COVER SHEET

1746

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

ARSENIO C. CABRERA, JR.

Contact Person

(632) 8813 7111

Company Telephone Number

06 30
Month *Day*
Fiscal Year

SEC FORM 17-A For the Fiscal Year ended June 30, 2021

FORM TYPE

Third Friday of November
Month *Day*
Annual Meeting

N A

Secondary License Type, If Applicable

CFD

Dept. Requiring this Doc.

AOI - Art. III; By-Laws - Art. II, Art. VI, Sec. 6 and Art. VII

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stocholders	Domestic	Foreign
1265	N A	N A

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

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

1.	For the fiscal year ended	June 30, 2021
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	Change from Fiscal Year Ending March 31 to Fiscal Year Ending June 30 effective June 30, 2020

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.

3,063,612,606 shares x ₱0.39 per share = ₱1,194,808,916.34

Note: As of the last trading date which was on June 30, 2021, the Company's shares were traded at ₱0.39 each.

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

DOCUMENTS INCORPORATED BY REFERENCE

15. The June 30, 2021 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 June 30, 2021 and June 30, 2020, STI Holdings has outstanding shares totaling 9,904,806,924 out of its authorized capital stock of 10 billion shares.

STI Holdings has 4 subsidiaries as of June 30, 2021, 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 Phi lippines. Starting as a training center, STI ESG initially offered short-term computer programming courses that were patterned to satisfy the demand of college graduates and working professionals who wanted to learn more about emerging computer technology.

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

Over the years, STI ESG began shifting its focus from short-term courses to college degree programs to adjust to the changing business environment. In 1995, STI ESG was granted a permit by the Commission on Higher Education ("CHED") to operate colleges and 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 fiel ds of Business and Management, Engineering, Healthcare, Hospitality Management, Tourism Management, Arts and Sciences, and Education.

STI ESG embarked on strengthening its geographical presence nationwide as it aggressively constructed improved facilities. More STI ESG schools are veering away from rented commercial complexes and have moved to bigger and better stand-alone campuses in strategic locations. The improved campuses house state-of-the-art facilities, spacious classrooms, top-of-the-line simulation laboratories, and recreational facilities conducive to high academic delivery. To date, there are nineteen (19) wholly-owned schools with renovated or newly built facilities. In addition, STI ESG offered incentives 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 covering courseware development and faculty training and certification for the tertiary level. The ISO 9001:2015 certification has also been extended to senior high school and expanded to include student development programs and job placement assistance for graduates.

When the Department of Education ("DepEd") announced the K to 12 program in 2013, STI ESG capitalized on its nationwide presence to implement the first-to-market approach of the Senior High School (SHS) program. STI ESG is the largest pioneer to offer Senior High School. The two (2) program tracks covered by the permit are the Academic and Technical-Vocational-Livelihood tracks. Under the Technical-Vocational-Livelihood track, STI ESG offers three (3) strands with various specializations.

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

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

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

STI ESG adopted a new accounting period from a fiscal year beginning April 1 of each year and ending on March 31 of the following year to beginning July 1 of each year and ending on June 30 of the following year. The SEC and BIR approved the amendments on November 4, 2019 and August 27, 2020, respectively.

STI ESG Network

As a testament to its growing presence nationwide, the STI ESG network has sixty-four (64) schools spread across Luzon, Visayas, and Mindanao and is comprised of sixty (60) STI-Branded Colleges and four (4) STI-Branded Education Centers. Likewise, of these sixty-four (64) schools, thirty-four (34) college campuses and one (1) education center are wholly-owned while twenty-six (26) college campuses and three (3) education centers are operated by franchisees.

Area	Wholly-Owned	Franchised
Metro Manila (12)	Caloocan Cubao Fairview Global City Las Piñas NAMEI Novaliches Pasay-EDSA Sta. Mesa	Alabang Marikina Muñoz-EDSA
Northern Luzon (17)	Baguio Dagupan Laoag Meycauayan San Jose del Monte Sta. Maria	Alaminos Angeles Balagtas Baliuag Cauayan La Union Malolos San Fernando San Jose Tarlac Vigan
Southern Luzon (19)	Batangas Calamba Carmona Legazpi Lipa Lucena Naga Ortigas-Cainta Puerto Princesa San Pablo Sta. Cruz Tanauan	Bacoor Balayan Dasmariñas Rosario Santa Rosa Tagaytay Tanay
Visayas (5)	Calbayog Dumaguete Kalibo	Maasin Ormoc
Mindanao (11)	Cagayan De Oro Davao Iligan Malaybalay Valencia	Cotabato General Santos Koronadal Surigao Tacurong Tagum

Capital Market Infrastructure

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

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

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

STI West Negros University, Inc. ("STI WNU", 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, real estate management, and music production and sound design. It started in 2002 with an initial class of 72 students. The school is located in Makati - the Central Business District of Metro Manila. The faculty is composed of both experienced academicians and industry practitioners. iACADEMY prides itself in being the first Wacom Authorized training partner in the Philippines, the first college in the ASEAN region to be appointed as an IBM Center of Excellence, the first Toon Boom Center of Excellence in Asia, a certified Unity certification partner, and a partner of Amazon Web Services for Cloud Computing Certification courses. Aside from bringing in industry professionals to teach at iACADEMY, the school also has an impressive internship program, which is one of the most intensive in the country today. Under the program, iACADEMY student interns work full-time in partner companies for at least 960 hours. This model has resulted in a 96% job placement rate within the first six (6) months after graduation.

On 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 Company 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.

COVID-19 Response

In a move to contain the Coronavirus Disease 2019 ("COVID-19") outbreak, the National Capital Region and other parts of the country were subject to stringent social distancing measures, including but not limited to suspension of classes, prohibition of mass gatherings, and imposition of community quarantine, among others. The present COVID-19 pandemic has brought challenges and has affected the global economy. Measures to mitigate its impact have resulted in a global economic recession, travel restrictions, and loss of jobs, among others.

Similarly, the present COVID-19 pandemic has affected the education sector. Educational institutions have temporarily suspended face-to-face classes to contain the spread of the virus and reduce infections. As such, the Group enhanced its online learning platforms to ensure continued learning during the pandemic.

Suspension and Closure of Schools

In September 2020, STI ESG announced the suspension of the operations of some of its owned schools namely: STI Cebu, STI Iloilo, STI Quezon Avenue, and STI Tuguegarao for SY 2020-2021, and cessation of the operations of STI Pagadian effective SY 2020-2021. Similarly, STI ESG announced the cessation of operations of some of its franchised schools, namely: STI College Bohol, Inc. (STI Bohol), STI College Recto, Inc. (STI Recto), Sungold Technologies, Inc. (STI Zamboanga), STI College Pasay, Inc. (STI Pasay), STI College Dipolog, Inc. (STI Dipolog), STI College San Francisco, Inc. (STI San Francisco), and suspension of operations of STI College Parañaque, Inc. (STI Parañaque) effective SY 2020-2021. STI ESG determined that continuing the operations of these schools was no longer viable due to low enrollment turnout and/or the high cost of rental of facilities. As at June 30, 2021, STI ESG has a network of 64 active schools comprising of 60 colleges and 4 education centers. Of the total, STI ESG owns 35 schools while franchisees operate 29 schools.

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

Continuity of Education Amidst Community Quarantine

For SY 2019-2020, the school calendars of STI ESG and STI WNU for SHS and tertiary students covered the months of June 2019 to March 2020 and July 2019 to April 2020, respectively. With the imposition of the Enhanced Community Quarantine ("ECQ") throughout Luzon, classes in all levels were suspended on March 17, 2020. Classes of SHS students of STI ESG and STI WNU were completed by the end of March 2020 while classes in the tertiary level were suspended in all campuses nationwide to ensure the safety and welfare of the students.

The tertiary students were given three options to finish the second semester of SY 2019-2020, namely (1) online learning where those who are willing and can go online may finish all their lessons via the eLearning Management System ("eLMS"); (2) offline learning for those who are willing to continue and finish all their lessons but cannot go online, in which case handouts were provided to the students; or (3) face-to-face for those who cannot go online and opt to wait until STI ESG and STI WNU could resume classes under the "new normal" operations with face-to-face classes combined with applicable learning modes. Classes of students who opted for online and offline studies resumed in the third week of May 2020 and were completed as at July 30, 2020, while those who opted for face-to-face classes later took their classes online and completed the same during the first term of SY 2020-2021.

For iACADEMY, the school calendars for SY 2019-2020 of SHS and tertiary enrollees were 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 the ECQ in March 2020. SHS Modular classes of those who opted for online and offline studies 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, online classes resumed on April 15, 2020 and the school year was completed on July 15, 2020.

For SY 2020-2021, classes for both SHS and tertiary students under the STI network started in September 2020, while classes for SHS and tertiary students of iACADEMY started on August 24, 2020 and August 28, 2020, respectively. Face-to-face classes remain suspended and thus the Group has continued to conduct classes online as of June 30, 2021.

Implementation of Full Remote Learning

For SY 2020-2021, STI ESG and STI WNU introduced the ONline and ONsite Education at STI (ONE STI) Learning Model while iACADEMY introduced the Guided Online Autonomous Learning (GOAL) as these institutions transitioned to full online learning. These models use 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. In this setup, all activities or modules are delivered 100% online through eLMS, Google Meet, and/or Microsoft Teams.

The Group employs eLMS, a world-class and award-winning learning management system used by schools and universities across the globe. This cloud-based eLearning tool gives teachers and students a two-way platform where they can collaborate, assign and submit homework, take assessments, and track learning progress, among others. The concept of online learning is not new to the Group, as the schools in the network have already implemented a blended learning model for the past six years. This model allows students to continue their studies at home uninterrupted despite physical classroom disruptions.

Moreover, STI ESG and STI WNU provided internet connectivity assistance to the students through a monthly data plan of up to 34GB to help them get connected with their online classes.

Health and Safety

In the continuous battle against the coronavirus disease, the Group strongly prioritizes the health and safety of the students, faculty members, other school personnel, and visitors in the campus. The Group complies with the health and safety protocols mandated by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases ("IATF"), Department of Health ("DOH"), Commission on Higher Education ("CHED"), Department of Education ("DepEd"), and other local government agencies.

The following measures to mitigate transmission of COVID-19 were implemented to protect the health and safety of students, faculty, and other personnel:

- Implementation of flexible learning model
- Regular disinfection of facilities
- Provision of sanitizers/alcohol within the premises
- Deployment only of skeleton workforce in the schools and offices
- Implementation of work-from-home arrangements to the furthest extent possible
- Wearing of face shield/face mask at all times
- Regular temperature check before entering the office/school premises and during office hours
- Launch of communication campaign about the institution's health and campus safety protocols and information dissemination on COVID-19 related facts through social media
- Issuance of operations advisories regarding COVID-19
- Use of the Stay Safe application to track employees or guests entering the school and/or the office/implementation of contact tracing form
- Close monitoring of employees who have been vaccinated
- Provision of designated holding area for those who are sick or suspected with COVID-19

Community Services

The STI ESG community demonstrated its Bayanihan spirit as the students, faculty members, and school personnel all worked together to extend a helping hand to their respective communities during this time of a global pandemic. Activities such as face mask donations to local government units, feeding programs for frontliners, food pack donations, and setting up of community pantries, among others were organized by various STI campuses nationwide. STI College Ortigas-Cainta also opened its dormitory facilities and provided daily meals to the healthcare workers of Cainta Municipal Hospital, while some STI students and school personnel volunteered as frontliners in their communities.

Student Financial Aid Programs

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

LandBank ACADEME Program

LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility on July 22, 2020, under its Academic Development to Empower the Masses towards Endless Opportunities ("ACADEME") Lending Program in favor of STI ESG. The ACADEME Lending Program provides credit support to private high schools, private technical and vocational education training institutions, as well as Higher Education Institutions (HEIs) such as colleges and universities, to aid students, through their parents or benefactors, in continuing their education, under a '"study now, pay later'" program.

The school can borrow up to 70% of the sub-promissory notes on a per semester basis, and subject further to a maximum amount based on the school's net borrowing capacity, with a very low fixed interest rate of 3% per annum that is payable up to the maturity of the sub-promissory notes, but not to exceed three years.

Under the LandBank-STI Student Loan Program, incoming and existing college students for SY 2020-2021 were able to borrow up to ₱15,000 per term, which was credited directly to the STI campus they were enrolled in. The loan amount defrayed the cost of tuition and other school fees for a given term. To further ease the financial burden of the students, STI ESG absorbed the 3% interest rate; thus making the student loan program available to the students at no interest rate and with easy application process.

DBP RISE

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

PAG-IBIG – STI Educational Assistance Program

STI ESG and STI WNU strengthened their partnership with Pag-IBIG Fund to ensure that students from all walks of life will have the opportunity to receive quality education. Through the Pag-IBIG – STI Educational Assistance Program, Pag-IBIG Loyalty and Loyalty Plus cardholders, and their qualified dependents within the second degree of consanguinity and/or affinity, availed of a 10% partial scholarship grant on tuition fees (excluding miscellaneous and other school fees). Furthermore, an additional 10% scholarship grant was offered to student applicants during SY

2020-2021. Qualified applicants were entitled to an aggregate of 20% scholarship grant on tuition fees in any STI campus nationwide.

Reduction of Other School Fees and/or Miscellaneous Fee

As part of STI ESG's and STI WNU's continuous efforts to further support the students and parents in relation to the impact brought about by COVID-19, select students enrolled in certain programs enjoyed a refund and/or a tuition fee credit. STI ESG and STI WNU reduced the laboratory fees by up to 35% and other school or miscellaneous fees of both tertiary and senior high school students for SY 2020-2021. iACADEMY gave discounts of as much as 31% and 6% on its regular Other School Fees and Tuition Fees, respectively, for Senior High School students, resulting in a considerable (10%) reduction on their total fees in SY 2020-2021. For the same cause, iACADEMY also gave 50% and 33% discounts on its regular Laboratory Fees and Other School Fees, respectively, for college students.

Enrollment and Graduates

STI ESG

STI ESG reported a total enrollment of 76,841 and 74,798 at the beginning of SY 2018-2019 and SY 2019-2020, respectively. Private schools reported a dip in enrollment for SY 2020-2021 due to the impact of the COVID-19 pandemic. A survey conducted by STI ESG disclosed that a number of students did not pursue education for SY 2020-2021 because of the financial difficulties experienced by their respective families/benefactors during the year. Despite this, STI ESG registered an enrollment of 62,490 at the start of the school year.

The average percentage of students retained in a semester was at 98.2% in SY 2018-2019 and 98.0% in SY 2019-2020. The retention rate in SY 2020-2021 remained steady at 98.3%. Meanwhile, the average percentage of students who migrated to the succeeding semester in both SY 2018-2019 and SY 2019-2020 was 91%. Migration rate went down to 79.2% in SY 2020-2021.

