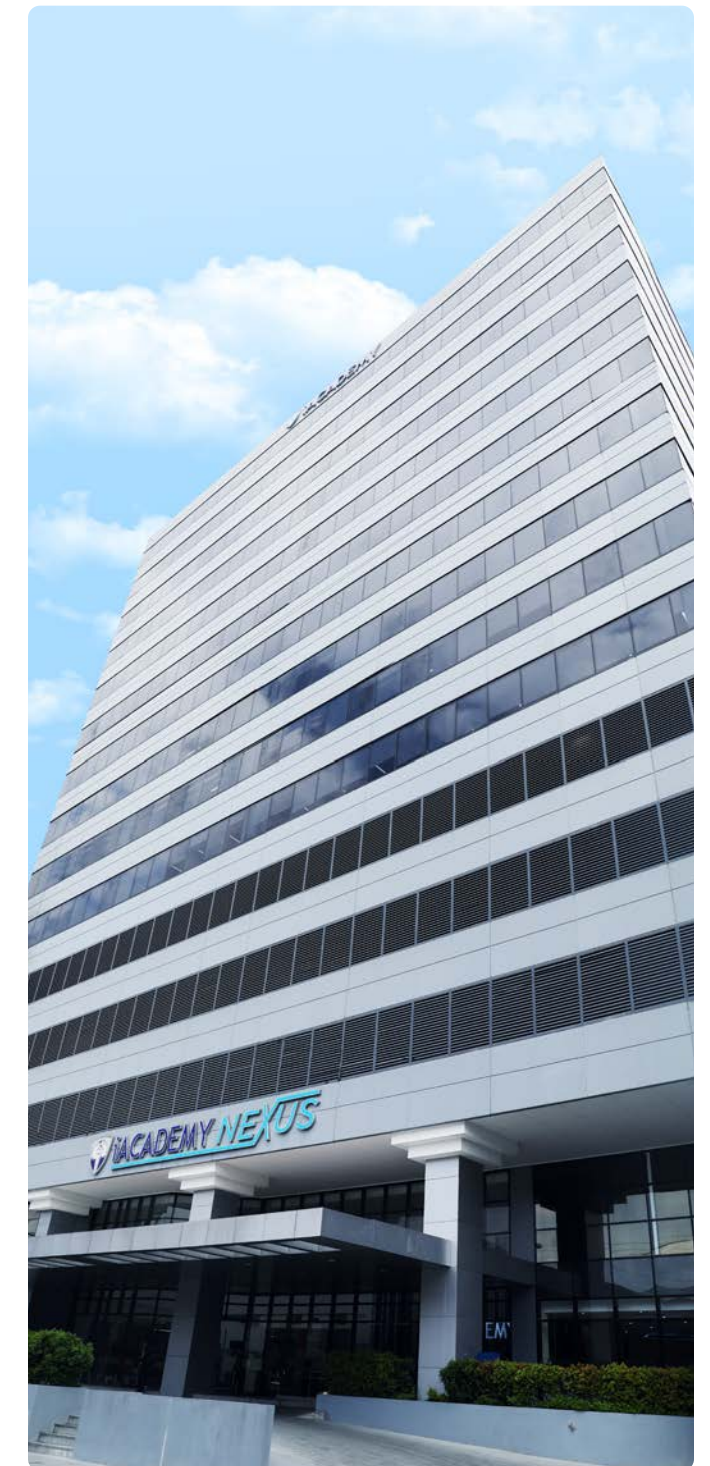
STI WNU was founded by three Baptist women leaders on Valentine's day of 1948 when the city was still reeling from the aftermath of the Second World War. The school, then West Negros College, first operated as a sectarian educational institution offering six undergraduate programs that attracted 710 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 received its Certificate of University Status from 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 undergoing continuous upgrade, catering to more than 6,000 students.



INFORMATION AND COMMUNICATIONS TECHNOLOGY ACADEMY, INC. (iACADEMY)

iACADEMY is a premier school that specializes in course offerings in animation, multimedia arts and design, fashion design and technology, software engineering, game development, film and visual effects, and real estate management. It also offers SHS. It was established in 2002 as a wholly-owned subsidiary of STI ESG, and through acquisition by STI Holdings, became its wholly-owned subsidiary on September 30, 2016. Classes are conducted at the iACADEMY Nexus building along Yakal St. in Makati City, with top-of-the-line multimedia arts laboratories and computer suites.



GRI 102-16

EDUCATIONAL PHILOSOPHY

The Group strongly promotes the learner-centered approach as its paradigm for teaching and learning, thus every student is nurtured holistically through a technology-enhanced, student-centered active learning. The Group strives to offer learning opportunities that allow the students to maximize their potential and growth so that they can thrive in a continuously changing, technologically-driven world.

GRI 102-40, 102-42, 102-43, 102-44

STAKEHOLDER ENGAGEMENT

Engagement with stakeholders is crucial to the success of any organization. The Group’s constant interaction and collaboration with its key stakeholders play a critical role in identifying, understanding, and responding to issues and concerns that impact them, thereby helping it identify areas for improvement, develop plans to address these issues, and ultimately improve the Group’s sustainability performance.

Our stakeholders were selected based on influence, representation, contribution, responsibility, and dependency of the Group.

STAKEHOLDER GROUP	FREQUENCY OF ENGAGEMENT	MODE OF ENGAGEMENT	CONCERNS RAISED	THE GROUP'S RESPONSE (REPORT REFERENCE)
Students	Regular basis	Orientation program, school activities, network events, seminars, social media	Programs or courses, school facilities, campus life, teaching, tuition fees, safety	Quality and Affordable Education (p. 24), Curriculum Development and Implementation (p. 24), Student Affairs & Services (p.28), Academic Research (p.35), Inclusive Education (p.39), Education Facility Safety (p.39), Sustainability Agenda (p.40), and Customer Data & Privacy (p.63)
Faculty and Staff	Regular basis	Orientation program, trainings, workshops, assembly, social media	Human resources related such as salary, benefits, working hours, trainings, career advancement, health & safety	Academic Research (p.35), Employment (p.56), Learning & Development (p.58), Safety and Well-being (p.59)
Parents	Regular basis	Campus tour, orientation program, parents-teachers seminar, website, media articles, social media	Quality of education, school facilities, teaching, tuition fees, safety	Quality and Affordable Education (p. 24), Curriculum Development and Implementation (p. 24), Student Affairs & Services (p.28), Academic Research (p.35), Inclusive Education (p.39), Education Facility Safety (p.39), Sustainability Agenda (p.40), and Customer Data & Privacy (p.63)
Alumni	Annual or as required	Workshops, seminars, website, social media	Employment	Student Affairs & Services (p.28), Community Relations & Strategic Partnerships (p.61), and Customer Data & Privacy (p.63)
Board of Directors	Quarterly or as needed	Board meetings	Overall performance of STI Holdings, finance	Economic Performance (p.44), Governance (p.45)
Stockholders	Quarterly and Annual	Annual stockholders' meeting, reports, website, media articles, social media	Overall performance of STI Holdings, finance, company updates	Economic Performance (p.44), Governance (p.45)
Investors	Quarterly, Annual, or as needed	Annual stockholders' meeting, reports, website, media articles	Overall performance of STI Holdings, finance, company updates	Economic Performance (p.44), Governance (p.45)
Industry Partners	As required	Meetings, seminars, trainings, events, website, media articles, social media	Collaboration opportunities, curriculum design, graduate employment, on-the-job training	Sustainability Agenda (p.40), Community Relations & Strategic Partnerships (p.61)
Regulators	Monthly or as needed	Meetings, workshops	Collaboration opportunities, access to education, curriculum	Quality and Affordable Education (p. 24), Curriculum Development and Implementation (p. 24), Education Facility Safety (p.39), Economic Performance (p.44), Governance (p.45), Energy & Emissions (p.52), Waste Management (p.53), Customer Data & Privacy (p.63)
Suppliers and Service Providers	As needed	Bidding process, meetings	Business opportunities, supply chain impacts	Supply Chain (p.45), Safety and Well-being (p. 59)
Local Community	As required	School activities, events, website, media articles, social media	Community engagement, safety	Sustainability Agenda (p.40), Climate Change (p. 50), and Community Relations & Strategic Partnerships (p.61)

GRI 102-46, 102-47

MATERIALITY

STI Holdings and its subsidiaries engaged Sycip Gorres Velayo and Company (SGV & Co.) to conduct the Group's sustainability materiality assessment and help prioritize its material issues, which will drive the framework and content of its sustainability report. The materiality assessment aims to determine the issues that are material to the Group and its stakeholders. The Group followed the guidelines and principles set by the Securities and Exchange Commission (SEC), the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) Standards to develop its list of material topics.