The enrollees in associate and baccalaureate degree programs, technical-vocational programs, and senior high school level for SY 2018-2019 accounted for 50%, 2%, and 48% of the total enrollment, respectively. The enrollment mix posted in SY 2019 2020 was 54% for associate and baccalaureate degree programs, 3% for technical-vocational programs, and 43% for senior high school tracks and specializations. Meanwhile, the enrollment mix in SY 2020-2021 was at 56%, 2%, and 42% for associate and baccalaureate degree programs, technical-vocational programs, and senior high school tracks and specializations, respectively.

In SY 2018-2019, STI ESG generated 13,270 tertiary graduates for the first and second semesters, while 17,514 students graduated from senior high school. There were 4,832 tertiary graduates for the first and second semesters, while 15,980 students graduated from senior high school in SY 2019-2020. For SY 2020-2021, there were 2,850 students who graduated from tertiary for the first and second semesters and 12,548 senior high school graduates.

STI WNU

In SY 2018-2019, STI WNU accepted a total of 6,665 students. This included 2,218 enrollees in the SHS. The following year, SY 2019-2020, 6,603 students enrolled, including 1,874 SHS enrollees. In SY 2020-2021, 5,584 students enrolled in STI WNU, including 1,470 SHS students.

During SY 2018-2019, 2,217 students graduated from the University, including 1,194 SHS students. In SY 2019-2020, a total of 1,677 students graduated from the University, including 898 from SHS. The following year, SY 2020-2021, a total of 1,288 students graduated from the University. This included 810 SHS students.

iACADEMY

College

iAcademy had a total college enrollment of 1,121 in SY 2018-2019, including 531 college freshmen students following the graduation of the first batch of the Senior High School program. Majority or 58% 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 also 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%.

The school year 2020-2021 has been affected by the pandemic. The total number of freshmen decreased by 18% and the combined enrollment for the three terms posted at 1335. The average retention rate was recorded at 84%. The School of Design still has the majority of the students enrolled which was recorded at 59%. At the end of the school year, the school was able to produce 105 college graduates from the different programs.

Senior High School

In SY 2018-2019, the enrollment for Grade 11 was at 656, while for Grade 12 was 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 from 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 (599) graduated at the end of the school year.

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

Tuition Fee Increases

STI ESG

No increases in tuition fees and other school fees were implemented in SY 2018-2019, SY 2019-2020, and SY 2020-2021.

STI WNU

In SY 2018-2019 and SY 2019-2020, the University implemented a 5% tuition fee increase and a 2% increase in other fees, respectively, for new students only. During SY 2020-2021, the University did not impose any increase in tuition fees.

iACADEMY

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.

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

New Programs/Majors and Revised Curricula

STI ESG

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

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. Four new programs were developed and one program was revised in SY 2018-2019. Meanwhile, 18 programs were updated in SY 2019-2020 and three new programs were developed in SY 2020-2021.

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

STI WNU

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

iACADEMY

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.

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

STI ESG's Standardized Courseware

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

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

In SY 2020-2021, 85 courseware materials were developed and revised for Business and Management, Arts and Sciences, IT and Engineering, Tourism Management, and Hospitality Management, while 15 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. Moreover, STI ESG updated the courseware materials that will suit the online modality and, at the same time, ensured that the materials are also Outcome-Based Education ("OBE")-aligned with assessment tools, rubric, and performance tasks.

STI ESG's Standardized Periodical Examination

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

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.

ONE STI Learning Model

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

Onsite learning refers to school activities to be conducted on-campus and follows the latest regulations issued by the IATF, DOH, CHED for tertiary, and DepEd for SHS. Since the government still prohibits onsite activities, STI ESG continues to conduct classes online.

STI ESG is not new to the concept of online learning as it has been implementing a blended learning model for the past six years so that students can continue their studies at home uninterrupted despite any physical classroom disruptions. STI ESG utilizes eLMS, a software application running on Amazon cloud, to better manage the delivery of educational courses and/or training programs to its students. The eLMS features built-in support for collaboration through various tools such as wikis, forums, and discussion groups; an internal messaging system with bidirectional support for emails and text messaging; and a built-in portfolio system which students can use to collect works to support learning and/or achievements.

Education Centers Upgraded to Colleges

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

STI ESG was recertified on February 5, 2021 and was lauded by the ISO certifying body TÜV Rheinland Philippines, Inc. for the successful transition to online learning.

STI Virtual Career Camp

In SY 2020-2021, STI ESG held STI Virtual Career Camp in which Grade 10 and Grade 12 students go through engaging learning modules that are designed to help them choose the right track or program for senior high school or college. Contents for Entrepreneur's Camp, Baker's Camp, Photographer's Camp, and Game Developer's Camp were developed by utilizing Articulate Rise 360 and featured interactive activities that were suited for online modality. Articulate Rise 360 is a web app that lets the users create fully-responsive online courses whether the participants are viewing the camps through a desktop computer, tablet, or mobile.

SABRE Awards Asia-Pacific

STI ESG was recognized for its youth-oriented program, the STI Career Camp, during the virtual SABRE Awards ceremony held in Tokyo, Japan on September 24, 2020. The STI Career Camp is the sole winner of the prestigious award from the Philippines and bested other Asia-Pacific region finalists in the Educational and Cultural Institutions category.

The SABRE or Superior Achievement in Branding and Reputation Award is evaluated by a jury of more than 60 industry leaders worldwide.

Asia-Pacific Stevie Awards

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

18th Philippine Quill Awards

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

STI WNU

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 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.

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

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

iACADEMY

In October 2018, 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 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 BS Accountancy 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 our 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.

The following month, iACADEMY inked its partnership with the Climate Change Commission in the promotion of a climate-resilient and climate-smart Philippines. CCC exhibited 30 of the students' designs in CTRL+S Now: A Print Exhibition on Climate Change Awareness and Action during Climate Change Consciousness Week last November 2019. Recently, we've also implemented the Co-Create for Climate program with the project theme "Single Use Plastics" that faculty, students, and various stakeholders has contributed to.

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

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

In July 2021, 2 UAE based awarding body recognized iACADEMY: Global Business Review, a UAE-based magazine focusing on the updates and information about emerging markets, Finance, Banking and Technology awarded iACADEMY as Best School for Music Production, Design and Technology and Most Innovative education Provider (Ph); International Business Magazine awarded iACADEMY Best New School for Music Production and Technology Philippines 2021, Most Innovative Design School Philippines 2021 and "Most Innovative Education Provider Philippines 2021.

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

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

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

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

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

Faculty Achievements

STI ESG

Professional Development

STI College San Pablo's Tourism and Hospitality Management instructor, Russel Ramirez, was appointed as one of the three Directors of Associate in the Alliance of Hospitality and Tourism Movers of the Philippines ("AHToMP") on February 12, 2021. AHToMP is one of the largest nonprofit and needs-based alliance for the tourism and hospitality industry that promotes solidarity, active service, and progressive linkages in the sector. In addition, Ramirez also became a professional member of the Institute of Global Professionals that is based in Bangladesh.

Meanwhile, STI College General Santos Tourism and Hospitality Management instructor, Edrian Sacdalan Llauderes, attended the FoodSHAP® Food Safety Training & Examination System ("FSTES©") of Food Safety and Hygiene Academy of the Philippines' e-Learning Program on April 5-23, 2021. This is the country's first educational institution that focuses on the Food Safety Qualification Program for food handlers, both in the local and international hospitality industries. Llauderes completed three programs namely Basic Food Safety for Food Handlers, HACCP Principles and Practice, and Food Safety Compliance Officer that are accredited by the American National Standard Institute. After completing the programs and passing all the assessments, he was awarded the professional designation of Food Safety Compliance Officer.

Another instructor from STI College General Santos, Chef Ronald Ferman, was also recognized as a World Certified Executive Chef by the World Association of Master Chefs Philippines and Southeast Asia. After going through a stringent virtual screening, Chef Ferman received the distinction on November 21, 2020.

Academic Research

Ann Gilyn Premarion, Academic Head of STI College General Santos, presented her research study titled "ONE STI Learning Model: Delivering Tourism Education Amidst COVID-19 Pandemic" in the 4th China-ASEAN Tourism Education Alliance ("CATEA") International Conference 2020/2021 on January 16, 2021 at the East Asia Institute of Management ("EAIM") campus in Singapore. Premarion's research study focused on STI ESG's ONE STI Learning Model that enables the students to continue their studies, move up to the next level, graduate, and seek employment amidst the pandemic. After her successful presentation at the international conference, the Singapore Management Journal ("SMJ") published Premarion's study in its May 2021 issue. SMJ is a peer-reviewed publication that publishes original articles relating to business and management.

Meanwhile, STI College Cotabato's Social Work Department Program Head, Dr. Izriel Zeriah Kaliman-Kanda, presented her paper titled "The Lived Experiences of Bangsamoro Women in Armed Conflict Situation Towards Resiliency and National Security" during the virtual conference of Philippine Association for Social Worker, Inc. Convention on November 26-28, 2020. Kanda's study focused on the lived experiences of the Bangsamoro women in armed conflict- affected areas in Maguindanao. The results of the study intend to provide baseline data for possible intervention by addressing the issues and concerns raised by the Bangsamoro women.

STI WNU

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. Randolf 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 ("AFPRESCOM") – 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.

Dr. Menalyn Viador, STI WNU Librarian, was elected Treasurer of the Negros Occidental Librarian Association ("NOCLA"), on August 2, 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.

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

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

iACADEMY

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.

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

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

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

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

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

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

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

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

Another faculty member from SODA, Hector Calma was chosen to participate in the Talents Tokyo 2020 that took place every year during the Tokyo FILMeX Festival last September. Talents Tokyo is supported by the Japan Foundation Asia Center in cooperation with Berlinale Talents and caters to young filmmakers and producers from East Asia and Southeast Asia.

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

Dean of Computing Mitch Andaya and Chair of Computer Science and Web Development Programs Bennett Tanyag together with iACADEMY Research and Development Head Jay R San Pedro presented a research paper entitled "Employability of Software Engineering Graduates from 2016 to 2020: A Tracer Study" during the DALTA Research Conference 2021 conducted by University of Perpetual Help Graduate School in August 2021.

iACADEMY School of Business and Liberal Arts Dean Dr. Noel Sergio and Accountancy Chair Ralph Michael Licaros were among CourseBank subject matter experts in the field of human resource management and managerial accounting respectively. Coursebank curates massive open online courses to help Filipino professionals enhance their credentials and advance their careers.

General Education Chair Gian Carlo Alcantara published two journal articles namely *Digital na Ebanghelisasyon: Isang Panimulang Pag-aaral sa Kasalukuyang Sitwasyon ng Social Communication Ministry ng Arkidiyosesis ng Maynila at Diyosesis ng Cubao* at the Malay Journal in June 2021. Malay is an internationally refereed and abstracted multi-disciplinary journal of Dela Salle University - Manila. It focuses on Filipino language, culture, and mass media. The other one is *Bida ang Pinoy?: Isang Panimulang Pagsasalarawan ng Pinoybaiting sa YouTube* (All about the Filipino?: A Preliminary Characterization of Pinoybaiting in YouTube) at the Plaridel Journal (A Philippine Journal of Communication, Media, and Society) for December 2021 Issue. Plaridel: A Philippine Journal of Communication, Media and Society is a bi-annual international journal of communication. Papers published in Plaridel Journal include original research in different areas of media and communication studies in the Philippines and Asia. These can be qualitative or quantitative work in media effects, industry, political economy, subcultural practices, and journalism studies, among others. This research was also presented in the *Pambansang Seminar Workshap* with the theme *Pagtuturo, Pananaliksik at Wikang Filipino sa Panahon ng* New Normal in June 2021. Alcantara was also the reviewer of Sinaya: Philippine Journal for Senior High School Teachers and Students, for volume 1 issues 1-3 for 2021-2022.

In March 2021, SHS faculty and founder of Woman, Create Ms. Marika Callangan artwork was featured during the Women's Month at the SM Megamall store.

Student Achievements

STI ESG

The educational landscape changed in SY 2020-2021 as educational institutions transitioned to online learning due to the ongoing global pandemic. With this, school activities likewise shifted to virtual conferences and online competitions. Despite these abrupt changes, STI students still proudly won accolades in different fields.

International Conference

Tourism students from STI College General Santos and STI College Tagum proudly participated as speakers in an international conference organized by the East Asia Institute of Management. With the theme, "Emerging Trends in Tourism: Impact on Tourism Education," the 4th China-ASEAN Tourism Education Alliance International Conference was successfully staged virtually on January 16, 2021. From STI College General Santos, Dianne Acosta talked about Transforming Traditional Community to Actors of Tourism Industry 4.0, Shiela Mae Halasan discussed the Social Media Marketing of Tourism, while Kythe Ante presented the Opportunity and Challenges of Community-based Tourism. On the other hand, representing STI College Tagum, Jewel Mae Malone shared about Crisis and Disaster Management for Tourism and Anna Mae Panton enlightened everyone on Cultural and Heritage Tourism.

Board Examination

Jenelyn Evangelista Castillo from NAMEI ranked second at the June 2021 Naval Architecture and Marine Engineering Licensure Exams with an 88.40% rating, while Jennzey Gainn Dela Peña Eleda placed 10th with an 83.50% rating. NAMEI was also recognized as one of the top 3 best performing schools as it achieved a 42.31% passing rate.

Huawei ICT Academy

STI ESG and Huawei ICT Academy partnered to equip Filipino students with the needed knowledge and skills to prepare them for their future careers in the ICT industry. Through the partnership, STI delivered Huawei ICT technologies training and encouraged select students of BS Information Technology and BS Computer Engineering to get Huawei certification. Huawei also helped integrate in-demand ICT technologies into STI programs to better prepare the students for future certifications. STI ESG has so far produced almost 300 students who were certified in five technology domains: cloud computing, Big Data, artificial intelligence, routing and switching, and storage.

An industry certification validates the skills and readiness of the students to join the ICT workforce. Every certification is valid for three years, and the students' names appear on Huawei's online database as Huawei Certified ICT Associates ("HCIA"). Being recognized as an HCIA vastly improves the students' competitiveness in the job market as well as the school's employment rate.

Blockchain Exellerator Program

Amidst the COVID-19 pandemic, select 4th year college students from various STI campuses completed the UnionBank Blockchain Exellerator Program on July 20, 2020. The program was an eight-week intensive course for developers who want to strengthen their knowledge about blockchain, a public ledger that records not only the assets but also the transactions of a business.

The participants were grouped into teams and tasked to create a blockchain application based on a business model. Through a five-minute elevator pitch to a panel of experts, the teams virtually presented the working prototype of their application. At the end of the presentation, seven students from the BS Information Technology and BS Computer Engineering courses were certified as blockchain experts.

K-reate for a Cause

K-reate for a Cause is a national competition where the youth can express their creativity and raise funds for their chosen charity. The design competition is part of Smart Communications, Inc.'s ("Smart') "Live Your Passion with Purpose" campaign. Leading front and center are the South Korean idols Bangtan Sonyeondan or BTS who are known for their powerful performances and top-charting hits. Over a hundred STI students from 38 campuses nationwide joined the competition and showcased their passion for the arts and for doing good. Out of the 51 winners nationwide, 26 of them were young student designers from various STI campuses who turned their original hallyu (Korean wave) and BTS inspired artworks into goods.