A materiality assessment workshop was conducted and attended by key personnel of the Group to help prioritize key issues and evaluate each topic's level of importance (low, medium, or high) from the viewpoints

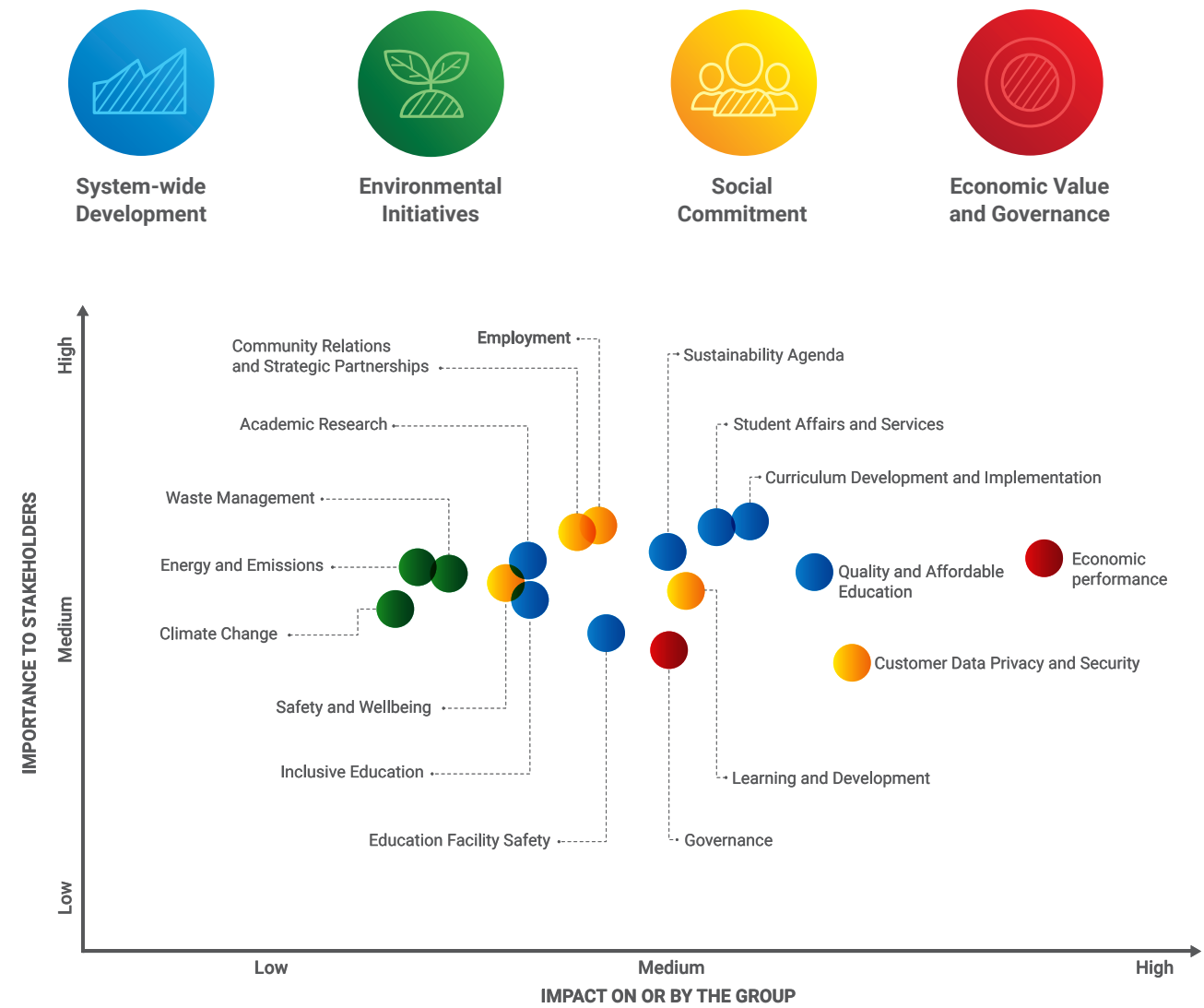
of both external and internal stakeholders. Desktop reviews covering the Group's internal documents and other publications by industry peers, the media, and relevant non-governmental organizations (NGOs) were also conducted to incorporate and consider external trends and their magnitude and likelihood of impacts. The external review, additionally, aims to assess publicly available information to identify relevant industry-specific material issues and benchmark against reports of other leading educational institutions.

The Group then carefully considered the results from these activities in forming its sustainability framework and in coming up with a materiality assessment matrix showing the Group's material economic, environmental, social, and governance issues.

MATERIALITY THEMES AND MATRIX

The materiality assessment resulted in the identification of 17 material sustainability topics, which were then ranked based on their importance to the Group and its stakeholders. The issues were further grouped into four themes to guide the structure and content of this report. Further details on these themes and topics are provided throughout the report.

Below is an overview of the materiality assessment with the topics' relevant impact to the Group and its stakeholders. The material topics are positioned based on their importance to the stakeholders and significance of impact.



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

The Group strives to place sustainability at the heart of its education, research, and business operations as the educational institutions within the Group support the principles of the SDGs.

The 17 SDGs highlight the extent of today's social, economic, environmental, and governance issues. It also recognizes the pivotal role of education in delivering these

goals and values to the society. The SDGs aim to achieve a better and more sustainable future for all, including alleviation of poverty, access to quality education, equality, and prosperity.

In this report, the Group has mapped its activities and aligned these with the various SDGs as it aims to be a positive partner in its community.



SDG 3: Good Health and Well-being

- Building administration policies specifying guidelines for facility preventive maintenance, security, campus safety, command teams, and safety workflows ready to be activated in response to emergency situations
- Health insurance policy covering students, teachers, and full-time administrative staff

SDG 4: Quality Education

- Scholarships or alternative form of financial assistance for over 13,000 students within the whole STI network
- Senior High School Qualified Voucher Recipients and beneficiaries of the Tertiary Education Subsidy aggregating to over 33,000 students
- New program offerings that are industry and market-driven
- Alternative Learning System (ALS) in six STI campuses
- Career orientation and internship programs for senior high school (SHS) and college students
- Centralized courseware development to ensure the standard delivery of courses across its network of schools

SDG 5: Gender Equality

- 45.7% Male Employees, 54.3% Female Employees
- Equal employment opportunity

SDG 8: Decent Work and Economic Growth

- PhP720M paid to employees in the form of wages and benefits
- PhP24M paid in taxes to the government
- 88.4% of procurement budget spent on local suppliers
- 739 new employee hires within the Group
- Over 23,000 skilled graduates contributing to the supply of human capital, not just across the country but also to the global industry

SDG 12: Responsible Consumption and Production

- Campaigns to "Reduce, Reuse and Recycle" and "Clean as you go"
- Availability of waste treatment facilities in select campuses

SDG 13: Climate Action

- Curriculum development incorporating sustainability and addressing climate change
- Student activities relating to waste management and energy efficiency
- Partnerships with government agencies and NGOs for climate change-awareness activities

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 substantive complaints nor complaints received from regulatory bodies and no leak or loss of customer data

SYSTEM-WIDE DEVELOPMENT

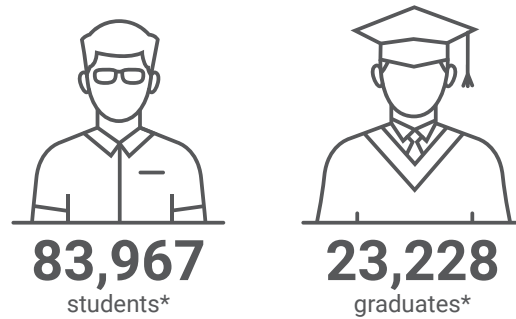
The educational entities in the Group endeavor to transform lives through education, empower the students to reach their full potential, provide opportunities for social inclusion, and look forward to a society where individuals can use their abilities, experience, and talents to make a positive difference.



QUALITY AND AFFORDABLE EDUCATION

The Philippine education system has evolved with today's focus on expanding access and ensuring more Filipinos receive quality education as a means of reducing poverty and ultimately contributing to the country's economic growth. The private educational sector, in support of the government efforts, provides a wide range of educational offerings from early years up to the tertiary level, in academic centers, colleges, and universities across the country.

All education entities under the Group are committed to providing quality and affordable education to its students so they can eventually make a difference in their community. Good education will enable students to develop their abilities and skills to help them reach their full potential. The Group believes that education is one of the most important factors in increasing human capital as a determinant of economic growth. The Group has delivered the following contributions for school year (SY) 2019-2020:



*across the network

The Group offers tuition installment plans to facilitate a more affordable payment scheme. Also, to ensure that more Filipino youth have access to quality education, the Group provides scholarship grants to academically deserving students, siblings of existing students, dependents of employees and/or alumni, and varsity players, among others. The Group likewise accepts students with Tertiary Education Subsidy (TES) and those that are Senior High School Qualified Voucher Recipients. These scholarship grants and subsidies assist students in financing their educational journey.

GRI 102-12 CURRICULUM DEVELOPMENT AND IMPLEMENTATION

The curriculum facilitates the acquisition of attitudes, skills, values, knowledge, and competencies that allow students to face challenges and navigate life successfully. It is crucial that the curriculum promotes universal values and the importance of life-long learning in order to thrive in a constantly changing, globalized society.

Staying true to its commitment of providing the students with real life education, the Group strives to be responsive to the changes and trends of the industry to further strengthen its curriculum and equip the students with the right knowledge and training. The Group regularly conducts market studies and frequent roundtable

discussions with industry partners to determine programs, both degree and technical-vocational, that are needed by the industry and the market. Revisions to the programs are likewise implemented to meet the identified needs as well as changes in government regulatory requirements. Existing program offerings are also reviewed accordingly. The streamlining of the program curricula in response to the needs of the market and developments in the industry drives the rationalization of the Group's program offerings.

Furthermore, STI ESG has a centralized courseware development group which is responsible for the development of its lesson plans and teaching materials, to ensure the standard delivery of courses across its network of campuses. This group of highly qualified professionals with extensive knowledge on content and pedagogy develops the course syllabi, presentation slides, instructor's guide, student handouts, and other student learning materials for each course in all academic programs. For iACADEMY, part of the duties

and responsibilities of a faculty member is to develop courseware that shall be used eventually as the standard courseware for that subject.