Smart will then produce ₱50,000 worth of merchandise consisting of water tumblers, canvas tote bags, and t-shirts out of the winning artworks. The student organization may sell the merchandise items for fundraising activities for their preferred cause. The main designer will also get a Samsung Galaxy S21 phone, Smart Prepaid 5G SIM, ₱1,000 worth of Smart Prepaid load, and a Smart Passion + Purpose Mystery Box each to help them in their journey of pursuing their dreams.

Local Competitions

The group of Christian Daniel Perez, Roberto II Asistores, and Jovilyra Cabigao Micael from STI College Meycauayan was hailed as the Grand Winner in the Application Development Contest ("AppCon") 2020 on April 17, 2020. Their group received a cash prize of ₱100,000 on top of the plaque of recognition and gold medals. Meanwhile, the STI College Bacoor group composed of Rica Mae Enriquez, Jaybert Ranmel Bautista, John Daniel Cumigad, Sean Carlos Fronda, Christian John Borjal, and Jenzen Paul Diaz was given the Excellence Award and received a cash prize of ₱50,000, silver medals, and plaque of recognition. AppCon 2020 is a competition about developing a web or mobile-based application that aims to resolve social issues in the country.

Ernest Carlo Ramilo Guiuntab from STI College Vigan also earned recognition for his school as he won first place in the tertiary category of the National Statistics Month Provincial Essay Writing Contest on October 19, 2020.

Another student from STI College Vigan, Joshua Alegre bagged the third place and Most Informative Award in the Tarlac Cultural Heritage Vlogging Contest on March 7, 2021. The competition was part of the Kanlahi Festival 2021. Alegre's vlog featured the rich cultural heritage of the town Anao.

Liofer Pinatacan, 2nd year Hotel and Restaurant Administration student from STI College Iligan, was named the Big Winner of ABS-CBN's reality competition Pinoy Big Brother: Connect on March 14, 2021. Dubbed as the "Dong Diskarte ng Zamboanga del Sur," Pinatacan garnered the most number of public votes to win the competition and took home ₱1 million and new house and lot.

STI College Sta. Mesa's Grade 12 Science, Technology, Engineering, and Mathematics (STEM) student Royce Elwood Paragua won a bronze medal in the 2021 FAMMPSA (Federation of APPSAM-MAPESA-MAPRESA Private Schools Association, Inc.) Mathematics Olympiad Online Edition held on March 16-17, 2021. Paragua competed against 520 students from various schools in Metro Manila.

Held on April 12-17, 2021, 3rd year BS Accountancy student Allison Bernardine Tabernilla from STI College Lucena topped the Auditing Level 3 in the Accounting Varsities Final Brawl of the Trident. The competition was organized by the National Federation of Junior Philippine Institute of Accountants Region 4 Council.

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

STI WNU

From SY 2018-2019 to SY 2020-2021, 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.
- Roselle Dugaduga (BSCE) - President, Philippine Institute of Civil Engineers – Negros Occidental Student Chapter ("PICE NOSC") during the June 12, 2019 election.
- 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)
- Richmont 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)
- Jaylloyd Garche – Grade 12, HUMSS student – 1st place, We Care Orgnization's Nationwide Online Essay Writing contest, Theme: "Your Mental Health Matters, Speak Up for the Voiceless" (April 27, 2021)
- The Negros Occidental ICT Scholars from the College of Information and Communications Technology (CICT) presented the five (5) ICT applications. These were "Emergency Rescue and Response Operation System", "Depot Procurement and Inventory System", "Fire Alert Notification with Map Locator", Monitoring System of the Scholarship Program Division", and "Document Tracking System of Negros Occidental". The presentation was held at the Negros Residences on May 7, 2021.

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, NOPSSCEA Season 39 Sports Meet (October 2019); Western Visayas PRISAA Regional Meet (January 2020)
- STI WNU High School Football Team - Champion, Aspirants Category, NOPSSCEA 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)
- Mustang eSports headed by JD Vasquez, 2nd Year, BS Information Technology student, participated as one of the accredited students for the "Esports Scholarships Are Now A Reality In The Philippines, Thanks To Acad Arena and Globe," an eSports scholarship program named Globe-AcadArena Merit Esports Scholarship (GAMES) (October 2020)
- Mustang Esports – Champion, 2021 Deadeye Esports Campus - League Scrimmage Internationals - Mobile Legends Bangbang (April 11, 2021)
- Jamelyn Ruth Lim – Grade 9, 8th Place in the 8th Mobile Chess x Community Hero Championship 2021, 17U Girls (Swiss) (February 13, 2021)

- Ellaine Summer Abanco – Grade 4, 2nd Place in the 8th Mobile Chess x Community Hero Championship 2021, 12U Girls (Swiss) (February 13, 2021)
- Charlee Andrea Manjares – Grade 3, 6th Place in the 8th Mobile Chess x Community Hero Championship 2021, 10U Girls (Swiss) (February 6, 2021)
- Jose Charles Montalvo– Grade 11 ABM, 6th Place in the 8th Mobile Chess x Community Hero Championship 2021, 17U Boys (Swiss) (February 13, 2021)
- Leigh Andee Rodriguez - Grade 9, Winner, Junior Female - 52kg Category in the R6A Regional Inter-school Online Poomsae and Speedkicking Championships 2021 (October 6, 2020).
- Greg Allan M. Alabanzas – (Grade 9) – Student Athlete – Champion, 2019 6th Ceres Cup and Finalist in 2018 NOPPSCEA Track and Field Provincial Meet.
- Jaycee Adjei, 3rd Year BSBA Student Athlete – Shooting Guard of Negros Mascuvados Maharlika Pilipinas Basketball League (MBPL) March 2021

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)
- Kezia Gabuya (BSCE III) - 2nd Place, Smart Bro Student Vlogger Search, Smart Communications Inc. (December 2020).
- Ms. Angela Beatriz C. Siason (BSCS II)- winner, K-Create for a Cause (May 31, 2021)

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 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 September 2021 examinations, STI WNU's passing rate for new exam takers was 66.67% while the national passing rate was 67.44%.

In the Civil Engineering Board Examinations conducted in May 2019, STI WNU got a 25.0% passing rate while the national passing rate was 38.08%.

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%.

Due to the COVID-19 pandemic, the Civil Engineering and Electrical Engineering Board Examinations have been postponed since 2020.

Criminology Board Examination

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 examination, 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 examination, new exam takers had a passing rate percentage of 80.85% while the national passing percentage was 44.11%. Since the outset of the COVID-19 pandemic in 2020, Criminology Board Examinations have not been conducted.

iACADEMY

In August 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.

Animation student Joshua Villena bagged the 2nd Place at the 51st Shell National Students Art Competition (Watercolor Category) for his work entitled, "Magkakaiba Pero Magkakapareha."
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 Silloriquez represented iACADEMY in the WEAREINTRAMUROS 2018, a film-making contest of the Film Development Council of the Philippines. Their short film became a finalist and 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 their "What A Waste!" initiative in March 2019. The same film also won 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 gracing the red carpet through Miss Philippines Atty. Patch Magtanong who wore a Barong Tagalog inspired design at the Sponsor Orientation for Miss International held in Japan on October 28, 2019. Celebrities and beauty queens including Kisses Delavin, and Miss International 2018 1st Runner-Up Ahtisa Manalo have worn his creations. His works were featured in three MEGA Fashion Editorials and even gained entry into Photovogue Portfolio.

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

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.

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

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, Multimedia Arsts and 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 noteworthy interns namely Francis Miguel Garcia as Outstanding Intern for IT, Lorenzo Martin Benedicto as Outstanding Intern for Game Development, Fidel Aziz Drake Fernandez with Best in Motion Graphics Award, Thaddeus Ted Artificio with Special Citation for Motion Graphics Award and Jarrod Patrick Pena with Most Transformative Intern.

In 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."

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, Brijette 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 Camaongayan, 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 the fore front 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 Metrotent 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 the 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 filmmaking. Grade 12 MMA students namely Jomig Malabanan, Praise Lacsamana, Apple Esturco, Zoe Olavides and Timothy Fort Ocampo were nominated on December 24, 2019 for the Cardinal Gold Film Award 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 a contract to play for the Azkals Development Team ("ADT") in the Philippine Football League.

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

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

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

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

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

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

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

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

Senior High School students Neo Roizz Hombrebueno, Eliana Nicole Carlos, and Seth Joaquim Astorga bagged the 1st Runner-up in the Next Bright Idea Digital Design Competition in June 2021. The Next Bright

Idea is Enderun Colleges' business and design pitch competition for young aspiring entrepreneurs and creative thinkers. It aims to generate breakthrough business ideas and design solutions.

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

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.

- 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.

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

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

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 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), Adrianne 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.

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

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

Faculty Development and Certification

STI ESG

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

The Courseware-based training ("CBT") programs are held during 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.

Faculty Training

In SY 2019-2020, a Professional Culinary Arts training was 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.

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

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

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

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

Academic Head Training

STI ESG launched STI aHead: Academic Heads Development Training in SY 2018-2019. 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.

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

Faculty Certification

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

In SY 2018-2019, 3,327 faculty members were certified and 11,346 certificates were released. For SY 2019-2020, 3,824 FCCs were granted and 10,834 certificates were released. Meanwhile, SY 2020-2021 registered 2,857 certified faculty members and released 9,098 certificates.

Graduate Studies Assistance Program

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

STI WNU

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.

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

Student Development

STI ESG

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

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

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

iLearn and Share

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

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

Career Planning Program

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

Rated PG: Parents Webinar

Parents and guardians play a significant role in helping their children meet and thrive against the challenges of online learning. These webinars intend to support, empower, and recognize their continuous effort in helping the STI students be the best that they can be.

The webinar series kicked off on November 23, 2020 with the episode "Role of Parents in Supporting Students' Online Learning." STI Guidance Counselor Kristine Rose Cruz talked about the implications of distance learning on parenting and the parents' roles in supporting their child's psychological well-being. Streamed on the STI Official Facebook Fan Page, the episode registered almost 8,000 total engagement, 84,000 visibility, and 98,000 impressions.

This was soon followed by the second episode titled "Protecting Your Child's Data Privacy" that was shown on the STI Official Facebook Fan Page on December 19, 2020. In this episode, STI Associate School Legal Manager Atty. Kathlyn Catapang highlighted the importance of data for educators and shared inputs that would help the parents and guardians protect the child's data privacy. This episode reached more than 3,000 total engagement, 53,000 visibility, and 59,000 impressions.

The third episode, "Dear Parents," was a roundtable discussion featuring select STI School Administrators and Academic Heads who provided an overview of online education based on their varied perspectives. They also shared tips for parents and guardians on how they can further help their child with their educational journey. Interviews from select STI students were also shown who shared their online learning experiences. The panelists were STI College Bacoor School Administrator Jobim Monico Zabala, STI College Caloocan School Administrator Marife Ibarra, STI West Negros University EVP/University Administrator Mark Molina, STI College Global City Academic Head Renia Matira, and STI College Cotabato Academic Head Dr. Alfred Taboada.

Student Webinar

This series of webinars aims to assist the students in dealing with the different challenges they face in online learning and the impact of COVID-19 in their daily lives. For SY 2020-2021, webinars focusing on mental stress were streamed on the STI Official Facebook Fan Page.

The first episode titled "No One Left Behind – Mental Health is Everyone's Responsibility" was discussed by Dr. Eugene Hontiveros, RPsy, DIP CH, NLP, a senior consultant for MindCare Program of PhilCare. The webinar encouraged everyone to keep moving forward despite the difficult times they experience and that taking care of one's own mental well-being as well as that of the family's and loved ones' is everyone's responsibility. This episode, streamed on March 12, 2021, exceeded 16,000 total engagement, 74,000 visibility, and 76,000 impressions.

Meanwhile, the second episode "Thinking Ahead – Tips to Avoid Academic Stress" was posted on May 21, 2021. MyGolana Philippines, Inc.'s Supervising Counselor Dra. Lucia Ramos and STI ESG's Faculty Development Head Ms. Loida Dumaguin talked about anxiety and stress, shared tips on how students can avoid stressors, and emphasized the importance of maintaining student life balance. This episode registered more than 10,000 total engagement, 29,000 visibility, and 29,000 impressions.

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.

Virtual Kasadyahan

With the impositions of community quarantine brought about by COVID-19, STI WNU launched the Virtual Kasadyahan where all activities were conducted online. Virtual Kasadyahan opened on December 4, 2020. It was participated by the different teams together with Team Captains of Orange Erudites, Yellow Tycoons, Pink Vikings, Green Titans, Purple Wizards, Blue Guardians and Red Sentinels. It was a successful event composed of virtual competitions.

Christmas Parade of Lights

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

U-Nite

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

Student Organizations Week

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

iACADEMY

Student Activities and Leadership

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

One of the strategies that OSAS undertakes is engaging students in curricular and extracurricular activities. With this, iACADEMY provides opportunities for students to form or be part of school-recognized student organizations that develop their creative and leadership skills, as well as their social, cultural, physical, and recreational growth. To date, there are 30 iACADEMY Student Organizations which include the following:

College Student Organizations:

- iACADEMY Business Association (College Chapter) - composed 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.

- 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 to society by providing outreach and civic opportunities to its members and to the rest of iACADEMY.

- Elix - is an esports organization who regularly hosts gaming events and competes in tournaments outside the school and focuses on the positive development of the esports programs.

- Velocity – is actively involved in implementing sustainability practices in iACADEMY.

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

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

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

Senior High School Student Organizations:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

iLEAD: iACADEMY Leadership Empowerment and Development Team Building

iLEAD is 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.

LEAD ON

LEAD ON is an exclusive online student leadership formation program of iACADEMY that is tailored to develop the Senior High School Class Officers, Student Council, and the officers of the student organizations. It's an extensive three (3) week program (6 sessions) with the following objectives:

- Promote a culture of student engagement and volunteerism by actively participating and committing to school initiatives and programs.

- Initiate positive change and practically apply different techniques of conflict resolution on their respective group and organization such as team building, discussion, and strategic & project planning.

- Having a sense of competitiveness who will represent their respective organization and school that will intrinsically motivate students to have the values of unity and camaraderie.

- Advocate iACADEMY's core values (We are Game Changers, We are a family, We are Agents of Happiness, Learning is our Passion, & Creativity is our Foundation).

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 progress 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 of other year levels. These seminars tackle topics such as preparing for an interview, personal development, 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, through the respective STI School's Alumni and Placement Office, surveys the graduates to track employment rate. Based on most recent reports, 45% of the surveyed STI graduates are employed within six months 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 of STI ESG for the job placement of STI graduates may post their job openings and request lists of graduates through www.i-cares.com or the ICARES at no cost. There are close to 100 partner companies that are using iCARES.