The standardized curriculum and courseware materials provide schools within the STI ESG network, including STI WNU, with efficiencies of scale as a single course could reach thousands of students. These also improve the quality of the teaching-learning process since the prepared plans reduce the amount of time that faculty members need to research the subject content and prepare lesson plans. The faculty member can concentrate instead on the actual delivery of the content, in accordance with the learning styles of the students, focus on helping students learn, and participate in extra-curricular activities as faculty advisers. In addition, this system allows the schools to offer high-quality education across the entire network, allowing students to receive the same level of quality education regardless of their location.

STI ESG Programs

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
 - Broadband Installation
 - Computer Hardware Servicing
 - Home Economics Strand with specializations in:
 - Commercial Cooking
 - Cookery
 - Bartending
 - Food and Beverage Services
 - Tour Guiding Services
 - Travel Services
 - Tourism Promotions Services
 - Front Office Services
 - Housekeeping
 - Industrial Arts Strand with specialization in:
 - Consumer Electronics Servicing



Tertiary

- BS in Information Systems
- BS in Computer Science
- BS in Information Technology
- BS in Information Technology major in Network Engineering*
- BS in Information Technology major in Digital Arts*
- BS in Accountancy
- BS in Management Accounting
- BS in Accounting Information System
- BS in Accounting Technology*
- BS in Business Administration major in Operations Management
- BS in Business Management major in Operations*
- BS in Office Administration*
- BS in Office Administration with specialization in Customer Relations*
- BS in Hospitality Management
- BS in Culinary Management*
- BS in Hotel and Restaurant Management*
- BS in Tourism Management
- BS in Travel Management*
- BS in Computer Engineering
- BA in Communication
- Bachelor of Multimedia Arts
- Bachelor of Science in Marine Engineering**
- Bachelor of Science in Marine Transportation**
- Bachelor of Science in Naval Architecture and Marine Engineering**
- Bachelor of Secondary Education major in Mathematics
- Bachelor of Secondary Education major in Computer Education
- Master in Information Technology
- 3-year Hotel and Restaurant Administration*
- 2-year Information Technology Program
- 2-year Hospitality and Restaurant Services
- 2-year Tourism and Events Management
- 2-year Computer and Consumer Electronics Program*
- 2-year Multimedia Arts Program*

*These tertiary programs are offered only to senior college students.

**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
- General Academic Strand
- Science, Technology Engineering and Mathematics

Technical-Vocational Livelihood Track

- Maritime Specialization Strand
- ICT Strand
- Home Economics Strand

School of Graduate Studies (SGS)

- Doctor of Philosophy in Educational Management
- Doctor in Public Administration
- Master in Nursing
- Master of Arts in Education
- Master in Business Administration
- Master in Public Administration

Tertiary

- BS Hospitality Management
- BS Tourism Management
- BS Criminology
- BS Information Technology
- BS Information System
- BS Computer Science
- BS Accountancy
- BS Business Administration
- BS Management Accounting
- Bachelor of Early Childhood Education
- Bachelor of Physical Education
- Bachelor of Secondary Education major in Mathematics, English, Filipino and Values Education
- Bachelor of Elementary Education - General Education
- BS Psychology
- BS Mathematics
- BA Communication
- BA English Language
- Teacher Certificate Program
- BS Electrical Engineering
- BS Civil Engineering
- BS Chemical Engineering
- BS Electronics Engineering
- BS Mechanical Engineering

iACADEMY Programs

Senior High School

Academic Track

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

Technical-Vocational Livelihood Track

- ICT Strand with specialization 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)

Tertiary

- BS Computer Science (Software Engineering)
- BS Information Technology (Web Development)
- BS Entertainment and Multimedia Computing (Game Development)
- BS Business Administration major in Marketing Management
- BS Business Administration major in Financial Management
- BS Real Estate Management
- AB Psychology
- BS Animation
- AB Multimedia Arts and Design
- AB Fashion Design and Technology
- AB Film and Visual Effects
- AB in Communication

The establishment, operation, administration, and management of schools are subject to the existing laws, rules and regulations, policies, and standards of the Department of Education (DepEd), Technical Education and Skills Development Authority (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 (also known as the "Higher Education Act of 1994"), respectively.

Accreditations

STI ESG 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. Both certifications cover STI ESG's Learning Delivery System, which includes courseware development, faculty training and certification, and student development program. These certifications likewise attest that the institution's Learning Delivery System is relevant, responsive, and learner-centered to exceed customers' needs and meet industry competencies and applicable requirements, with strong emphasis on continuous improvement and quality assurance.

STI WNU has accredited programs duly certified by various accrediting agencies, thereby confirming its compliance to national and international standards. The Philippine Association of Colleges and Universities Commission (PACUCOA) accreditation ensures that the university's academic programs continuously adhere to its objectives and maintain academic excellence. Meanwhile, STI WNU's Maritime Training Center (MTC) has been awarded the ISO 9001:2015 certification by Det Norske Veritas Germanischer Lloyd (DNV GL). The ISO certification keeps the University's maritime programs for seafarers compliant with the standards of the maritime industry.

STUDENT AFFAIRS AND SERVICES

The Group believes that learning goes beyond the four corners of the classroom and that students should be empowered to realize their educational goals and potentials through holistic development experiences in the school. Students will have an enriched learning experience as they interact with other students outside the classroom setting, receive counselling on issues such as mental health and career pathing, and get involved with various advocacies. For this reason, the Group encourages the students to explore and learn through a wide array of academic, co-curricular, and extra-curricular activities that will hone them to be well-rounded individuals and help them reach their highest potential.

Guidance and Counseling Services

The Guidance and Counseling Services assist the students in making the best out of their school life. Through the Guidance Office, individual and group counseling services are extended to help the students deal with various personal, educational, emotional, and career concerns.

Job Placement Assistance Services

The Job Placement Assistance Services office conducts employment preparation activities and present employment opportunities to the graduating students and alumni. Some of these services are Employment Preparation Seminars, Mock Interviews, Job Fairs, and Recruitment Day, among others.



National Job Placement Week

Student Governments and Organizations

The educational entities of the Group provide the students with opportunities to organize themselves and experience relevant activities through student organizations. The student councils aim to provide a fun environment conducive to student development while governed by the rules set forth by the School Administration.

In addition, the Group is committed to providing a peaceful and healthy learning environment where students support and respect each other. Hence, student

governments and organizations are prohibited from using any form of violence, force, threat, or intimidation. The students therefore adhere to the Anti-Hazing Law Policy, Anti-Bullying Policy, and Anti-Sexual Harassment Policy. These policies are also in compliance with the following Republic Acts (RA): RA 8049 or "An Act Regulating Hazing and other Form of Initiation Rites in Fraternities, Sororities, and Other Organizations and Providing Penalties Therefor"; RA 10627 or "Anti-Bullying Act of 2013"; and RA 7877 or "Anti-Sexual Harassment Act of 1995."

Gender Development Policy

The Group recognizes the importance of a gender-responsive education and society. In support of the CHED Memorandum Order 01 series of 2015 or "Establishing the Policies and Guidelines on Gender and Development in the Commission on Higher Education and Higher Education Institutes (HEIs)," the Group promotes gender awareness by appointing Gender and Development focal persons in each school to pursue and implement programs, projects, and activities that will contribute to the achievement of women's empowerment and gender equality. It also practices gender mainstreaming in the academe as one of the strategies in educating and informing various sectors of society on the need to recognize and respect the rights of individuals, regardless of gender.

The STI National Youth Convention (STI NYC)

Since 1995, the STI NYC has been an annual venue where students are provided with opportunities to learn the latest trends from industry leaders. The theme and topics vary every school year but always focus on alternative and innovative learning to discover the latest trends in technology, acquire the most in-demand and job-ready skills, and enhance specific values anchored on attributes that a model citizen should exhibit.



STI Talent Search at the Enchanted Kingdom

Talent Search

The STI Talent Search is an annual showcase of talents that aims to recognize the various skills of STIers nationwide – from singers and musicians to dancers and up-and-coming models. Every year, 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.

National Basketball Tournament (NBT)

To promote sportsmanship, camaraderie, and team spirit amongst students, STI conceptualized the National Basketball Tournament, a sports program for STI basketball teams nationwide.

National Volleyball League (NVL)

Women's Volleyball Challenge, a successful student sports program, was redeveloped and launched to include all STI-branded campuses nationwide. With the same objectives of instilling in the students the value of discipline and further strengthening their character, the first National Volleyball League was staged in SY 2017-2018.

Tagisan ng Talino (TNT)

The TNT is an annual academic competition that tests the capabilities of students on impromptu speech, essay writing, programming, cooking, cake decoration, table setting, and general knowledge. Over the years, specific competitions comprising the TNT have been enhanced to ensure that the competitions' objectives are met.



Cake decorating competition at Tagisan ng Talino

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.

Philippine National eSports League Association

The Philippine National eSports League Association introduced the first franchise model eSports circuit, The Nationals, in the country. Together with five other companies, STI ESG joined the league and became one of its founding members. In SY 2019-2020, the league launched The Road to The Nationals, a series of open qualifier tournament games held nationwide. The tournament featured three game titles: DOTA2 for PC, Mobile Legends for mobile, and Tekken 7 for the console game.

iLEAD 2019: Sail Strong

iLEAD is an annual leadership training program that aims to develop resilient and dynamic leaders.



Student leaders at iLEAD 2019

Battle League

As one of the leading schools in Game Development, iACADEMY students join the Battle League, which tests and hones students' skills in online gaming in line with their field of study.



Battle League tournament

Hackathon

Students of iACADEMY create mobile and web applications based on the given theme. This event encourages students to exemplify their skills in problem-solving, competitive gaming, and innovation.