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

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

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

STI Distinguished Alumni Awards

STI ESG launched the STI Distinguished Alumni Awards ("STIDAA") in 2014. STIDAA honors, awards, and recognizes alumni of STI campuses who have received distinctions and achievements in their chosen fields. Since its inception in 2014 to 2020, 62 alumni have been awarded and recognized for their outstanding accomplishments.

In 2020, STIDAA recognized and honored 21 notable alumni in a virtual ceremony. The 2020 STIDAA National Awardees were 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, Greggie Mercado, Allan Jay Dumanhug, and Karen Jane Salutan. The nominations for the 2021 STIDAA is still ongoing in view of the disruptions caused by the global pandemic to the operations of educational institutions.

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 2018-2019, 85% of the 624 college graduates of the University were tracked and 289 were already employed. For SY 2019-2020, 72% of the 275 college graduates of the University were tracked and 82 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 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.

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

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.

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, the University held its 72nd Grand Alumni Homecoming at the STI WNU Gymnasium on February 20, 2020 which was attended by 275 alumni.

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

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.

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.

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

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

Department of Education ("DepEd")

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

Development Academy of the Philippines ("DAP")

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

Fasttrack Solutions, Inc.

STI ESG signed a Memorandum of Agreement with Fasttrack Solutions, Inc. on September 15, 2020. The partnership allows STI ESG to integrate SAP Business One on Cloud on the following programs: BS Accountancy, BS Management Accounting, BS Accounting Information System, BS Information Technology, and BS Business Administration. In addition, SAP Business One on Cloud can be accessed by both students and teachers on varied devices such as desktop computers, laptops, tablets, or mobile phones within the specified laboratory schedules.

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

Jobs Café: A Work for the Future Program

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

iACADEMY

7th Media Digital Studios

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

Accenture Inc.

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

Ace Saatchi & Saatchi

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

Acudeen Technologies Inc.

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

Adarna House, Inc.

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

ADP Philippines, Inc.

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

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.
AF Digital

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

Artsmith Creative House

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

BeautyMnl (Taste Central Curators Inc.)

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

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.

BizKit Technologies Inc.

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

BrandSpeakAsia, Inc.

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

Campaigntrack, Inc.

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

Canva Philippines

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

CBN Asia

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

Chimes Consulting

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

Cloudwalk Digital, Inc.

Cloudwalk Digital, Inc. was founded by its President, Ms. Michelle Buan-Quintana and Mr. Marc Gil Medina in 2012. The company's nature of work is website development but later on also engaged in mobile applications.

Cornerstone Entertainment, Inc.

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

Coursebank.ph

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

Definite Studios

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

Deloitte

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

Deltek Systems (Philippines) Ltd

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

Dentsu Jayme Syfu

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

Designblue Manila

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

Dice 205

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

Digital Dreams Inc

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

Digitank Studios

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

eCloudvalley

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

EVENTSCAPE

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

Exist Software Labs

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

Federal Land

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

Feemo Global Solutions Philippines, Inc.

Feemo Global Solutions Philippines, Inc. (FGSP) is a design studio made in Tokyo, Japan, now based in Manila, Philippines, with offices in Tokyo and Pattaya.

Filinvest Land, Inc.

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

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.

Fun Guy Studio Philippines, Inc.

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

Gatesoft Corp.

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

GHL Systems Philippines, Inc.

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

Grupo Kalinangan Inc. (GKI)

Grupo Kalinangan Inc. is the implementor of an ongoing cultural heritage initiative called "AYUDA PARA SA PAMANA", aimed at providing financial support and capacity building to local museum beneficiaries and cultural workers around the Philippines, as means to alleviate the negative effects of the current public health situation brought by the COVID-19 pandemic. iACADEMY helped out to design potential websites for the local museum partners of GKI.

HDI Resource, Inc.

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

Home Credit Philippines

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

Hubvantage Services Inc. (formerly Playpark, Inc.)

Playpark is the premium gaming portal in the Philippines that features the latest news and information about the most popular online games in the country today. They recently became Hubvantage Services Inc., to be able to cater to more clients and a wider market. Hubvantage Services Inc. offers an extensive portfolio of services specializing in Product and Marketing Management, Market Research and Customer and Game support to external clients.

i4 Asia, Inc.

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

IBM

In 2010, iACADEMY was appointed by IBM as its first IBM Center of Excellence ("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.

ITC CORP.

ITC CORP. (stands for Internet of Things + Construction) is a fast expanding Architectural and Engineering Design, General Constructor, and Smart Internet of Things (IoT) Automation Auxiliary Systems Integrator firm in the Philippines.

Jacinto & Lirio

Jacinto & Lirio is a company that provides beautifully handicraft plant leather goods that are impressively multi-functional yet conversational pieces with a lifestyle appeal for professionals and companies who want to create a strong patriotic, environmental, and socio-ethical statement.

Jagged Perspective Creative Studios

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

Johnson Berkshire Solutions Inc.

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

Keywords Studios

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

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

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

Knowledge Channel

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

KOOAPPS Philippines Corporation

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

Lazada Philippines

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

Leo Burnett Manila

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

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

Megamorphosis, Inc.

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

Metropolitan Manila Development Authority ("MMDA")

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

Microsoft

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

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.

NGT Global, Inc.

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

Norde International Distributors

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

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

NTT Data Phils.

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

Ollopa Corporation

Ollopa Corporation is locally registered since 2017 and it has Two Line of Business (LOB) – eGetinnz (www.eGetinnz.com) and Frontier Semi Conductor Company.

One MEGA Group, Inc.

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

Optima Digital

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

Orange & Bronze Software Labs, Inc.

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

Ortigas & Company

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

OSI Digital ("OSI")

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

Pageone Media

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

Penbrothers

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

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

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

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.

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.

Ranida Games

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

Rezonate

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

Robert Bosch Philippines

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

Rocketsheep Post Production, Inc.

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

ROHM LSI Design Philippines, Inc.

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

Secret 6

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

Sevenworks, Inc.

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

Snipple Animation Studios, Inc.

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

Shopee Philippines

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

SYNERGY88 DIGITAL

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

SYKES Asia

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

Skoop

Skoop clothing brand designs trendy retail streetwear.

Skyrocket Training Services

SkyRocket offers a full range of courses on creating digital video and post-production. We provide manufacturer-authorized training for all skill level.

Software Group Philippines

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

Stratworks Inc.

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

Summit Media

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

Sunnies Studio

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

Studio Nonego

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

Stylist In A Pocket ("SIP")

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

Taktyl Studios

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

Teach Peace Build Peace Movement, Inc.

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

Thirty Six-O Media

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

TBWA\Santiago Mangada Puno

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

Toast & Brew Studios

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

Toon City

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

Tres Puntos Studios

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

True Digital Group ("TDG")

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

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.

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.

World Youth Alliance ("WYA")

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

WYD Productions

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

Xentrix Toons, Inc.

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

Yeaps Corp.

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

Zalora Philippines

Asia's leading online fashion destination.

Scholarships

STI ESG

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

Gift of Knowledge

To provide educational opportunities to deserving individuals who have no means of pursuing post-secondary education, STI ESG, through the STI Foundation for Leadership in Information Technology and Education, Inc. ("STI Foundation"), strengthens its partnership with various TV programs from different TV networks. Twenty-eight (28) scholars were registered through the TV programs in SY 2018-2019 and 54 scholars in SY 2019-2020. No scholars were registered in SY 2020-2021 since the TV networks also experienced the disruption caused by the global pandemic and various TV shows went off-air.

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 1,284 scholars nationwide in SY 2018-2019, 1,119 scholars in SY 2019-2020, and 980 scholars in SY 2020-2021.

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
- 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 campuses across the country spearheaded and/or collaborated with other groups to conduct several community involvement programs that intensified the spirit of camaraderie among employees and the desire to give back to the communities while developing an environment that will be beneficial to all stakeholders.

The STI Foundation

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

Alternative Learning System ("ALS")

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

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

The STI Mobile School

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

Since its inception in 2011 until the end of SY 2019-2020, the STI Mobile School has travelled over a thousand sites and trained around 175,000 participants nationwide. Today, a total of six STI mobile school buses travel across Luzon, Visayas, and Mindanao. For SY 2020-2021, the STI Mobile School has not been able visit local communities due to the implementation of community quarantine and prohibition of face-to-face activities nationwide.

Adopt-a-School Program

STI ESG received a Certificate of Appreciation from DepEd for being one of its active partners in implementing the Adopt-a-School program. The STI Mobile School provides alternative learning facilities to DepEd's high schools in far-flung communities. The Adopt-a-School program aims to teach computer concepts, GNU Image Manipulation Program ("GIMP"), multimedia animation, audio editing, and movie presentation through ICT-enhanced training sessions, among others.

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 participated in two Brigada Eskwela activities during the SY 2019-2020. Twenty (20) ALS learners in Alfonso Central School in Cavite were taught GIMP animation. STI Foundation conducted trainings on Computer Concepts (MS Office), multimedia tools, and video editing and layout to over a hundred public school teachers in Maria Perpetua E. Brioso National High School in Masbate.

Community and Civic Engagements

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

Meanwhile, STI Foundation inked a Memorandum of Agreement with Jollibee Foods Corporation (“JFC”) on April 21, 2017 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 therephtalate bottles were used as major materials in the said construction project.

Since 2016, the University’s Community Extension Office has been active in various projects that made an impact on the neighboring communities. These included: 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.

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

In 2018, the Twelve Teachers Thousand Lives project was launched in partnership with the Municipality of La Castellana. In line with the purpose of producing more educators, deserving students are given scholarships to pursue a Bachelor of Science in Education degree. In SY 2018-2019, three (3) Scholars from the said municipality qualified and availed of the program. They are now juniors. In SY 2019-2020, the University had two (2) additional scholars with the City of Kabankalan, its new partner Local Government Unit (“LGU”). In SY 2020-2021, there were five (5) scholars under this program. All scholars enjoy free tuition courtesy of the institution while other fees are subsidized by the partner LGUs. The scholars, for their part, actively and excellently exhibit unique. They engage in activities that address issues concerning the environment, arts and culture, leadership and children in conflict with the law.

In 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. During the COVID-19 pandemic, the University, in partnership with Junior Chamber International ("JCI'), has distributed food packs to one hundred fifty (150) families in Purok Arao.

In 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. The urban gardening project continues despite the COVID-19 pandemic.

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

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

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

<u>Business of Issuer</u>

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. Its campus is located along Yakal St. in Makati City.

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

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

Tertiary 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*

**These tertiary programs are offered only to 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

*Junior High School****
Grade 7 to 10

****Junior High School is available only at NAMEI Polytechnic Institute of Mandaluyong, Inc.*

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
Bachelor of Science in Retail Technology and Consumer Science

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 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 Computer Science (Cloud Computing)
Bachelor of Science in Computer Science (Data Science)
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
Bachelor of Science in Accountancy

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)
- General Academic Strand

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 2020, STI ESG received positive findings for the successful transition to online learning. The re-certification was released on February 5, 2021.

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 2021
Business Administration	Level III 1st RA	December 2021
Bachelor of Science in Elementary Education	Level III 1st RA	December 2021
Bachelor of Science in Secondary Education	Level III 1st RA	December 2021
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 Educational Management	Level II 1st RA	February 2022
Bachelor of Science in Psychology	Level II 1st RA	November 2021
Bachelor of Science in Criminology	Level II 1st RA	November 2023
Marine Engineering	ISO: 9001:2015	November 7, 2021
Marine Transportation	ISO: 9001:2015	November 7, 2021
High School	Re-certification FAPE	SY 2021-2022
MTC- Consolidated Marpol 73/78, Annexes I-VI	ISO: 9001:2015	November 7, 2021
MTC- SSAT/SDSD	ISO: 9001:2015	November 7, 2021
MTC- SSO	ISO: 9001:2015	November 7, 2021
MTC-Ratings Forming Part of a Navigational Watch	ISO: 9001:2015	November 7, 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 1,645 employees — 1,048 of whom were faculty members, 413 were non-teaching personnel, and 184 employees were from the main office as of June 30, 2021. 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	10
Managers	63
Staff	111
Subtotal	184
STI Schools	
Teaching Personnel (wholly-owned schools)	1,048
Non-teaching Personnel (wholly-owned schools)	413
Subtotal	1,461
STI ESG GRAND TOTAL	1,645

STI WNU

STI WNU has employed 57 non-teaching personnel assigned to various departments and 159 full-time and part-time teaching personnel.

FUNCTION	NUMBER OF EMPLOYEES
Senior Management	6
Managers	24
Subtotal	30
Teaching Personnel	
Full time	87
Part time	72
Subtotal	159
Non-teaching Personnel	57
STI WNU GRAND TOTAL	**246**

iACADEMY

iACADEMY has 317 employees, 223 of whom are faculty members, both full-time and part-time and 94 non-teaching personnel, from rank-and-file to executive level.

FUNCTION	NUMBER OF EMPLOYEES
Senior Management	7
Managers	6
Subtotal	13
Teaching Personnel	
Full time	51
Part time	172
Subtotal	223
Non-teaching Personnel	81
iACADEMY GRAND TOTAL	**317**

Item 2. PROPERTIES

STI Holdings

The Parent Company owns properties located in Quezon City and in Davao which are recognized as noncurrent asset held for sale and investment property, respectively, in the statement of financial position as at June 30, 2021. 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 offices and campuses. There are also properties that are not yet put to use and some 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
West Diversion Road, Iloilo City	Land	School Campus	2,615	-
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 and building	School Campus	4,149	5,172
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 (4th, 5th & 6th floors of STI Holdings Center)	Investment Property	-	3,096
Caliraya Springs, Cavinti Laguna	Land	Investment Property	948	-

LOCATION	TYPE (Owned unless otherwise indicated)	USE	AREA (IN SQ.M)	
			LOT	FLOOR
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 2020-2021.

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

Campus Expansion Projects

STI ESG's strategy for business growth is focused on organic expansion and capital improvement projects as STI ESG encourages schools to move from rented space into stand-alone campuses. 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.

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 capacity that can accommodate up to approximately 150,000 students as at June 30, 2021, with almost 70% of the capacity pertaining to wholly-owned schools.

STI Academic Center Legazpi had its groundbreaking ceremony on April 26, 2018. Located at Rizal St., Cabangan East in Legazpi City, the four-storey school building stands 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 August 2021.

Located at P. Celle corner EDSA, Pasay City is the nine-storey, with roof deck, STI Academic Center Pasay-EDS. 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 College Tagum, on the other hand, was granted a college status by CHED effective SY 2019-2020. During the same school year, STI College Tagum also transferred to its new campus in Apokon Road, Tagum City. The 6,374-square-meter property was inaugurated on October 12, 2019 and has an increased capacity of 1,800 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, openend its doors on March 11, 2019.

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.

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 can accommodate as many as 6,000 students.

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.