HEXACON

HEXACON is iACADEMY's annual art fair and convention, which is open to the public and hosted by the SHS Student Council and accredited student organizations. The activity promotes iACADEMY and local artists through a variety of events such as Arts and Sticker Convention, Arts and Design Workshop series, cosplay event and featured performances.

The BiTIW Recital

The Basic Integrated Theatre Initiation Workshop (BiTIW) Recital of BiTAG is a theater production series showcasing the acts of the members of Basic Integrated Theatre Arts Guild (Drama Club) or BiTAG. The drama club members participate in shows either onstage or backstage and as stage crew. They also attend workshops, perform in school functions, and engage in various theatrical experiences throughout the year.

KASADYAHAN

Kasadyahan, an annual showcase of "Sinadya," was launched in 2014. Sinadya is a Hiligaynon term, which means jolly, merry-making, or fun. Kasadyahan has become a symbol of camaraderie and fellowship in the STI WNU community. The joyous festivity is usually held at the end of every school year to celebrate the students' hard work.



Kasadyahan Festival

STUDENT ACHIEVEMENTS AND RECOGNITIONS

International Competitions

With grit and determination, Brandhon Kyrielle Aquino from STI College Caloocan proved that he could withstand any difficulty in juggling both his school life and training as a member of the Philippine National Sailing Team when he earned a bronze medal in the Sailing Category during the 2019 **Southeast Asian (SEA) Games**.



Brandhon Kyrielle Aquino with his teammate

STI College Zamboanga's BS Business Administration alumna Honey Firmeza, together with her dance partner Jaime Marcial, also made the Filipinos proud by bagging the Championship title in the Amateur Rising Star Latin as well as placing 4th in the Asia Amateur Latin and 5th in the Seoulcup Open Amateur Latin of the **19th Seoulcup International Dance Championship** on September 1, 2019 at Seoul Grand Hilton Hotel in Seoul, South Korea.

Multimedia Arts and Design students Aldrich Rivera, Betina Mascenon, and Justine Mallari represented iACADEMY in the international competition **Adobe Design Achievement Awards 2019** as the only Philippine finalist.



Miss Tourism Queen Worldwide 2019 1st runner-up
Theresa Diana Pazcoquin

Theresa Diana Pazcoquin, a BS Tourism Management graduate of STI College Tarlac, showed that she has what it takes to be a beauty queen as she took home the 1st Runner-up title in the **Miss Tourism Queen Worldwide 2019**. The pageant aims to gather diverse individuals around the world and let them showcase the splendor of their nation's citizenry and crafts as well as culture and cuisine. It focuses on promoting diversity and harmony by exhibiting majestic sights, colorful festivities, and exquisite food from various countries.

International Summit

STI College Cagayan de Oro sent sophomore BS Information Technology student John Carlos Montejo to the **Developers Student Club (DSC) South East Asia Summit** in Kuala Lumpur, Malaysia as one of the 90 student representatives from South East Asia on September 9, 2019. The summit aims to assess the issues faced by IT graduates in the technology industry by

immersing the participants in real-life problems so that they can build action plans to address concerns faced by their universities.

Aaron Jay Quitain, a BS Tourism Management alumnus from STI College San Pablo, represented the Philippines in the **Bali Asia International Model United Nations (BAIMUN) II** on January 18-21, 2020 at the Bali International Convention Centre in Bali, Indonesia. Hosted by International Global Network, the event is a simulation of an actual United Nations conference where participants were tasked to solve a global issue through research, drafts, lobbying, and debates to pass a suitable resolution. Together with 243 delegates from 23 countries, Aaron also had the opportunity to discuss issues such as the Philippine government's role in ensuring and promoting sustainable tourism.

Board Exam

With a rating of 89.40%, STI NAMEI's Carlo Marasigan topped the **2019 Naval Architecture and Marine Engineering Licensure Examination** out of 89 board passers, while his classmates Adnan Paul Lucero and Marianne Castor both placed sixth with a rating of 87.20%.



(From left) Adnan Paul Lucero & Marianne Castor, 6th place; Carlo Marasigan, 1st Place

Hackathon

Students from STI College Caloocan were declared as the Overall Champions in the **Coca-Cola Philippines' Code Festival 2019**, a hackathon competition for college students, held on November 25, 2019. Team PrograDeation consisted of sophomore BS Information Technology students Katzuki Fushimi and Justine Santiago as well as freshman BS Business Administration student Rovic Morales.

Using the Microsoft Power Platform, the PrograDeation team came up with a mobile application entitled "PeraBubot," an information system that records the transactions of a junkshop. It aims to not only help junkshop owners in garbage collection but also aid the community in controlling the increase in solid waste.

STI College Vigan dominated the **Impact Hackathon** by winning both the student and professional categories in Vigan City. The Impact Hackathon event was an official entry to the Guinness World Records as an attempt to land the title biggest hackathon competition. BS Computer Science students Tristan James Adolfo, Joshua Rosueta, Tristan Joshua Uniana, and Charrie Rafanan, under Team Hackdogs, represented STI in the student's division. They created Herbal Plant, an augmented reality project that aims to provide information on herbal plants. Meanwhile, Team STI Vigan, represented by ICT faculty members John Carlo Malamug and Victoria Kristen Sison, won in the professional category with their system FIX IT, an online service provider. Both teams represented Vigan City in the grand national event and Team Hackdogs landed in the top 15, qualifying them for a one-year incubation program, intensive training, access to expert mentors, network and co-working, and a cash prize.

Culinary Competitions

STI College Calamba's Grade 12 Culinary Arts students Trina Mikaela Java and Mark Carlo Palacio raised the bar high after being proclaimed as Champions in the 3rd **Sweet and Salty Experience Recipe Cooking Contest**, which was spearheaded by the Cooperative and Livelihood Development Department of Calamba City, on October 4, 2019. The cooking contest encourages the participants to create their own recipe incorporating the main ingredients produced by the local farmers. With this, Trina and Mark decided to use pineapple as the main ingredient of their winning dish called "Pineapple Pastillas."

Mobile Documentary

Freshman BS Information Technology student from STI College Pasay-EDSA, Gerome Viñas, emerged as the Grand Winner of **Bayan Mo, Ipatrol Mo (BMPM) Digitales: A Mobile Documentary Contest** which was held on October 25, 2019. Powered by ABS-CBN's Integrated News and Current Affairs and in partnership with UNESCO and the Asian Institute of Journalism, Digitales is a mobile documentary contest that aims to combat disinformation online. With around 50 entries nationwide, three other STI campuses also made it to the Top 20 – STI Colleges Ortigas-Cainta, Novaliches, and Recto.



(First row, center) Gerome Viñas with his team



BS Tourism Management students from STI College Puerto Princesa during the 1st Regional MIMAROPA Tourism and Hospitality Skills Competition

Tourism Competitions

Sophomore BS Tourism Management students Mayuree Bacuño and John Michael Parcerero from STI College Puerto Princesa impressed the audience when they were declared as champions in the Airline Safety Demonstration category of the **1st Regional MIMAROPA Tourism and Hospitality Skills Competition** on September 18, 2019 at SM City Puerto Princesa. As champions, Mayuree and John received a scholarship for the 15-day Flight Attendant Training Program courtesy of PTC MIL-COM Aviation Training Center.

Skills Competition

STI College Koronadal grabbed the coveted Overall Champion title in the **T'nalak Skills Competition** as its students reaped awards in different categories: Culinary Skills (Champion), Restaurant Service and Table Setup with Skirting (Champion), Table Napkin Folding (Silver), Bartending (Silver), Cake Decorating (Silver), Web Design (Silver), Waiter's Relay (Bronze), and Flower Arrangement (Bronze). Fifteen schools within the province of South Cotabato participated in the competition.

Fashion Design Competition

iACADEMY's Fashion Design student Jayanne Rochiel Santos was among the Top 16 Fashion Designers in the **StyleFest Awards 2019** for her Filipino Ready-To-Wear ("RTW") collection. StyleFest is a local competition that aims to promote and discover fresh Fashion Designers that would eventually be at the forefront of a fashion retail brand.

Another Fashion Design student Emanuel Riñoza saw his creations grace the red carpet during the Miss International pageant held in Japan on October 28, 2019 as Miss Philippines Atty. Patch Magtanong wore his Barong Tagalog-inspired design during the Sponsor Orientation. Celebrities and beauty queens such as young star Kisses Delavin and Miss International 2018 1st Runner-Up Ahtisa Manalo have also worn his creations. His works were likewise featured in three MEGA fashion editorials and even gained entry in Photovogue Portfolio.

In December 2019, Fashion Design and Technology alumna Coleen Dumlaog was featured as one of the fashion designers in the Metro Fashion Ball.

Animation Competition

iACADEMY's Animation student Joshua Villena bagged the 1st Prize at the ASEAN 52nd Founding Anniversary - Advancing Partnership for Sustainability poster making contest.

The 2D animated film entitled "Pass" of Animation students Christian Lemuel Ibong and Kinn Arden Galdones won the Grand Prize Award (Student) and Best in Storytelling Award (Student) in the Animahenasyon 2019.

In November 2019, Animation alumna Arianne Arbolado passed the Toon Boom Certification Exam. There are only six Toon Boom certified animators in the Philippines and four of them are from iACADEMY.

ACADEMIC RESEARCH

As the foundation of knowledge, research opens discourse on certain issues or topics currently prevalent in society such as cultural norms, health, education, and technology, and this consequently leads to the development of new ideas, methods, or technology. By conducting research, students and faculty members are able to enhance their skills in critical thinking and organization of ideas.

STI ESG recognizes the outstanding thesis projects of their students through the nationwide Search for Most Outstanding Thesis Awards. The event, where the theses are meticulously screened and assessed by representatives from CHED, Mechatronics and Robotics Society of the Philippines, and Institute of Computer Engineers of the Philippines (ICPEP), is held every year.

STI WNU, on the other hand, conducts capability-building seminar-workshops that aim to equip University researchers and students with the skills to write publishable faculty research papers in refereed and indexed journals. STI WNU likewise encourages its teachers to do research by providing opportunities and encouraging faculty members to participate in local, national, and international collaborative and interdisciplinary research projects. Below are STI WNU's published faculty research papers:

- Language Anxiety among KMCU Students Frequenting the Global Zone – presented in an International Conference held at Huachiew Chalermprakiet University (HCU) Thailand from July 11-13, 2019. The purpose of this paper was to determine the level of foreign language anxiety of Keimyung College University students.
- Imperatives Evident during the Executive Vice President's Special Message during the Alumni Homecoming of 2017 – written in 2018 and subsequently disseminated to the College of Education, Arts and Sciences for possible innovation in the STI WNU's existing curriculum, this paper aimed to determine imperatives prevalent in the EVP's special message to the alumni and employees during the event mentioned above. It was printed in *Academia* in July 2020.
- Perceived Teacher Innovation and its Relation to Student Engagement at National Yunlin University of Science and Technology (YunTech) in Taiwan – undergoing peer review at the *Teaching in Higher Education Journal (THEJ)* since 2019. As the title suggests, this paper aimed to determine the correlation between perceived teacher innovation and student affective and cognitive engagement among calculus students at YunTech.
- Communicating Goals: A Corpus-Based Analysis of Hotel Descriptions Presented by OTA Agoda – a peer-reviewed paper presented at HCU Conference in Thailand from July 11-13, 2019. The paper's goal was to investigate word choices of 4 and 5-star hotels that were advertised on the Online Travel Agency (OTA) Agoda.
- Sustainable Livelihood Development Program in Purok Arao, Barangay Vista Alegre, Bacolod City – presented during the Asian University Digital Resource Network (AUDRN) International Conference held in Butuan City from February 8-9, 2020. STI WNU is an active partner of AUDRN.



Research presentation at the 7th HCU International Conference in Thailand

STI WNU also participates in Student Outputs to Advance Research (SOAR), a tripartite agreement established with University of Negros Occidental-Recoletos (UNO-R) and Riverside College, Inc. The aim of this tripartite agreement is to distribute tasks related to its collective goal of producing research outputs and providing avenue for dissemination and publication of these research works in SOAR Journal. Thus far, two editions of the journal have been published in 2018 and 2019, respectively. Overall, five student research studies coming from various departments have seen print in SOAR.

Meanwhile, iACADEMY has a research manual specifying the framework, research priorities, and general guidelines for students' research and thesis projects. The manual also covers faculty members who are engaged in research and would like to apply for de-loading.

During the reporting period, iACADEMY faculty members were able to present their research in local and internal conferences and seminars:

- Teacher's Practical Guide for Inclusive Education – presented in the St. Joseph College Research Colloquium at St. Joseph College of Quezon City in 2019

In the education sector, a common challenge exists where students with special learning needs experience different challenges in receiving quality education. Thus, this study aimed to develop a practical guide with the intention to unify the approach of regular and special education teachers in implementing an inclusive education.

- The Heart of Education: Relationship of Corporate Social Responsibility on the Organizational Commitment of SHS Teachers in Caloocan City – presented in the 3rd ARNOVA (Association of Research in Nonprofit and Voluntary Action) Asia Conference: The Actionability of Civil Society Challenges of Social Innovation hosted at Colegio de San Juan De Letran

The research ventures into the connection between Senior High School (SHS) teachers' organizational commitment (OC) in relation to their experiences

on the dimension of Corporate Social Responsibility (CSR) done by their respective educational institutions. General findings of the study show that problems of scheduling, effectivity and assessment hinders the level of OC that SHS teachers have towards the CSR activities of their educational institution. To address the issue, the research provided a set of suggestions to optimize CSR in improving the OC of teachers through proper forms of pre-evaluation procedures, post-assessment procedures and a set of effective mix of internal and external CSR program recommendations.

- Collaboration Through Team Teaching: The Response to The K to 12 Spiral Science Curriculum – presented at San Sebastian College Recoletos and Haven of Virtue and Excellence Academy on April 20, 2019

The study analyzes the experiences of science teachers in their attempt to apply team-teaching methods in science for Junior High School. Limitations brought by their specialization into one area has allowed the teachers to engage in collaborative practices with their colleagues such as curriculum review and articulation, team-delivery,

resource sharing, assessment banks, etc. Results showed that the science teachers felt the ease in teaching a different science area due to the help provided by the team. Increase in the performance and appreciation of students in the subject were also validated by the study.

- The Self on Instagram: How People with Different Hair Colors Use Instagram for Self-Presentation – presented in The Asian Conference on Media, Communication & Film by IAFOR (The International Academic Forum) held in Tokyo, Japan from October 25-27, 2019

This study explores how women with different hair colors use Instagram for online self-presentation, considering how hair has been historically significant to identify a person's status. The results showed that the participants perform offline and online strategies, curating one's self for their online self-presentation. Strategic online self-presentation paved the way for online self-branding where the participants get value from different companies and brands

- Action Research on Improving Coordination in Implementing the Project-Based Learning Curriculum in the SHS Program – presented in the 3rd Asian Conference on Institutional and Action Research Organization: Asian Society of Teachers for Research held in Cagayan de Oro City on November 29, 2019

This action research focused on improving the coordination between the faculty and the students in implementing the Project- Based Learning method in the Senior High School (SHS) program. The results



Students from STI College Recto presenting their thesis project during the STI Search for the Most Outstanding Thesis (MOST) Awards

of this action research highlight the following: (1) role of the organizational structure in facilitating coordination; (2) importance of good communication between faculty and students; and (3) good collaboration between the faculty.

- Finding numerical Coefficients of the Product of Two Binomials with the Same Degrees using Japanese Multiplication Method – presented in the 2019 Conference of Joint Societies for Mathematics Education by KSESM and KSME: Contemporary Perspectives on Learning and Teaching in Mathematics Education held in Ajou University, Suwon, South Korea from December 13-15, 2019

The researcher conducted a lesson study which introduced the use of Japanese multiplication method in finding the numerical coefficients of the product of two binomials with integral coefficients and the same degrees.

INCLUSIVE EDUCATION

As an educational institution, it is important for the Group to create a learning environment where all students can flourish and be the best that they can be. The Group believes that having a diverse and inclusive community will help the students become socially responsible individuals as they share experiences and myriad perspectives. The differences in age, gender, religion, ethnicity, sexual orientation, physical ability, and background will further bring richness to the Group's environment and community life. By fostering a culture that values of diversity and inclusion, the Group prepares its students for an increasingly diverse and complex future work environment.

The Group strongly believes in responding to the needs of all students equally, thereby providing facilities and easing access for persons with disabilities and learners with special needs. Ramps and railings, elevators, and PWD comfort rooms are available in major campuses. In addition, STI ESG together with STI Foundation has

partnered with DepEd in offering learning centers for the Alternative Learning System (ALS). The partnership specifically aims to provide out-of-school youth aged 15 to 30 with an opportunity to complete their high school education in a non-formal learning environment. To date, six STI campuses have accommodated ALS students: STI College Ortigas-Cainta, STI College Batangas, STI College Lipa, STI College Muñoz-EDSA, STI College Rosario, and STI WNU.



Students of Alternative Learning System

EDUCATION FACILITY SAFETY

The Group is committed to providing a safe, clean, productive, and well-maintained environment to ensure the safety of all students, faculty, employees, and guests within and around the campus.

The Group carries out measures and upholds best practices to safeguard life, health, property, and welfare

of its employees, students, guests/visitors, and other stakeholders. These measures aim to comply with the principles of environmental laws and regulations in accordance with the Building Code of the Philippines and minimum standards set by applicable governing bodies such as but not limited to CHED, DepEd, and TESDA.

The educational entities within the Group likewise maintain their respective student handbooks that contain the general health and safety requirements for the schools. This hopes to minimize, if not totally eradicate, any incidence of accident and injury, violence, any act of immorality, bullying, and use of prohibited drugs, among others. CCTV cameras are installed in strategic areas of the schools. The schools also deploy licensed and competent security personnel to do periodic rounds and make sure that only authorized personnel, students, and guests or visitors are allowed access into the campus premises. The Group likewise ensures that campuses meet the minimum requirements and standards so that buildings and facilities are accessible to persons with special needs or with disabilities.

Regular inspections of the facilities and renewal of necessary permits are conducted annually to safeguard compliance with applicable health and safety laws and regulations, and ensure effectiveness of the guidelines and procedures in place. The Group stays true to its commitment of upholding all health and safety measures beyond compliance.

In response to the COVID-19 pandemic, which has caused global disruptions, STI ESG has implemented programs to minimize the risks related to COVID-19 and continue its operations. Classes of tertiary students for SY 2019-2020, which were suspended due to the implementation of the quarantine, were conducted online and/or offline in the subsequent months. For SY 2020-2021, the educational entities within the Group will optimize the use of 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 activities shall follow the latest regulations issued by the Inter-Agency Task Force (IATF), DepEd for Senior High School, and CHED for College. In the event that onsite activities are prohibited by a government agency, the activities or modules shall be delivered 100% online until onsite sessions are allowed. The Management continues to monitor the COVID-19 situation and will take further actions as necessary and appropriate in response to the disruptions caused by this pandemic.