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

STI WNU

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

The main campus houses the five-storey Main Building, three-storey 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 and different laboratories such as Computer Laboratories, Fashion Studio, Green Room, Sewing Room, Light Box Room and Counseling Simulation Room. These laboratories aim to provide the students with first-hand experience of the course concept of their classes and the opportunity to explore and utilize the different software and hardware that are used in their discipline.

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

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

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

Item 3. LEGAL PROCEEDINGS

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

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

On March 13, 2015, Dr. Helena Z. Benitez ("HZB") filed a Creditor-Initiated Petition for Rehabilitation of PWU 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."

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.

The Parent Company and AHC filed two (2) Motions 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.

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.

After the Plaintiffs filed an appeal to said adverse decision, the Court of Appeals-Cagayan de Oro affirmed the aforementioned findings by the Trial Court in its Decision dated August 17, 2018.

After filing a Petition for Review before the Supreme Court, 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.

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

With the issuance of the Entry of Judgement, 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.

   After receiving the Notice of Arbitration and being informed that the required fees have not been paid by the Claimant, the Parent Company, AHC, and EHT filed an Entry of Appearance with Manifestation ("Manifestation"). In the Manifestation, they informed the PDRCI that the Claimant should be compelled to pay said fees before the arbitration proceedings can proceed.

   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.

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

   As at October 7, 2021, the PDRCI have 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.

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

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

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.

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.

As at October 7 2021, 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's College of Davao, Inc. involving Unlad's Davao Property. On March 11, 2019, the Parent Company filed the Complaint for Unlawful Detainer against Philippine Women's College of Davao, Inc. ("PWC-Davao"), initially filed against Philippine Women's University 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 scheduled the case for pre-trial on October 22, 2021.

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

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

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

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

While the Parent Company filed a Motion for Reconsideration Ex Abudanti Ad Cautelam on the Summary Judgment, the Agustin family filed a motion to execute the judgment by the Trial Court.

Both Motion(s) were denied by the Trial Court in its Order dated August 6, 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") on the said Summary Judgment.

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

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

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

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

The following are the related cases filed by the parties before the Court of Appeals – Cebu (collectively, the "CA Cases"):

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

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

   After the parties filed their respective Brief(s), the Court of Appeals issued the *Decision* dated 26 May 26, 2021. In the *Decision,* the Court of Appeals denied the appeal on the ground that the Parent Company failed to expressly plead in its *Answer* as one of its affirmative defenses, that there was failure of the written agreement to express true intent of the parties" in order to invoke parole evidence. Consequently, the Court of Appeals determined that the price provided in the *Share Purchase Agreement* and *Deed of Absolute Sale* shall governed the transaction.

   On July 21, 2021, the Parent Company filed its *Motion for Reconsideration* wherein it cited the pertinent portions of the *Answer* showing that it raised as a defense that there was failure of the written agreement to express true intent of the parties. In the said *Motion,* the Parent Company sought to reverse the *Decision* dated May 26, 2021 or in the alternative remand the case for further proceedings in relation to the introduction of parole evidence.

   The Agustin family may file a *Comment* to the *Motion for Reconsideration.*

2. *Petition for Certiorari filed by the Agustin family (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.

   After the parties filed their responsive pleadings, the Court of Appeals issued the *Decision* dated July 26, 2021, which denied the *Petition,* and upheld the suspension of the execution of the *Summary Judgement* pending appeal.

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

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

As of October 7, 2021, the parties are still waiting for the Court of Appeals to issue the appropriate *Resolution(s),* which will approve the *Compromise Agreement* and/or will terminate the CA Cases.

(v) Labor Cases.

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

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

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

   Pursuant to STI ESG's computation of said award, it paid total amount of ₱4.2 million, exclusive of withholding taxes, to the former employee. Based on said payment, STI ESG moved for the Labor Arbiter to issue a resolution that STI ESG has fully paid the judgment award of the former employee. While the former employee admitted receiving the aforesaid amount, she manifested that the same was only partial payment of the judgment award.

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

   On September 9, 2020, the Labor Arbiter issued the Order, wherein he affirmed that the former employee's refusal to report to work in October 2006 interrupted the running of backwages. Consequently, the former employee was entitled to receive backwages from May 2004 until October 2006. The Labor Arbiter further determined that the attorney's fees of 10% should be computed from the total monetary award of the former employee, including the separation pay in lieu of reinstatement.

   Based on said findings, the Labor Arbiter determined that the former employee's total monetary award amounted to around Php4.4 million. Considering the prior payments made by STI ESG to the former employee, STI ESG was ordered to pay the former employee the balance of ₱200.0 thousand.

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

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

On November 25, 2020, STI ESG received a verified petition under Rule XII of the NLRC Rules ("Petition") filed by the former employee to question the Order of the Labor Arbiter treating her appeal as "noted without action". In the Petition, the former employee sought for the NLRC to consider/allow her erroneous appeal as a Petition filed under Rule XII of the NLRC Rules in resolving the correct computation on the monetary award of the former employee.

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

On May 14, 2021, STI ESG received a Petition for Certiorari filed by the former employee with the Court of Appeals.

As at October 7, 2021, the Court of Appeals has not issued any Resolution requiring STI ESG to file its Comment to the Petition for a Certiorari.

2. A former IT Instructor who eventually became the IT Program Head of STI College Cagayan de Oro, a school owned by STI ESG, filed an illegal dismissal case against STI College Cagayan de Oro on the ground that she was constructively dismissed 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
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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.
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On July 2, 2019, STI ESG sent a demand letter to Complainant to recover the amount previously awarded to Complainant.

As at October 7, 2021, STI ESG is preparing the necessary motion for the recovery of the ₱0.5 million.

3. 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 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.

In a Resolution dated January 31, 2021, the Supreme Court dismissed the Petition for Certiorari filed by the complainants for being filed out of time.

On April 7, 2021. STI ESG received a copy of the Motion for Reconsideration filed by one of the complainants. On May 5, 2021, STI ESG filed its comment on the Motion for Reconsideration. In a Resolution dated July 12, 2021, the Special Second Division of the Supreme Court denied the Motion for Reconsideration filed by one of the complainants and directed the issuance of Entry of Final Judgement.

As at October 7, 2021, STI ESG is yet to receive the Entry of Final Judgement.

(vi) *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.

The Defendants filed the Consolidated Answer to the Amended Complaint on August 30, 2017. In the Consolidated Answer, Defendants asserted that there is no perfected contract to sell or of sale between STI ESG and the Plaintiffs considering that (a) there is no Board approval on the sale of the Subject Property; (b) lack of definite terms and conditions thereof; and (c) STI ESG's Finance Officer has no authority to bind STI ESG on the alleged contract to sell or sale of the Subject Property.
.
After the parties completed the presentation of evidence and filed their respective Memoranda, the Defendants received the Decision of the Trial Court on June 22, 2020.

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

However, the Trial Court determined that Defendant Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages ("Damages"). The Trial Court also determined that the actions of said Finance Officer insofar as (a) receipt of the earnest money, (b) lack of written authority from STI ESG during the negotiation and (c) continued assurances to the Plaintiffs in relation to the BIR ruling on the tax-free exchange and then sudden withdrawal from the transaction constitute bad faith.

Lastly, the Trial Court ordered STI ESG to return the amount of ₱0.3 million it received from the Plaintiffs as "earnest money" with an interest rate of six percent (6.0%) per annum from receipt thereof on March 30, 2011 until latter's tender of the same to the Plaintiffs on July 2, 2015.

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

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

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

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

On January 25, 2021, STI ESG received the Appellant's Brief filed by the Plaintiffs.

On March 11, 2021, STI ESG filed its Appellee's Brief.

On May 6, 2021, STI ESG received the Reply Brief filed by the Plaintiffs.

Unless the Court of Appeals require additional pleadings, the appeal filed by the Plaintiffs is submitted for resolution.

(vii) *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 June 9, 2017, STI ESG filed its Answer to the Complaint. In the Answer, STI ESG reiterated its position that GATE has no cause of action against it because its decision not to renew the Licensing Agreement is in accordance with contractual stipulations therein that its renewal is upon mutual agreement of both parties. Considering the effectivity period of the Licensing Agreement expired on March 31, 2016 without being renewed by both parties, GATE cannot claim any damages for STI ESG's lawful exercise of its rights under the Licensing Agreement. After the parties completed the presentation of their respective evidence, STI ESG received the Decision of the Trial Court on February 4, 2020.

In the Decision dated January 16, 2020, the Trial Court dismissed the instant case because the Plaintiffs failed to establish that STI ESG acted in abuse of rights when it refused to renew the Licensing Agreement with the Plaintiffs. The Trial Court confirmed that said Agreement clearly provided that the same can only be renewed by mutual agreement of the parties.

The Trial Court also ordered the payment by the Plaintiffs of STI ESG's counterclaim in the amount of ₱0.3 million as attorney's fees plus cost of suit. Despite filing a Motion for Reconsideration, the Trial Court affirmed its dismissal of the Plaintiff's claim and the award of litigation cost in favor of STI ESG in an Order dated July 6, 2020.

On August 3, 2020, STI ESG received the Notice of Appeal filed by the Plaintiff.

On April 19, 2021, STI ESG received the Notice from the Court of Appeals, which required the Plaintiff to file its Appellant's Brief within forty-five (45) days from receipt thereof. STI ESG will have the same period to file its Appellee's Brief counted from its receipt of the Appellant's Brief.

On June 4, 2021, STI ESG received the Appellant's Brief.

On July 29, 2021, STI ESG filed its Appellee's Brief.

Unless the Court of Appeals require the parties to file other pleadings, the case is deemed submitted for resolution.

(viii) *Criminal Case – Qualified Theft.* 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 October 7, 2021, the Office of the City Prosecutor of Taguig City has yet to issue a resolution in the instant case.

(ix) *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 SY 2016-2017 or from June to November 2016.

On June 12, 2016, it came to the attention of STI ESG that Cypher Learning had terminated its relationship with MOBEELITY due to the fraudulent acts committed by MOBEELITY against Cypher Learning.

Pursuant to the arbitration clause of the Memorandum dated September 8, 2014 ("Memorandum") executed by STI ESG and MOBEELITY, STI ESG initiated the instant ad hoc arbitration to settle a dispute involving the reimbursement of ₱3.3 million by MOBEELITY due to a breach of its obligations under the Memorandum.

After due proceedings, the Arbitral Tribunal issued the arbitral award dated August 9, 2018 wherein MOBEELITY is required to pay STI ESG the amount of ₱3.3 million and arbitration cost of ₱0.9 million.

STI ESG, through counsel, will file the appropriate petition before the Regional Trial Court of Makati City for the execution of the aforesaid arbitral award as required by law. However, STI ESG needs to identify any assets of MOBEELITY in order for the motion for execution to be effective.

The Group recognized a provision for impairment of the receivable from MOBEELITY amounting to ₱3.5 million for the year ended June 30, 2021.

(x) *Criminal Case – Syndicated Estafa*. A complaint for syndicated estafa was filed against STI ESG and its director by the president of a franchisee of STI ESG with the Provincial Prosecution Office of Rizal.

In the complaint, said officer alleged that STI ESG illegally took over the operations of STI College Tanay, Inc. ("STI Tanay"), and used the tuition fees it collected for its benefit. Based on his estimation, said alleged tuition fees was around ₱12.0 million.

On December 29, 2020, STI ESG, through its representative, filed its Counter-Affidavit and presented evidence/documents showing that STI ESG managed STI Tanay (a) when said officer initially allowed the same while there was an ongoing negotiation for the purchase of STI Tanay, and (b) the take-over provisions of the Licensing Agreement triggered by the violations committed by the franchisee on said agreement.

Moreover, STI ESG further asserted that the complaint should be dismissed because the aforesaid president failed to attach/present a written authority from the Corporation, which allowed him to file the complaint, and represent the Corporation in the proceedings.

Lastly, said president included as a respondent a director who was not involved in the operations and management of STI Tanay during the take-over of STI ESG.

On September 28, 2021, STI ESG received the Resolution dated February 4, 2021, which dismissed the complaint.

The complainant may file a Motion for Reconsideration on the aforesaid dismissal within fifteen (15) days from his receipt of the Resolution.

(xi) *Extra-Judicial Foreclosure.* STI ESG filed two (2) Petition(s) for Extra-Judicial Foreclosure of Real Estate Mortgage under Act No. 3135, as amended (Petitions) over properties located in (a) Pasig and (b) Morong, Rizal.

On November 4, 2019, Development Bank of the Philippines (DBP) and STI ESG executed a Deed of Assignment, wherein the latter acquired all rights and obligations arising from the following:

i. Term Loan Agreement dated February 10, 2014 between DBP and STI Tanay for a loan amounting to ₱51.0 million, which is supported by four (4) Promissory Notes (Subject Loan);
ii. Term Loan Agreement dated April 5, 2016 between DBP and STI Tanay for a loan amounting to ₱24.5 million, which is supported by five (5) Promissory Notes (Subject Loan);
iii. Credit Line Agreement dated June 7, 2018 wherein DBP extended a credit line to STI Tanay up to a maximum amount of ₱6.0 million (Credit Line);
iv. Real Estate Mortgage dated May 5, 2014 executed by STI Tanay in favor of DBP over a parcel of land and improvements with an area of 5,502 sq.m. located in Tanay, Rizal, which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage); and
v. Additional Real Estate Mortgage dated April 8, 2016 executed by STI Tanay, and Alejandro J. Bernardo married to Loretta Jabson Bernardo (Third Party Mortgagor) in favor of DBP over a parcel of land with an area of 567 sq.m. located in Pasig City (Subject Property), which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage).

Said Deed of Assignment includes other loans obtained by STI Tanay from DBP (collectively, the "Loans").

Due to STI Tanay's failure to pay the Loans, STI ESG sent a Notice of Default dated February 14, 2020 to STI Tanay and Third Party Mortgagor. In the said Notice, STI ESG declared that the loans of STI Tanay amounting to ₱80.3 million as of December 31, 2019 to be immediately due and demandable, and STI ESG demanded full payment thereof.

Due to STI Tanay's failure to pay said Loans, STI ESG filed the instant Petition to foreclose the property covered by the Mortgage for the satisfaction of the former's outstanding obligation in the subject Loan and Credit Line amounting to ₱99.0 million as of November 30, 2020.

With respect to the Pasig Property, the same was foreclosed, and STI ESG was declared as the winning bidder. A Certificate of Sale was annotated on the title on August 5, 2021. Consequently, the one (1) year redemption period started to run on said date of annotation on the title.

With respect to the Morong Property, STI ESG is complying with certain requirements of the Clerk of Court of Rizal for the foreclosure proceedings.

(xii) *Complaint for Annulment of Extrajudicial Foreclosure Proceedings.* This is a Complaint for annulment of Extrajudicial Foreclosure Proceedings with application for 72-hour and 20-day Temporary Restraining Order (“TRO”) and/or Writ of Preliminary Injunction (Complaint) filed by STI Tanay and Spouses Alejandro J. Bernardo and Loretta Jabson Bernardo (Mortgagors) (collectively, the “Plaintiffs”) filed against the named Defendants.

On June 22, 2021, STI ESG received the Complaint.

Based on the Complaint, the Plaintiffs alleged that STI ESG, as the assignee of the loan of STI Tanay with DBP, foreclosed on the Mortgagors’ parcel of land with an area of 567 sq.m. located in Pasig City (Subject Property).

While the Complaint did not allege any procedural and/or substantive defects on the foreclosure proceedings, the Plaintiffs attempted to use the alleged illegal take-over of the operations of STI Tanay to support the instant case.

Based on the said allegations in the Complaint, the Plaintiffs sought for the issuance of restraining orders to enjoin the registration of the Certificate of Sale and the alleged take-over of STI Tanay.

After due proceedings on the TRO, the Trial Court denied the issuance of the TRO and/or Writ of Preliminary Injunction on July 12, 2021.

Considering the issuance of Supreme Court’s Circulars which ordered the physical closure of courts and suspension of filing of any pleading, STI ESG has yet to file its Answer to the Complaint.

(xiii) *Criminal Case – Qualified Theft.* On January 30, 2020, iACADEMY filed a complaint against its former cashier for qualified theft for the total amount of ₱1.7 million for the period of January 24, 2018 until July 2, 2019 from the cash collections of iACADEMY.

Based on the complaint, the former Cashier manipulated the Daily Cash Collection Summary Reports submitted to iACADEMY by tampering (a) deposit slips; (b) official receipts and (c) other documents and making it appear that the payments received for rental payments on the use of iACADEMY’s Auditorium were from other collections of iACADEMY, which she received as its Cashier. Considering said rental payments should have been recorded as part of the collection, the cash collection from other transactions reported by the former Cashier to have been received and deposited in the bank accounts of iACADEMY, is understated. Through this scheme, the former Cashier stole the corresponding amount appearing in the said tampered documents from the cash collection, which should have been deposited in iACADEMY’s bank accounts.

Despite receipt of summons, the former Cashier failed to appear on the preliminary investigation hearings.

After due proceedings, an Information for 27 counts of qualified theft was filed by the City Prosecutor of Makati City against the former Cashier before the Regional Trial Court of Makati City.

During arraignment on June 18, 2021, the former Cashier pleaded not guilty to all 27 counts of qualified theft.

While the case was scheduled for pre-trial by the Trial Court on August 4, 2021, the same was cancelled due to declaration of placing the National Capital Region under Enhanced Community Quarantine, and the physical closure of all courts in areas under ECQ as provided in Supreme Court's Circular No. 56-2021.

As of October 7, 2020, the Trial Court has yet to issue a Notice to all the parties on the new schedule for pre-trial.

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

Except for matters taken up during the annual meeting of stockholders held on November 20, 2020, 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 June 30, 2021, the high share price of the Parent Company was ₱0.40 and the low share price was ₱0.39. As of September 30, 2021, the high share price of the Parent Company was ₱0.37 and the low share price was ₱0.36.

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, second and third quarters of 2021:

	High	Low
2021		
Third Quarter	0.37	0.36
Second Quarter	0.40	0.39
First Quarter	0.39	0.38
2020		
Fourth Quarter	0.47	0.46
Third Quarter	0.32	0.31
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

The Parent Company's public float as of June 30, 2021 is 3,063,612,606 shares equivalent to 30.93% 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 June 30, 2021, there were 1,265 shareholders of the Parent Company's outstanding capital stock. The Parent Company has common shares only.

The following table sets forth the top 20 shareholders of the Parent Company's common stock, the number of shares held, and the percentage of total shares outstanding held by each as of June 30, 2021.

NAME OF STOCKHOLDER	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
PCD NOMINEE CORP (FILIPINO)	3,465,563,409[1]	34.9887%
PRUDENT RESOURCES, INC.	1,614,264,964	16.2978%
TANCO, EUSEBIO H.	1,253,666,793	12.6572%
PCD NOMINEE CORP (NON-FILIPINO)	895,417,001	9.0402%
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. OR JOHN PETER C. YU	1,300,000	0.0131%
CASA CATALINA CORPORATION	1,000,000	0.0101%
EDAN CORPORATION	861,350	0.0087%
MENDOZA, ROSELLER ARTACHO	600,000	0.0061%
YU, JUAN G. OR JOHN PHILIP YU	600,000	0.0061%
CASTIGADOR, LERIO CABALLERO AND/OR VICTORINA P. CASTIGADOR	399,000	0.0040%
VALDERRAMA, LELEN ITF YASMIN AYN VALDERRAMA	300,000	0.0030%
VALDERRAMA, LELEN ITF YADIN AYN VALDERRAMA	300,000	0.0030%
VALDERRAMA, LELEN ITF GERENT ARN VALDERRAMA	300,000	0.0030%
VALDERRAMA, LELEN A.	300,000	0.0030%
TACUB, PACIFICO B.	200,000	0.0020%

(3) Cash Dividends

a) On November 20, 2020, cash dividends amounting to ₱0.0037 per share or the aggregate amount of ₱36.6 million were declared by the Board of Directors in favor of all stockholders on record as at December 29, 2020 payable on January 26, 2021.

b) 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.

c) 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.

[1] Eusebio H. Tanco is the beneficial owner of 382,722,651 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 June 30, 2021 and March 31, 2020 and for the three-month period ended June 30, 2020. In order to achieve comparability, the Group prepared a voluntary disclosure of operating results for the fiscal years ended June 30, 2020 and 2019.

The Group adjusted the school calendar of STI schools nationwide to eventually align its academic cycle with the calendars of public colleges and other private higher education institutions not only in the Philippines but in the ASEAN region as well. In line with this, 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 beginning April 1 of each year and ending on March 31 of the following year to beginning July 1 of each year and ending on June 30 of the following year and 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 August 27, 2020.

To transition the change in the fiscal year, the BIR has required the submission of short-period income tax return and audited financial statements for the period beginning April 1, 2020 to June 30, 2020. In line with the submission to the SEC of the 17-Q report following the change in the fiscal year, the short-period audited consolidated financial statements have been prepared and presented in compliance with regulatory and statutory requirements. The short-period audited consolidated financial statements summarize the financial condition of the Group as at June 30, 2020 and March 31, 2020 and its operating results for the three-month period beginning April 1, 2020 to June 30, 2020 and for the years ended March 31, 2020 and 2019.

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 June 30, 2021 and for all the other periods presented. The discussion summarizes the significant factors affecting the financial condition of the Group as at June 30, 2021 and 2020. The discussion on operating results analyzes the fiscal years ended June 30, 2021, 2020 and 2019.

Financial Condition

June 30, 2021 vs. June 30, 2020

LIQUIDITY AND CAPITAL. RESOURCES

(in ₱ millions except financial ratios)	**June 30, 2021**	**June 30, 2020**	**June 2021 vs. June 2020**	
			Increase (Decrease)	
			Amount	%
Consolidated financial position				
Total assets	14,761.5	14,830.3	(68.8)	-0.5%
Current assets	3,249.6	2,022.1	1,227.5	60.7%
Cash and cash equivalents	1,470.5	836.2	634.3	75.9%
Total liabilities	6,580.3	6,732.4	(152.1)	-2.3%
Current liabilities	1,193.4	1,429.9	(236.5)	-16.5%
Total equity	8,181.2	8,098.0	83.2	1.0%
Equity attributable to equity holders of the parent	8,100.0	8,015.4	84.6	1.1%
Financial ratios				
Debt-to-equity ratio	0.79	0.82	(0.03)	-3.7%
Current ratio	2.72	1.41	1.31	92.9%
Debt service cover ratio	1.50	1.72	(0.22)	-12.8%
Asset to equity ratio	1.80	1.83	(0.03)	-1.6%

The Group's financial position remained strong, with cash resources generated mostly by operating activities. Financial ratios are healthy and well within bank covenants.

The Group's consolidated total assets amounted to ₱14,761.5 million as at June 30, 2021 compared to ₱14,830.3 million as at June 30, 2020.

Cash and cash equivalents increased by ₱634.3 million or 76% from last year's ₱836.2 million to ₱1,470.5 million as at June 30, 2021. The Group generated net cash from operations amounting to ₱714.2 million arising from the collection of tuition and other school fees from students and collection from the Department of Education ("DepEd") and Commission on Higher Education ("CHED") for the Senior High School ("SHS") vouchers and Tertiary Education Subsidy ("TES"), respectively. The Group generated net cash of ₱147.2 million from investing activities, as the proceeds from the sale of STI ESG's shares in Maestro Holdings, Inc. ("Maestro Holdings") amounting to US$10.0 million equivalent to ₱480.5 million funded capital expenditures of ₱281.9 million. On the other hand, the Group made principal payments on interest-bearing loans, interest payments on the said loans, STI ESG's bonds, and dividend payments to the stockholders of STI Holdings and STI ESG. The net cash used in financing activities amounting to ₱227.6 million is net of the proceeds from STI ESG's loan drawdowns from its credit facilities with Bank of the Philippine Islands ("BPI"), Security Bank Corporation ("Security Bank"), and China Banking Corporation ("China Bank").

Total receivables amounted to ₱486.3 million, posting a decrease of ₱68.7 million from ₱555.0 million as at June 30, 2020. The receivables balance is composed largely of amounts expected to be collected from students for tuition and other school fees, from DepEd, CHED, and Development Bank of the Philippines ("DBP") for the SHS vouchers, TES and financial assistance to students, respectively. The balance likewise includes receivables from franchised schools attributed to charges for educational services and royalty fees for the year ended June 30, 2021. Receivables from students, decreased by ₱2.6 million from ₱415.3 million as at June 30, 2020 to ₱412.7 million as at June 30, 2021. Outstanding receivables from DepEd for the SHS qualified voucher recipients amounted to ₱24.6 million as at June 30, 2021, posting a decrease of ₱12.4 million from ₱37.0 million as at June 30, 2020. The SHS Voucher Program is a financial assistance program wherein subsidies in the form of vouchers are provided to qualified SHS students who enroll in participating institutions. A Qualified Voucher Recipient ("QVR") is entitled to a subsidy ranging from ₱8,750 to ₱22,500 annually. DepEd, through the Private Education Assistance Committee, facilitates the transfer of funds to the participating schools. Accounts receivable from CHED for TES amounted to ₱38.2 million and ₱23.6 million as at June 30, 2020 and 2021, respectively. On March 17, 2021, STI ESG executed a memorandum of agreement with DBP to implement the DBP Resources for Inclusive and Sustainable Education Program ("DBP RISE"). The program grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program for SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. Receivables from DBP related to DBP RISE amounted ₱2.9 million as at June 30, 2021. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED and DBP are expected to be collected in full within the next fiscal year. Meanwhile, improvements in collection efficiencies resulted in the reduction of the Group's allowance for expected credit losses ("ECL") recognized in relation to the adoption of Philippine Financial Reporting Standards ("PFRS") 9, *Financial Instruments*, from ₱231.4 million as at June 30, 2020 to ₱209.5 million as at June 30, 2021. Rent receivables from third parties decreased by ₱50.1 million to ₱9.9 million as at June 30, 2021 from ₱60.0 million as at June 30, 2020 attributed to vacancies in the Group's investment properties as a result of pre-termination of lease contracts during this period of the pandemic. The rent receivables are expected to be collected within the next fiscal year. As at June 30, 2020, other receivables account includes ₱75.5 million receivable from STI College Tanay, Inc. ("STI Tanay"), a franchisee, resulting from a Deed of Assignment entered into by STI ESG and DBP in November 2019 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. As at June 30, 2021, the outstanding receivable was reclassified to noncurrent asset under "Goodwill, intangible and other noncurrent assets" account.

Inventories increased by 27% or ₱38.4 million largely attributed to the purchase of school uniforms and textbooks. Orders for the purchase of these uniforms and textbooks for SY 2020-2021 were made way before the implementation of the protocol restrictions to control the spread of the Coronavirus Disease 2019 ("COVID-19").

Prepaid expenses and other current assets increased by ₱22.0 million or 31% from ₱71.4 million to ₱93.4 million, substantially due to the ₱44.3 million creditable withholding tax balance as at June 30, 2021 which increased by ₱14.4 million compared to the ₱29.9 million balance as at June 30, 2020. This creditable withholding tax will be applied to the income tax due the following period. Prepaid subscriptions and licenses showed an aggregate increase of ₱10.9 million representing Microsoft, Adobe Acrobat license, Adobe Creative Cloud, eLearning Management System ("eLMS"), Sangfor firewall, Sophos firewall, Toon Boom Harmony, and Autodesk subscriptions. Sangfor Firewall is a security device used to protect STI ESG's head office and schools' network from internal and external attacks. Autodesk, on the other hand, refers to the software used to design school building blueprints. These subscription costs are normally renewed annually and are recognized as expense over the period of coverage of the respective agreements. Prepaid insurance likewise increased by ₱4.3 million from ₱7.5 million to ₱11.8 million substantially due to fire and building insurance and employees' health coverage which were paid in advance and are recognized as expense over the period of coverage.

The Group recognizes the importance of a reliable internet connection in the implementation of the ONline and ONsite Education at STI ("ONE STI") Learning Model and thus, STI ESG partnered with Smart Communications, Inc. ("Smart") and Globe Telecom, Inc. ("Globe") to provide students with a 34GB Smart SIM and up to 20GB Globe data plan or load per month, respectively. Through this internet connectivity assistance, students may access their eLMS, Microsoft Office 365 accounts, One STI Student Portal app, and other collaborative online learning tools anytime with no extra charge for Smart subscribers. The internet connectivity cost is covered by the existing tuition, other school and miscellaneous fees. Students who opted to use Globe SIM cards, however, are subject to a minimal fee due to the higher cost of the Globe data plan as compared to that of Smart. Prepaid internet cost related to the connectivity assistance provided to the students amounted to ₱2.1 million as at June 30, 2021. The increase in prepaid expenses was offset by the ₱7.7 million decline of the Group's Input VAT balance representing the amount charged to expense and those applied against output VAT due during the year.

The noncurrent asset held for sale, representing the carrying value of STI ESG's 20% ownership in Maestro Holdings, amounted to ₱419.1 million as at June 30, 2020. 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. Further, with the reclassification as noncurrent asset held for sale, STI ESG ceased the use of the equity method of accounting for the investment in Maestro Holdings as at June 30, 2017 and carried the investment at the lower of its carrying amount and fair value less costs to sell. On September 24, 2020, STI ESG's BOD approved the sale of its 20% stake in Maestro Holdings to a third-party investor for a consideration higher than its present carrying value, subject to completion of certain closing conditions. On December 15, 2020, STI ESG and Chita SPC Limited, for and on behalf of its segregated portfolio Cam Sea Special Opportunities Fund Segregated Portfolio ("Chita SPC Limited"), executed a deed of absolute sale for the sale of STI ESG's 1,281,484 shares in Maestro Holdings for a total consideration of US$ 10.0 million equivalent to ₱480.5 million. STI ESG then derecognized its noncurrent asset held for sale amounting to ₱419.1 million as at June 30, 2021.