SUSTAINABILITY AGENDA

The school is one of the most important venues where students can learn and understand the theory and practice of sustainability, which in turn can inspire them to act and reduce the negative impacts of their own activities. For this reason, the Group is committed to integrating sustainability and sustainable development in its educational system and contribute to the country's progress towards the 2030 Agenda for Sustainable Development Goals.

The schools belonging to the Group have carried out several ways to integrate sustainability in their educational system: centralized development of courseware and standard periodical examinations to ensure the standard delivery of courses and assessments across all campuses in the STI ESG network, inclusion of subjects related to sustainability in the senior

high school and undergraduate programs, conduct of campus activities that aim to address and educate students about climate change and social issues, and implementation of policies that aim to reduce the schools' negative environmental impacts.



"Clean As You Go" posters in the cafeteria



Wildlife and Biodiversity Conservation Seminar



Environmental lectures in partnership with the local government



Implementation of an energy reduction plan and a solid waste management program



Project Based Learning (PBL) Expo 2019 with the theme "Game Changers Care for Urban Sustainability"



Collaboration with Climate Change Commission, Department of Tourism, and MMDA on student activities for sustainability

The effectiveness of the schools' programs and initiatives related to sustainability are evaluated regularly through feedback received from students, parents, and faculty.



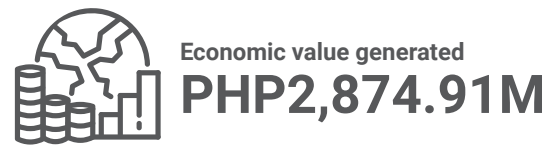
ECONOMIC VALUE AND GOVERNANCE

The Group aims to maximize the organization's long-term success and create sustainable value 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.

GRI 102-7, 102-45, 201-1
ECONOMIC PERFORMANCE

The economic impact of the Group goes beyond its financial performance. True to its mission of nurturing individuals to be competent and responsible members of society, the Group’s network of schools has produced great talents and contributed to the supply of human capital, not just across the country but also to the global industry. The Group’s impact on employment, both direct and indirect, contributed to the country’s economic growth and development.

Of the economic value distributed* for SY 2019-2020, a significant portion was composed of employee wages and benefits and operating costs covering payments to local suppliers. The Group also embarked on expansion and capital improvement projects as part of its commitment to continuously improve the delivery of education to its students. In this way, the Group may ensure that its schools house state-of-the-art facilities



with spacious classrooms, top-of-the-line computer laboratories, and recreational facilities.

Operating costs	PhP1,454.63M
Employee wages and benefits	PhP719.74M
Payments to suppliers, other operating costs	PhP186.22M
Dividends given to stockholders and interest payments to loan providers	PhP528.17M
Taxes given to government	PhP24.32M

*The Group opted not to include the provision for impairment of noncurrent assets held for sale because it is an immediate effect of the impact of the COVID-19 pandemic.

The Economic Performance disclosures cover STI Holdings and its subsidiaries.

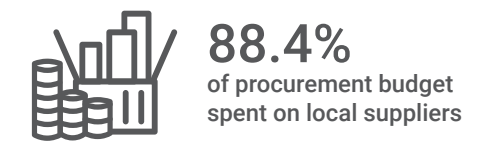
Detailed information about the Group’s financial performance, including its operations, net sales, total capitalization, quantity of products and services provided, and entities included in the consolidated financial statements can be found in its Annual Report (SEC Form 17-A), which is available on the website www.stiholdings.com.

GRI 102-9, 102-10
SUPPLY CHAIN

The Group believes in upholding the standards of ethics and integrity in everything it does. It adopts a policy that aims to provide standards and guidelines in ensuring that its supply chain transactions will result in the best value for money in the acquisition of goods and services and promote openness, transparency, fairness, and equity to all suppliers. The policy also guarantees that all transactions are conducted in a consistent and efficient manner and demonstrates ethical decision-making.

The Purchasing Departments under the Group maintain and update their respective databases of accredited suppliers and system for supplier accreditation. The accreditation program ensures that the 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. Since the Group is located in different key urban cities nationwide, there are instances where the suppliers are sourced within the locality, province, or region.



There is no significant change to the organization and its supply chain during the reporting period.

GRI 102-11, 102-18
GOVERNANCE

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 Parent Company exerts all efforts to further strengthen compliance to principles and practices of good corporate governance. It organizes an annual in-house corporate governance seminar for all the directors and key officers of STI Holdings and its

subsidiaries and affiliate companies. Moreover, the Parent Company has recently appointed* a Compliance Officer, Chief Audit Executive, and Chief Risk Officer. It has also created a Related Party Transactions Committee** to review all material related party transactions.

The Parent Company’s objective is to maximize the organization’s long-term success, creating sustainable value for its stockholders, other stakeholders, and the nation.

*As appointed during the Corporate Governance Committee Meeting on 20 July 2020
**As created during the Corporate Governance Committee Meeting on 20 July 2020

Board of Directors and Management Committee

The BOD of STI Holdings is composed of 11 members. The term of office of the BOD is one year and members are to serve as such until the election and qualification of their successors. The 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 Executive Committee appointed by the BOD consists of the Chairman, the President and Chief Executive Officer, the Treasurer, and two Board members. The said 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.

The Chairman of the Board, when present, presides at all meetings of the stockholders and Directors, may at his own discretion call meetings of stockholders, and performs such other duties as may be designated by the Articles, By-Laws and any meetings of stockholders or Directors. The Chairman reports directly to the Board. The President and Chief Executive Officer manages the affairs of the Parent Company and has general supervision and control of the Parent Company's day-to-day business activities and its officers and employees. He sees to it that all orders and resolutions of the BOD are carried into effect. He also initiates and develops corporate objectives and policies and formulates long range projects, plans, and programs for the approval of the BOD.

The Vice Presidents have such powers and perform such duties as may be assigned to them by the BOD.

The Treasurer has charge and custody of and is responsible for all funds, securities, evidences of indebtedness, receipts, disbursements and other

valuable documents of the Parent Company, and deposits, or causes to be deposited, in the name of the Parent Company, all moneys or other valuable effects in such banks, trust companies, or other depositories as shall from time to time be selected by the BOD; at all reasonable times exhibits books of accounts and records to any of the directors of the Parent Company where such books and records are kept; when required by the President or the BOD renders an account of the financial condition of the Parent Company; receives and gives, or causes to be given, receipts for moneys paid to the Parent Company from any source whatsoever; authorizes the disbursement of funds as the business of the Parent Company may require; and in general, performs all the duties incidental to the above-mentioned duties and to the office of a Treasurer of the Parent Company, and performs such other duties as may be assigned to him/her by the BOD.

The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as all other 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. He is the custodian of the securities, records and of the corporate seals of the Parent Company.

Risk Management

The Group adopts what it considers as 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.

STI Holdings' Board of Directors develops and implements a sound enterprise risk management framework to identify, monitor, and manage key business risks; and to help the Board identify units/business lines and enterprise-level risk exposures.

The Audit Committee also serves as the Parent Company's Board Risk Oversight Committee (BROC).

The Chief Risk Officer supervises the enterprise risk management system process and spearheads the continuous improvement of these processes. The Chief Risk Officer also advises the BOD and management on material risks, risk levels and risk mitigation activities.

The Board, through its Audit Committee, develops a formal enterprise risk management plan which contains the following elements:

- Common language or register of risks
- Well-defined risk management goals, objectives, and oversight
- Uniform processes of assessing risks and developing strategies to manage prioritized risks
- Designing and implementing risk management strategies
- Continuing assessments to improve risk strategies, processes and measures

ENVIRONMENTAL INITIATIVES

The Group recognizes that its operations impact its surrounding communities and the environment. With this, the Group acknowledges the need to contribute positively to the efforts done in addressing climate change, reducing carbon emissions, and managing waste.



CLIMATE CHANGE

The Philippines is highly vulnerable to the impact of climate change such as rising sea level and temperature, increased frequency of typhoons, and extreme rainfall, according to the Global Peace Index 2019. This is due to the country's high exposure to natural hazards (earthquakes, landslides, floods, tropical cyclones, and droughts) and dependence on climate-sensitive natural resources. The study also showed that around 971 million people are at risk of experiencing extreme weather events and breakdowns in the coming years. Climate change,

therefore, demands a clear action from organizations and individuals in the country.

As an agent of change, it is necessary that the Group educates the youth and increases their awareness on the social and environmental issues relating to climate change. The youth can be considered as potential partners in conducting disaster risk reduction activities since they have the knowledge, creativity, vigor, and social networks that can be tapped to help the communities.



Portable Wind Turbine from STI College Cubao that shows an alternative source of electricity by utilizing wind energy with the case and wind panes were all made from recycled materials



Solar-powered Grass Cutter from STI College San Fernando that runs on 100% solar energy and it can easily help the farmers with their farm duties through its ergonomic design and metals blades



Flood Water Filtration Machine from STI College San Fernando that is built with six types of filters and can easily convert flood water into clean water



Concrete Cylinders with Sugar Cane Fiber from STI College Muñoz-EDSA aims to encourage recycling by incorporating sugar cane fibers into concrete cylinders and though it is made of biodegradable materials, it is still as strong as the regular concrete

Automatic Canal Waste Collector also from STI College San Fernando that can gather plastic waste from the water systems and runs effectively on solar energy

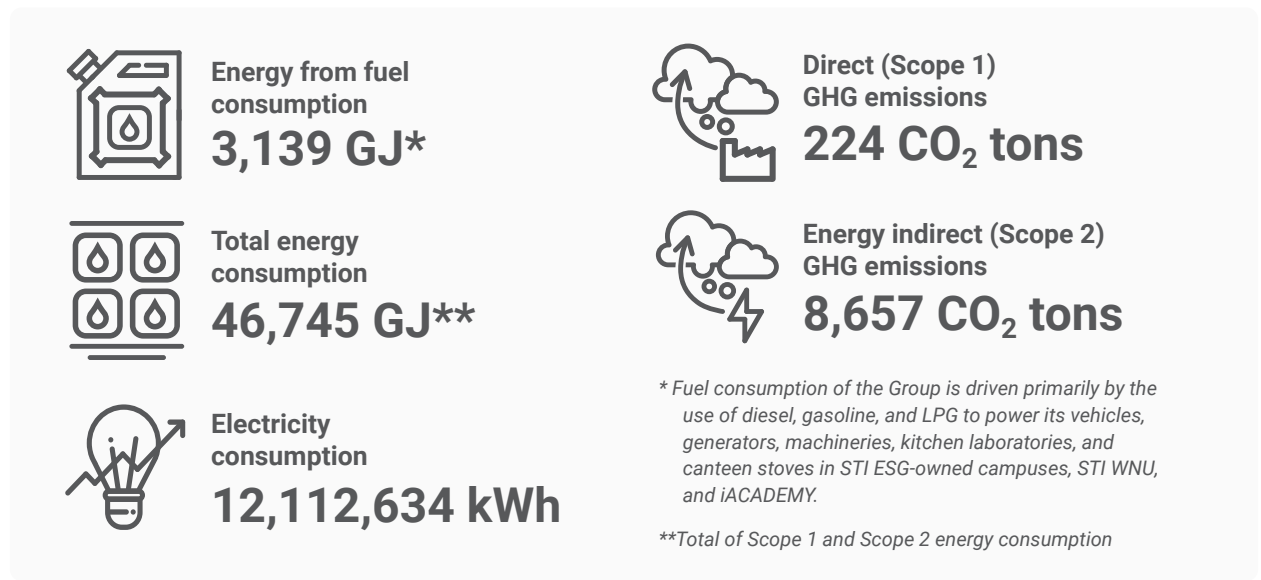


iACADEMY collaborated with GreenAntz, a company that specializes in creating industry-grade bricks using plastic waste, through the exhibition of GreenAntz' technology in the campus. Also held during Earth Week was a plenary talk on Slow Fashion and Climate Change led by Green Antz, Non-timber Forest Products Inc., Institute for Climate and Sustainable Cities, Climate Change Commission, Philippine Textile Research Institute, and the Ms. Earth Foundation.

GRI 302-1, 305-1, 305-2
ENERGY AND EMISSIONS

With more than 80,000 students and school personnel in the network, the Group’s campus operations naturally consume a considerable amount of energy. The rising concern on climate change entreats educational institutions to explore opportunities on how to efficiently manage their energy consumption and sources. Mindful of this call, the Group implements various activities aimed at improving energy efficiency and reducing carbon footprint.

The Group primarily relies on electricity for its energy requirements. The electricity consumption, however, varies depending on school size and campus population. The Group’s carbon emissions likewise are primarily driven by electricity consumption and have been calculated following the GHG Protocol for Corporate Accounting and Reporting Standard, with the emission factors based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.



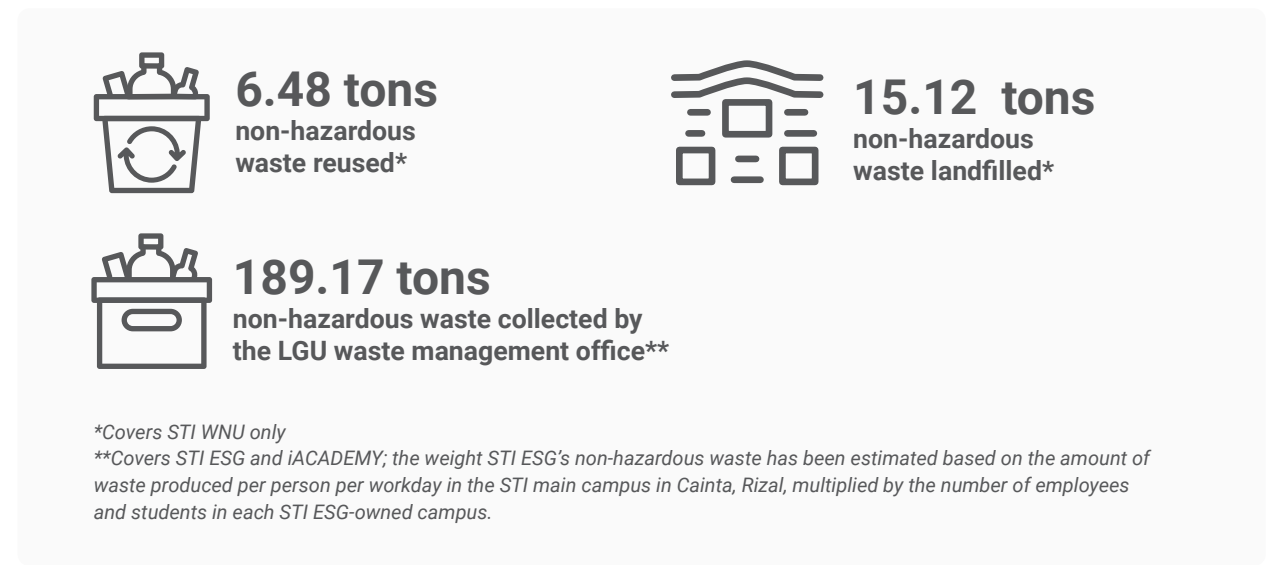
The Group implements various activities aimed at reducing energy consumption and carbon emissions such as switching from Compact Fluorescent Lamp (CFL) bulbs to Light Emitting Diode (LED) lights that are more energy efficient and replacing the schools’ cooling system that are at least 10 years old since new models consume less energy. In addition, the Group identified that air conditioning (AC) consumption is the biggest factor in its energy consumption and has utilized different means to reduce it. These include the following measures:

designing of smaller windows in the academic centers to reduce external heat and initiate faster cooling from the AC; efficient class scheduling that helps lessen the frequency of turning off of the AC units that contributes to the increase in energy consumption; and shutting off of the AC units past office hours. The implementation of blended learning, which would allow the students to continue their studies online and minimize face-to-face interaction on-campus, is expected to contribute to the decrease in the Group’s carbon footprint.

GRI 306-2
WASTE MANAGEMENT

To help protect and preserve the environment and reduce environmental footprint, the educational entities under the Group practice responsible waste management. The

schools generate various types of wastes, which include but are not limited to food waste, electronic waste, paper, and plastics.



STI WNU recorded the following hazardous wastes during the reporting period: 1.52m³ of generator oil and 15kg of busted fluorescent lamps stored on-site; 2kg clinical waste sent to a medical center for disposal; and 2 pieces of used lead acid batteries traded in. iACADEMY, on the other hand, produced 5,143.7m³ used cooking oil, which was processed through the school’s sewage treatment plant before being released into the sewage. STI ESG will report its hazardous waste in the Group’s next sustainability report.

The Group encourages waste segregation and recycling within the school premises. The schools repurpose used paper by utilizing these for internal communication. Bins in and around the campuses are labelled accordingly to facilitate waste segregation. STI ESG’s wholly-owned Academic Centers and iACADEMY are also equipped with sewage treatment plants that recycle wastewater. The Group’s waste management practices aim to minimize its operations’ ecological impacts.

SOCIAL COMMITMENT

Our employees and community partners are our greatest assets. 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 with the Group in creating a sustainable future for all. The Group aims to develop a culture that is service-oriented, trustworthy, and innovative in creating solutions that are responsive to the ever-changing needs of the stakeholders and the environment.



GRI 102-7, 102-8, 102-41, 401-1
EMPLOYMENT

Educational institutions are primarily learner-centered and people-centered, and require all members to work together and fully contribute to the achievement of the goals of the organization. It is therefore important that the Group harness the talent and passion of each employee to bring out their best, while making them feel valued, respected, and accountable for the things they deliver.

The Group is driven by a team of 2,624 exceptional employees consisting of faculty, research, management, and support staff nationwide. These employees are engaged through a full-time or part-time contract and are either regular employees or on probationary status. The Group likewise procures the services of contractors for various types of work within the campuses, which include but are not limited to security, janitorial, maintenance, and construction services.

Total number of employees by employment contract and type, gender, and region

Gender	Regular	On-probation	Full-time	Part-time
Male	371	244	614	584
Female	575	373	949	477
Total	946	617	1,563*	1,061



Region	Regular	On-probation	Part-time	Total by Region
Luzon	416	299	439	1,154
Metro Manila	305	214	413	932
Visayas	180	76	152	408
Mindanao	45	28	57	130
Total	946	617	1,061	2,624

*The total number of full-time employees does not include those who are on extended leave by the end of the reporting period.

New Hires and Turnover

The Group advocates equal employment opportunity and therefore practices non-discrimination in its hiring process.