Noncurrent asset held for sale amounting to ₱1,020.7 million as at June 30, 2021 represents the carrying value of the land, building and land improvements located in Quezon City ("Quezon City dacion properties") which were obtained by the Parent Company through the deeds of dacion executed in 2016.

On June 24, 2021, the Parent Company's BOD approved the sale of the Quezon City dacion properties to a potential buyer as these properties have not been used in business since acquisition. Negotiations with the interested buyer are ongoing as at June 30, 2021. With the classification as noncurrent asset held for sale, the Parent Company ceased the accounting for the Quezon City dacion properties as investment properties on June 30, 2021 and carried the said properties at the lower of its carrying amount and fair value less costs to sell.

Property and equipment, net of accumulated depreciation, amounted to ₱10,041.3 million from ₱10,113.6 million as at June 30, 2021 and 2020, respectively. On April 23, 2021, Heva Management & Development Corporation and STI ESG executed a deed of absolute sale for the purchase of a parcel of land with an area of 2,615 square meters situated in West Diversion Road, Iloilo City for a total consideration of ₱183.1 million. As such, STI ESG reclassified the deposit for asset acquisition to land under "Property and Equipment" as at June 30, 2021. STI ESG paid the real property tax and documentary stamp tax for the transfer of ownership amounting to ₱2.8 million during the year ended June 30, 2021. As at June 30, 2021, the property has an aggregate cost of ₱185.9 million, inclusive of the related taxes. The property is intended to be the new site for STI Iloilo. The property and equipment balance includes construction-in-progress costs for STI Academic Center Legazpi ("STI Legazpi") amounting to ₱288.3 million as at June 30, 2021, up by ₱89.0 million from the June 30, 2020 balance. STI Academic Center Legazpi is a four-storey school building with an estimated capacity of 2,500 SHS and tertiary students, built on a 4,149-square-meter property located in Cabangan East, Legazpi City. The construction works for STI Legazpi were completed in August 2021. The aforementioned additions to property and equipment were, however, substantially offset by the depreciation expense recognized during the year.

Investment properties decreased by ₱1,064.6 million from ₱1,910.7 million as of June 30, 2020 to ₱846.1 million as of June 30, 2021 largely due to the reclassification of the Parent Company's Quezon City dacion properties to noncurrent asset held for sale and due to depreciation expenses recognized for the year.

Investments in and advances to associates and joint ventures decreased by 11% or ₱4.6 million upon recognition of the Group's equity share in net losses of associates.

Deferred tax assets ("DTA"), net of the related deferred tax liability ("DTL"), decreased by ₱42.7 million from ₱77.5 million to ₱34.8 million as at June 30, 2020 and 2021, respectively. The Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act prescribes the reduction of the preferential tax rate for proprietary educational institutions from 10.0% to 1.0% effective July 1, 2020 up to June 30, 2023. The Group assessed the DTA which may be realized on or before June 30, 2023 hence resulting in the reduction of the Group's DTA as at June 30, 2021.

Goodwill, intangible and other noncurrent assets decreased by ₱113.3 million from ₱595.1 million to ₱481.8 million as at June 30, 2021, substantially due to the reclassification to property and equipment of the deposits for asset acquisition amounting to ₱183.1 million pertaining to the Iloilo property. Noncurrent advances to suppliers decreased by ₱16.4 million representing reclassification to property and equipment of the advance payments made for the maritime simulator and other equipment acquired by NAMEI Polytechnic Institute, Inc. ("NAMEI") and completely installed as at June 30, 2021. The outstanding receivable of STI ESG from STI Tanay amounting to ₱75.5 million was reclassified from "Receivables" to noncurrent asset under "Goodwill, intangible and other noncurrent assets" account. This loan of STI Tanay is secured by real estate mortgages on two parcels of land, including improvements thereon. One property is located in Pasig City and the other in Tanay, Rizal, where the school is situated. STI ESG started foreclosure proceedings after several demand letters were sent to STI Tanay. STI ESG was declared as the winning bidder for the Pasig City property. STI ESG has filed a Petition for Extrajudicial Foreclosure for the property located in Tanay. As at report date, STI ESG is complying with certain requirements of the Clerk of Court of Rizal for the foreclosure proceedings of the property located in Tanay.

Accounts payable and other current liabilities decreased by ₱47.4 million substantially due to payments made by STI ESG to contractors for obligations related to construction works as well as to suppliers of equipment and furniture for the new STI Academic Center Legazpi and for the maritime simulator and other equipment for NAMEI. Accrued expenses went down by ₱13.3 million resulting from lower direct costs and operating expenses. The current portion of advance rent and security deposits likewise decreased by ₱22.2 million due to the application of advance rental and security deposits against the monthly rent due, in accordance with the provisions of the lease agreements, as a result of pre-terminated lease contracts, and refund to former lessees in relation to expired agreements, on the investment properties of STI ESG and iACADEMY.

Unearned tuition and other school fees decreased by ₱15.9 million from ₱117.7 million as at June 30, 2020 to ₱101.8 million as at June 30, 2021. This account refers to advance payment for tuition and other school fees for the SY 2021-2022.

Current portion of interest-bearing loans and borrowings decreased by ₱149.8 million from ₱358.6 million as at June 30, 2020 to ₱208.8 million as at June 30, 2021. The balance represents the current portion of the Term Loans with China Bank of iACADEMY and STI ESG amounting to ₱79.3 million and ₱120.0 million, respectively, and STI ESG's Land Bank of the Philippines ("LandBank") loan amounting to ₱9.5 million, which are all due within the next twelve months. The Term Loan Agreement entered into by STI ESG and China Bank on May 7, 2019 is for an aggregate amount of ₱1,200.0 million payable over a seven-year term. The agreement provides a grace period in principal repayments of two (2) years from the initial drawdown date. Principal repayments shall be made in ten (10) equal semi-annual installments beginning six (6) months from the end of the grace period or in March 2022. The proceeds from these loans were used for capital expenditures and working capital requirements. Meanwhile, in July 2020, STI ESG made principal payments on its Corporate Notes Facility amounting to ₱120.0 million. For the remaining outstanding balance of ₱240.0 million after this payment, STI ESG and China Bank executed a Third Amendment and Supplemental Agreement to the Corporate Notes Facility Agreement on January 29, 2021 amending (1) the maturity date of outstanding notes from July 31, 2021 to September 19, 2026, with the first equal semi-annual amortization of ₱30.0 million to start on March 19, 2023; and (2) the interest period and repricing date, among others. In line with this, the ₱240.0 million loan balance was reclassified from current to noncurrent liabilities. On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its ACcess to Academic Development to Empower the Masses towards Endless Opportunities ("ACADEME") Lending Program in favor of STI ESG to finance the 'study now, pay later' program of the government for students amid the financial difficulties that 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 loans covered by these promissory notes to be issued by the parents/benefactors/students are interest-free. The school can borrow up to 70% of the amount stated in the Promissory Notes issued by the parents/benefactors of the students. This loan from LandBank is subject to 3% interest per annum and payable based on the maturity of the promissory note issued by the parent/benefactor/student, not exceeding three (3) years. On September 16, 2020, the Rediscounting Agreement with LandBank was executed by STI ESG in relation to this loan arrangement. STI ESG has an aggregate loan drawdown from this facility amounting to ₱22.1 million as at June 30, 2021 of which ₱9.5 million is due within the next twelve (12) months. The first and second drawdowns amounting to ₱10.0 million and ₱12.1 million, respectively, will mature in August 2022 and January 2023, respectively, for the 20-month tenor and August 2023 and January 2024, respectively, for the 30-month tenor. On August 24, 2020, STI ESG availed of a ₱300.0 million one-year loan from its credit line with BPI at an interest rate of 4.25% per annum subject to quarterly repricing. On January 22, 2021, STI ESG availed of a ₱100.0 million 180-day loan from Security Bank subject to interest at 4.75% per annum, payable quarterly. The credit lines are on a clean basis. The proceeds from these loans were used for working capital requirements. The short-term loans with BPI and Security Bank were fully settled on February 26, 2021 and March 30, 2021, respectively. For the year ended June 30, 2021, STI WNU made principal payments totaling ₱39.4 million on its Corporate Notes Facility. Of this amount, ₱19.6 million pertains to the payment made by STI WNU in January 2021, as full and final settlement of its loan from the Corporate Notes Facility. In September 2020 and March 2021, iACADEMY made principal payments on its Term Loan Facility with China Bank aggregating to ₱80.0 million.

The noncurrent portion of interest-bearing loans and borrowings increased by ₱339.4 million. STI ESG made drawdowns from its new Term Loan Facility aggregating to ₱400.0 million during the year ended June 30, 2021, subject to an interest rate of 5.81% per annum. The outstanding balance of the Corporate Notes Facility was reclassified from current to noncurrent liability given its amended maturity date as mentioned in the preceding paragraph. STI ESG applied PFRS 9, *Financial Instruments* and assessed if the terms of the new or modified financial liability are the same or substantially different from the terms of the original financial liability. The modification of the financial liability of STI ESG did not result in the derecognition of the original liability since the difference between the discounted present value of the cash flows under the new terms is below 10% from the discounted present value of the remaining cash flows of the original financial liability. Consequently, STI ESG recognized a loss on modification of the loan amounting to ₱8.3 million. The same amount is recognized as a premium on interest-bearing loans and borrowings, net of the amortized premium portion, thus increasing the loan carrying value from ₱240.0 million to ₱248.1 million, as at June 30, 2021. The premium on the interest-bearing loans and borrowings will be amortized over the remaining term of the loan. The impact of the loss on loan modification and loan premium amortization will be fully offset at the end of the loan period. Further, ₱120.0 million of the noncurrent portion of the interest-bearing loans and borrowings on STI ESG's Term Loan Facility was reclassified from noncurrent to current liability as the same is due in March 2022. The proceeds from these loans were used to settle the costs of construction, equipment and furniture acquired for STI Legazpi and also for working capital requirements. Interest rates for all of STI ESG's drawdowns from the Term Loan Facility and the outstanding balance from the Corporate Notes Facility were repriced at a rate of 5.56% per annum effective September 20, 2020 and February 1, 2021, respectively. On September 28, 2020, iACADEMY's term loan balance of ₱560.0 million was repriced at an interest rate of 3.3727% per annum.

Current portion of lease liabilities decreased by ₱15.1 million from ₱90.8 million as at June 30, 2020 to ₱75.7 million as at June 30, 2021, representing payments made during the year, net of new lease agreements during the year ended June 30, 2021. Noncurrent lease liabilities decreased by ₱52.7 million from ₱461.8 million as at June 30, 2020 to ₱409.1 million as at June 30, 2021. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities are recognized in the audited consolidated financial statements of the Group following the adoption of PFRS 16, *Leases*.

Income tax payable decreased by ₱8.2 million to ₱90.0 thousand as at June 30, 2021 from ₱8.3 million as at June 30, 2020 due to lower taxable income. STI WNU's net operating loss carry over ("NOLCO") as at June 30, 2020 amounting to ₱17.4 million was applied to its current taxable income. This NOLCO was incurred during the three-month period ended June 30, 2020 when the school was on lockdown due to the COVID-19 pandemic.

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 ₱2,973.1 million and ₱2,966.1 million as at June 30, 2021 and 2020, respectively, net of deferred finance charges representing bond issue costs with carrying values of ₱26.9 million and ₱33.9 million, as at June 30, 2021 and 2020, respectively. The proceeds from the bonds had been fully utilized as at March 31, 2019.

Pension liabilities decreased by ₱10.0 million from ₱115.4 to ₱105.4 million as at June 30, 2020, and June 30, 2021, respectively, resulting from the increase in the market value of the investments under the pension plan assets of the Group and lower pension expense recognized during the year ended June 30, 2021 due to the optimization of the Group's workforce.

Deferred tax liabilities decreased by ₱118.8 million from ₱233.7 million to ₱114.9 million as at June 30, 2020 and June 30, 2021, respectively, largely due to the reversal of the DTL recognized on the properties, the ownership of which has been transferred to the Parent Company in 2016 as settlement of loans it granted to third parties. These properties have not been used in business since acquisition.

Other noncurrent liabilities decreased by ₱80.5 million from ₱93.5 million to ₱13.0 million as at June 30, 2020 and 2021, respectively, representing reclassification to current liability of STI Novaliches' payable to STI Diamond that is due within one year from June 30, 2021 and application of advance rent and security deposits to unpaid rental as a result of pre-terminated lease contracts on the investment properties of STI ESG and iACADEMY.

Cumulative actuarial gain increased by ₱15.5 million from ₱3.8 million to ₱19.3 million as at June 30, 2020 and 2021, respectively, due to the impact of unrealized remeasurement gain resulting from the increase 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 ₱1.2 million representing fair value adjustments resulting from the increase in the market value of the quoted equity shares held by STI ESG.

Other comprehensive income associated with noncurrent asset held for sale amounting to ₱90.6 million as at June 30, 2020 was reclassified by STI ESG to retained earnings and other equity reserve following the disposal of STI ESG's 20% share in Maestro Holdings.

Retained earnings increased by ₱158.6 million from ₱4,006.7 million to ₱4,165.3 million as at June 30, 2020 and 2021, respectively, substantially due to the net income recognized for the year ended June 30, 2021 and the impact of the reclassification of other comprehensive income associated with the disposal of STI ESG's noncurrent asset held for sale amounting to ₱90.6 million, net of dividends declared by the Parent Company amounting to ₱36.6 million.

June 30, 2020 vs. March 31, 2020

The Group's total assets as at June 30, 2020 amounted to ₱14,830.3 million, 2% or ₱328.9 million lower than the balance as at March 31, 2020. This was substantially due to decreases in cash and cash equivalents, receivables and net book value of property and equipment.

Cash and cash equivalents decreased by 6% or ₱50.5 million due to payments made to contractors and suppliers for the construction of STI Academic Center in Legazpi City, lease obligations, and interest on STI ESG's bonds.

Total receivables decreased to ₱555.0 million from ₱722.2 million as at March 31, 2020, substantially due to collection of receivables from DepEd. Outstanding receivables from DepEd for the SHS qualified voucher recipients amounted to ₱37.0 million as at June 30, 2020, showing a collection of ₱145.0 million from the March 31, 2020 balance of ₱182.0 million. Receivables from students decreased by ₱52.8 million from ₱468.1 million as at March 31, 2020 to ₱415.3 million as at June 30, 2020.

Prepaid expenses decreased by ₱4.9 million or 7% from ₱76.3 million to ₱71.4 million, mainly due to the ₱5.3 million decrease in input VAT, representing the amounts applied as deduction from output VAT during the three-month period ended June 30, 2020.

Property and equipment decreased by ₱112.6 million from the March 31, 2020 balance of ₱10,226.2 million to ₱10,113.6 million as at June 30, 2020 as depreciation expenses for the three-month period ended June 30, 2020 were recognized.