New Hires

	Male 12.2%		Total New Hires 28.2%	Female 15.9%
228		30 years and below (20.8%)	546	318
84		Between 31-50 years (6.4%)	168	84
9		Beyond 50 years (1.0%)	25	16
321			739	418

Turnover

	Male 5.9%		Total Turnover 14%	Female 8.0%
95		30 years and below (9.7%)	254	159
56		Between 31-50 years (3.9%)	101	45
4		Beyond 50 years (0.5%)	12	8
155			367	212

New Hires and Turnover by Region

Region	New Hires		Turnover	
Luzon	351	13.4%	177	6.8%
Metro Manila	273	10.4%	146	5.6%
Visayas	75	2.9%	19	0.7%
Mindanao	40	1.5%	25	1.0%
Total	739	28.2%	367	14.0%

The entities in the Group have their respective Codes of Conduct that express the Group's commitment to the ethical, professional, and legal standards which are used as basis for all decisions and dealings inside and outside the campus. The Management, employees, and other community members are individually and collectively responsible for upholding the rules and promoting the values as stated in the Code of Conduct.

Collective bargaining agreements

In recognition of concerns regarding employee welfare, STI WNU and its workers' union entered into a collective bargaining agreement (CBA). Included in the CBA are

economic provisions, which are reviewed every three years. At present, 38 employees or 11% of the total number of the University's regular employees are active members of the workers' union.

Managing a large workforce based in different key urban cities nationwide can be challenging, but the Group is committed to further developing a culture that is based on performance, empowerment, and respect. The Group aims to promote equality, diversity, and health and well-being in its policies and practices, as it recognizes that these are critical to the success of our organization.



 **GRI 404-1 LEARNING AND DEVELOPMENT**

The Group considers its employees as one of the organization's biggest assets and believes that investing in talent is vital to ensure sustainable business growth and success. The Group understands that learning and development increases engagement and that an engaged employee consequently shows a higher

level of productivity and notable improvement in work performance. In this regard, the Group aims to provide its employees with development programs that assist them in effectively carrying out their jobs and prepare them for career advancement.

Average Training Hours Provided to Employees by Gender and Employee Classification*



**The Group's data for average employee training hours do not include iACADEMY's faculty. These would be included in the Group's next sustainability report.*

As part of STI ESG's Learning Delivery System, which has been successfully certified by the International Standards Organization (ISO) and has attained ISO Certification 9001:2015, faculty members in the STI network including STI WNU regularly undergo competency-based certifications and trainings to ensure that they are proficient in the subject matter to be able to deliver the required day-to-day lessons. The faculty trainings are designed to evaluate the training needs and demands as well as introduce a holistic system of learning opportunities to develop the faculty members' knowledge, skills, behavior, and attitude. This will allow them to effectively perform their tasks and responsibilities.

Corollary to the faculty training, STI ESG also administers the faculty competency certification program that serves as a process for evaluating a faculty member's knowledge to ascertain that the individual has at least the

minimum level of competence needed to teach a specific course. All faculty members and staff of STI ESG undergo regular performance evaluation ratings from superiors and peers.

iACADEMY, on the other hand, uses education-focused key performance indicators (KPIs) to ensure the academic rigor of the school's learning system. With the use of common Specific, Measurable, Attainable, Realistic and Timely (SMART) KPIs, iACADEMY identifies internal and external changes or progress of staff and faculty members.

Faculty members of the Group regularly participate in a competency-based certification and training to maintain the educational entities' high quality of education for the students. The faculty training also serves as the basis of Management in order to improve and develop a more up-to-date module and training approach.



 **GRI 403-9, 403-10 SAFETY AND WELL-BEING**

The Group commits to providing a workplace that will ensure the safety and well-being of its employees and other workers within the campus premises and offices. The health, safety, and well-being of every single person within the Group matters.

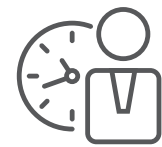
STI WNU, iACADEMY, and the STI Academic Centers have instituted health and safety committees to be in charge of identifying hazards, implementation of health and safety policies and safety workflow, and ensuring proper maintenance of school facilities to prevent any accidents. Emergency response teams 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.

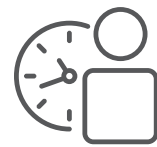
Similar to other universities and colleges in the country, the educational entities in the Group prepared the schools for the new normal consequent to the COVID-19 pandemic, thereby ensuring the safety of not just the students but of the faculty members and staff as well. The Group will use digital tools and online technology to deliver a blended form of education. The Group also

embraces work-from-home arrangements to the furthest extent possible and deploys only a skeletal workforce in the schools and offices to attend to concerns that need face-to-face coordination with safety measures in place. The Group has instituted workplace protocols in observance of IATF and DOLE memoranda, and

employees are advised accordingly to cooperate and adhere to such protocols to prevent further transmission and help contain the spread of the COVID-19 virus. The Group has taken and will continue to take further actions as necessary and appropriate in response to the COVID-19 pandemic.



Number of hours worked by employees
4,750,167*



Number of hours worked by contract workers
1,239,572**

*The estimated number of hours worked were computed by multiplying the number of full-time employees by the end of the reporting period with the estimated number of hours worked per employee during the reporting period (minus holidays and leaves of absence).

**This disclosure covers hours worked by contract workers (i.e. security and utility personnel) in STI ESG offices and schools, STI WNU, and iACADEMY.

Reporting requirements	Employees		Contract Workers	
	Number	Rate	Number	Rate
Fatalities as a result of work-related injuries	0	0	0	0
High-consequence work-related injuries (excluding fatalities)	0	0	0	0
Recordable work-related injuries	1*	0.04	2*	0.32

The rates of work-related injuries which are considered minor have been calculated based on 200,000 hours worked.

Reporting requirements	Employees	Contract workers
Fatalities as a result of work-related ill health	0	0
Recordable work-related ill-health	0	0

*Recorded work-related injuries were minor cuts resulting from accidents in the school campus and fall from scaffolding by a contract worker during a repair work.



GRI 102-13, 413-1

COMMUNITY RELATIONS AND STRATEGIC PARTNERSHIPS

Building a positive and sustainable relationship with the community is vital for an organization, enabling it to establish strong connections with the place, people, and other institutions, which then plays a significant role in driving economic, social, and cultural vitality.

The Group engages in different community development programs that further enrich the lives and learning of its students. The Group believes that community engagement shapes its students' character and values as they share their knowledge and skills while learning from others as well.



Mobile School trains teachers in Masbate City



Bloodletting activity at STI College Ortigas-Cainta



Brigada Iskwela at Agus Elementary School



Habitat for Humanity at Bistekville



Twelve Teachers Thousand Lives project of STI WNU



Outreach activity with Verlarnie Foundation in Bacolod City

MEMBERSHIP OF ASSOCIATIONS

For educational institutions, institutional linkages and memberships in associations play a key role in stimulating learning and innovation. It enables the academe to engage in meaningful collaborations in order to provide better opportunities to its stakeholders.

Through institutional linkages, STI ESG has built partnerships with various reputable industries that have provided opportunities to its students, such as on-the-job training (OJT), employment, courseware enhancements, and faculty development and training. Some of the industries collaborating with STI ESG are Junior Achievement of the Philippines, Inc. (JA Philippines), The Heritage Hotel Manila, InterContinental Hotels Group, Philippine Airlines, and Accenture, Inc., among others.

STI ESG is also active in the following associations:

- 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)
- NCR School Registrar's Association (NASCRA)

Likewise, STI WNU has various local and international industry and organizational partners to help enrich its students' and faculties' academic learnings and real-life skills. These include but are not limited to: Asian University Digital Resource Network, German Development Cooperation, TESOL Asia SITE Ltd Australia, Daegu Health College, Today English Language School, Huachiew Chalermprakiet University, OK English Academy, CENECO, NONECO, PLDT, Globe Telecom, John B. Lacson Colleges Foundation Training Center, Bacolod City Police Office, and 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)
- Bacolod-Negros Occidental Federation of ICT (BNeFIT)
- 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)
- Philippine Society of Mechanical Engineers (PSME)

The External Linkages and Community Sustainability programs of iACADEMY are geared towards building strategic partnerships with public and private organizations to create meaningful programs and activities. These initiatives aim to provide holistic development to iACADEMY students, as well as create a positive impact on society. The External Linkages Unit of iACADEMY aims to create collaborative projects that intend to unleash the potentials and talents of iACADEMY students, with close mentorship and guidance from esteemed companies and organizations.

To enrich the students' learning experiences, iACADEMY has fostered partnerships with known industry leaders such as Wacom, IBM, Toon Boom Animation, Amazon, and Unity.

GRI 418-1 CUSTOMER DATA AND PRIVACY

All educational entities of the Group respect the fundamental rights of all individuals to the privacy of their personal data, and commit to the responsible and lawful treatment of all personal data gathered. They aim to comply with the requirements of all relevant personal data privacy and protection laws, particularly the Data Privacy Act of 2012 (DPA) and its implementing rules and regulations, while upholding legitimate interests and effectively carrying out their responsibilities as educational institutions.

The schools collect personal information in various forms. These may consist of written records, photographic and video images, digital materials, and even biometric records. Photographic and video images include official documentation of school activities, as well as security recordings taken within school premises/campus.

Personal data in the schools' possession are stored securely in a variety of paper and electronic formats, including databases. Access to these personal data is limited to employees for carrying out their contractual duties, and in accordance with the declared purposes for which the personal data were collected.

Unless otherwise provided by law or by institutional policies, the schools retain relevant personal data indefinitely for historical purposes. Otherwise, the personal data are securely disposed of after the specified retention period. Concerns regarding data privacy may be communicated to the respective data privacy officers of the schools.

There is no incident of customer data leak, theft or loss, and complaint for the reporting period.


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102-49	Changes in reporting		Not applicable as this is the Group's first sustainability report
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