Deferred tax assets increased from ₱60.4 million as at March 31, 2020 to ₱77.5 million as at June 30, 2020 representing tax benefits recognized by STI ESG and STI WNU on their NOLCO for the three-month period ended June 30, 2020.

Accounts payable and other current liabilities increased by ₱120.5 million or 16% largely due to interest expenses, rent and utilities which were accrued as at June 30, 2020.

Unearned tuition and other school fees decreased by ₱208.0 million from ₱325.7 million as at March 31, 2020 to ₱117.7 million as at June 30, 2020 representing tuition and other school fees recognized as revenues during the three-month period ended June 30, 2020.

The current and noncurrent portions of lease liabilities amounted to ₱90.8 million and ₱461.8 million, respectively, as at June 30, 2020 and ₱91.7 million and ₱471.1 million, respectively, as at March 31, 2020. The decrease in the current portion represents the payments made during the three-month period ended June 30, 2020 while the decrease in the noncurrent portion of lease liabilities represents the amount reclassified to the current portion and is due for payment within one year from the report date. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities were recognized in the audited consolidated financial statements of the Group following the adoption of PFRS 16 *Leases*.

Pension liabilities increased by ₱12.0 million from ₱103.4 million to ₱115.4 million as at March 31, 2020 and June 30, 2020, respectively, representing additional retirement obligations recognized by the Group for the three-month period ended June 30, 2020.

Other noncurrent liabilities decreased by ₱16.4 million from ₱109.9 million as at March 31, 2020 to ₱93.5 million as at June 30, 2020 mainly due to the reclassification of advance rent/rental deposits from noncurrent to current portion. The amount that was reclassified represents advances/deposits for lease agreements with remaining terms of one year or less.

Cumulative actuarial gain declined by 64% or ₱6.6 million due to the remeasurement loss on pension liability recognized for the period arising from the decline in the market value of the equity securities, part of STI ESG's pension plan assets.

Retained earnings decreased by ₱220.4 million due to the net loss attributable to equity holders of the Parent Company recognized for the three-month period ended June 30, 2020.

<u>Results of Operations</u>

Year ended June 30, 2021, Three months ended June 30, 2020 and Year ended March 31, 2020

RESULTS OF OPERATIONS

(in ₱ millions)	Year ended June 30, 2021	Three months ended June 30, 2020	Year ended March 31, 2020
Condensed Statements of Income			
Revenues	2,090.6	196.9	2,674.6
Direct costs	872.3	166.7	1,061.5
Gross profit	1,218.3	30.2	1,613.1
Operating profit (loss)	193.2	(202.4)	314.0
Net income (loss) after tax	101.7	(221.4)	(147.5)
EBITDA	811.7	(25.1)	1,015.8
Core income (loss)	55.4	(220.1)	145.3

The Statements of Comprehensive Income cover reporting periods resulting from the change in the fiscal year-end of the companies in the Group, as discussed in earlier paragraphs. In general, the figures above reflect the economic impact of the ongoing COVID-19 pandemic. The Group has started to adapt to the new normal and has implemented online learning methods for students, including student assessments. The teachers have been trained on online teaching strategies, and are provided with high quality courseware materials. The Group has also embraced online marketing techniques in getting new enrollees.

In order to achieve comparability, the Group prepared a voluntary disclosure of operating results for the twelve months ended June 30, 2020 and 2019. The discussion below summarizes the significant factors affecting the results of operations for the fiscal years ended June 30, 2021, June 30, 2020 and June 30, 2019.

Years ended June 30, 2021 vs. 2020

The enrollment figures at the start of the School Year ("SY") of the schools under STI Holdings are as follows:

	SY 2020-2021	SY 2019-2020	Decrease	
			Enrollees	Percentage
STI ESG				
Owned schools	39,890	44,811	4,921	11%
Franchised schools	22,600	29,987	7,387	25%
	62,490	74,798	12,308	16%
iACADEMY	2,149	2,566	417	16%
STI WNU	5,584	6,603	1,019	15%
Total Enrollees	**70,223**	**83,967**	**13,744**	**16%**

Grouping the students in terms of government regulatory agencies supervising the programs, wherein CHED pertains to students enrolled in tertiary and post-graduate programs, Technical Education and Skills Development Authority ("TESDA") students are those enrolled in technical-vocational programs while DepEd pertains to primary and secondary education including SHS, yields the following numbers:

	SY 2020-2021			
	CHED	**TESDA**	**DEPED***	**TOTAL**
STI ESG	35,412	1,036	26,042	62,490
iACADEMY	1,383	-	766	2,149
STI WNU	3,381	-	2,203	5,584
Total	**40,176**	**1,036**	**29,011**	**70,223**
Proportion of CHED:TESDA:DepEd	**57%**	**2%**	**41%**	**100%**

	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%**

* *STI ESG DepEd count includes 25,801 SHS students and the 241 students of NAMEI who are enrolled in basic education in SY 2020-2021 and 31,455 SHS students and the 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 1,470 SHS students and the 733 students enrolled in basic education in SY 2020-2021 and 1,874 SHS students and the 985 students enrolled in basic education in SY 2019-2020.

Enrollment in SY 2020-2021 declined compared to SY 2019-2020 due to the impact of the COVID-19 pandemic.

To contain the outbreak of the COVID-19, the Office of the President of the Philippines issued a Memorandum on March 13, 2020 to impose, adopt and implement the guidelines on the stringent social distancing measures including but not limited to class suspension, prohibition of mass gatherings, imposition of community quarantine, among others, in the National Capital Region ("NCR") and other parts of the country effective March 15, 2020. These measures have caused disruptions to businesses and economic activities, and their impact on businesses continues to evolve.

For SY 2019-2020, the school calendars of STI ESG and STI WNU for SHS and tertiary students covered the months of June 2019 to March 2020 and July 2019 to April 2020, respectively. With the imposition of the Enhanced Community Quarantine ("ECQ") throughout Luzon, classes in all levels were suspended on March 17, 2020. Classes of SHS students of STI ESG and STI WNU were completed by the end of March 2020 while classes in the tertiary level were suspended in all campuses nationwide to ensure the safety and welfare of the students.

The tertiary students were given three options to finish the second semester of SY 2019-2020, namely (1) online learning for those who are willing to and can go online, may finish all their lessons via eLMS; (2) offline learning for those who are willing to continue and finish all their lessons but cannot go online, in which case handouts were provided to the students; or (3) face-to-face for those who cannot go online and opt to wait until STI ESG and STI WNU could resume classes under the "new normal" operations with face-to-face classes combined with applicable learning modes. Classes of students who opted for online and offline studies resumed in the third week of May 2020 and were completed as at July 30, 2020, while those who opted for face-to-face classes later took their classes online and completed the same during the first semester of SY 2020-2021.

For SY 2020-2021, STI ESG and STI WNU introduced the ONline and ONsite Education at STI ("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. Classes of both SHS and tertiary started on September 7, 2020.

For iACADEMY, the school calendars for SY 2019-2020 of SHS and tertiary enrollees were 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 the ECQ in March 2020. SHS Modular classes of those who opted for online and offline studies 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, online classes resumed on April 15, 2020 and the school year was completed on July 15, 2020.

iACADEMY introduced its fully online learning program entitled Guided Online Autonomous Learning ("GOAL") for SY 2020-2021. GOAL is iACADEMY's systematic approach to guiding all the activities that involve the delivery of online instruction to the students including online learning workshops, training for teachers on how to create high-quality modules, integrating project-based learning and teaching strategies into online learning, internationalization, and collaborating with parents and guardians. In this setup, all activities or modules are delivered 100% online through the use of eLMS, Google Meet, and Microsoft Teams. Classes for SHS and tertiary students started on August 24, 2020 and August 28, 2020, respectively.

The Group uses eLMS, a software application running on Amazon cloud, to better manage the delivery of educational courses and/or training programs to its students. It features built-in support for collaboration through various tools such as wikis, forums, and discussion groups; an internal messaging system with bidirectional support for emails and text messaging; and a built-in portfolio system which students can use to collect works to support learning and/or achievements. The eLMS is a world-class and award-winning learning management system that schools and universities across the globe are using. This cloud-based eLearning tool gives teachers and students a two-way platform where they can collaborate, assign, and submit homework, take assessments, and track learning progress, among others. The concept of online learning is not new to the Group, as the schools in the network have already implemented a blended learning model for the past six years in order that the students may continue their studies at home uninterrupted even during physical classroom disruptions.

The faculty members of the Group regularly undergo competency-based certifications and trainings to ensure that they are proficient in the subject matter to be able to deliver the required day-to-day lessons. The Group also recognized the need to transform the traditional in-classroom learning delivery to alternative modes and leveraged on online learning platforms, tools, and technologies given the current disruption caused by the global COVID-19 health crisis to the education sector. Several trainings were conducted online to equip the faculty members with technical skills and further strengthen the mindset necessary in an online learning environment.

Face-to-face classes remain suspended and thus the Group has continued to conduct classes online as at June 30, 2021.

The consolidated gross revenues of the Group for the year ended June 31, 2021 amounted to ₱2,090.6 million compared to ₱2,526.9 million for the year ended June 31, 2020.

Tuition and other school fees amounted to ₱1,882.7 million for the year ended June 30, 2021, a decline of ₱374.8 million or 17% from the same period in 2020, due to the lower number of enrollees brought about by the impact of the COVID-19 pandemic. A survey conducted by STI ESG disclosed that a number of students did not pursue education in SY 2020-2021 because of the financial difficulties experienced by their respective families/benefactors during the year. Despite this, the Group registered an enrollment of over 70,000 students in SY 2020-2021. As part of the Group’s continuing efforts to mitigate the impact of the COVID-19 pandemic on the students and their parents, select students enrolled in certain programs enjoyed a refund and/or a tuition fee credit. STI ESG and STI WNU reduced the laboratory fees by up to 35% and other school or miscellaneous fees of SHS, tertiary and basic education students for SY 2020-2021 or by an aggregate amount of ₱82.1 million. Similarly, iACADEMY gave discounts of as much as 6% and 31% on its tuition fees and other school fees, respectively, for SHS students resulting in a 10% reduction on their total fees in SY 2020-2021. In the same manner, iACADEMY granted 50% and 33% discounts on its regular laboratory fees and other school fees, respectively, for its college students. iACADEMY’s total foregone revenues for SY 2020-2021 due to the discounts granted amounted to ₱32.0 million. The Group likewise granted a tuition fee adjustment to tertiary students for SY 2019-2020 aggregating to ₱30.2 million.

Revenues from educational services and royalty fees decreased by 12% and 8%, respectively. This resulted from the lower number of enrollees of franchised schools brought about by the impact of and restrictions implemented due to the COVID-19 pandemic. In addition, operations of some of STI ESG’s franchised schools were either suspended or terminated. Revenues from educational services and royalty fees are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

As classes for the entire SY 2020-2021 were held online, sale of educational materials and supplies declined by ₱48.6 million to ₱24.9 million for the year ended June 30, 2021 from ₱73.5 million last year. Sale of educational materials and supplies recognized in SY 2019-2020 substantially pertains to the sale of uniforms and textbooks while the sale of educational materials and supplies for SY 2020-2021 is largely attributed to the sale of textbooks. The cost of educational materials and supplies sold decreased likewise, concomitant with the decrease in the sale of educational materials and supplies.

Other revenues increased by ₱2.6 million from ₱62.5 million for the year ended June 30, 2020 to ₱65.1 million for the year ended June 30, 2021 largely attributed to the data connectivity costs charged to franchised schools. Data loading to the respective SIM cards of the students is centralized in STI ESG's Head office, thus the equivalent connectivity charges pertaining to franchised schools amounting to ₱21.4

million were recognized as other revenues for the year ended June 30, 2021 in the audited consolidated statements of comprehensive income of the Group. The increase was partially offset by lower recovery of accounts receivable previously written off as compared to the year ended June 30, 2020, as well as lower income from issuance of diplomas, transcript of records and other documents requested by students. Income was also recognized last year in relation to the forfeiture of security deposit on pre-terminated lease contracts on the investment properties of STI ESG.

The cost of educational services is lower by ₱66.0 million compared to last year, from ₱918.2 million to ₱852.2 million for the years ended June 30, 2020 and 2021, respectively. Instructors' salaries and benefits decreased by ₱62.4 million from ₱348.5 million to ₱286.1 million as a result of the optimization of faculty loading in the conduct of synchronous meetings with the students under the new learning modality. Depreciation expense decreased by ₱15.1 million from ₱397.4 million for the same period last year to ₱382.3 million this year attributed to fully depreciated assets and lower depreciation expense recognized on ROU assets due to terminated lease agreements. The Group adopted PFRS 16 and applied a single recognition and measurement approach for all leases except for short-term leases and recognized ROU assets for the 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. ROUs are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Courseware development cost amounted to ₱11.2 million for the year ended June 30, 2020 compared to ₱1.8 million for the year ended June 30, 2021. The courseware development cost for SY 2019-2020 includes the curriculum development and implementation of maritime programs of NAMEI. STI ESG, in behalf of NAMEI, and Raft Shore People, Inc. ("RAFT") entered into a Cooperation Agreement to work together to ensure that the seafarers of the Philippines continue to be the preferred employees of international shipping companies. The parties likewise agreed 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"). In light of the effects of the pandemic on the operation of schools and on the economy as a whole, the parties agreed to hold the implementation of the agreement in abeyance. Face-to-face classes remain suspended in order to contain the spread of the virus in the country and thus the Group has continued to conduct classes online as at June 30, 2021. As classes were conducted online, school materials and supplies expense posted a decline of ₱10.3 million from ₱13.9 million to ₱3.6 million for the years ended June 30, 2020 and 2021, respectively. Classes are conducted through various online learning platforms in order to continue the delivery of lessons to the students during the pandemic. However, this posed different risks and challenges for both teachers and students, many of whom have limited access to the internet. As such, the Group provided internet connectivity assistance to its students which amounted to ₱72.2 million for the year ended June 30, 2021.

Gross profit declined from ₱1,552.8 million to ₱1,218.3 million for the years ended June 30, 2021 and 2020, respectively, largely due to the lower number of enrollees.

General and administrative expenses decreased by 16% or ₱189.0 million from ₱1,214.1 million to ₱1,025.1 million for the years ended June 30, 2020 and 2021, respectively. The highest decline was registered by light and water expenses which decreased by ₱69.2 million. For the safety and welfare of its employees and following the regulations of the IATF, the Group deploys only a skeleton workforce in the schools and offices to attend to concerns that need face-to-face coordination. The Group also embraced work-from-home arrangements to the maximum extent possible and likewise optimized its manpower structure resulting in a reduced workforce. Salaries and benefits of non-teaching personnel, as well as security and janitorial expenses, decreased by ₱43.2 million and ₱47.8 million, respectively, for the year ended June 30, 2021 compared to the same period last year. Depreciation expense decreased by ₱16.3 million from ₱248.4 million last year to ₱232.1 million this year attributed to fully depreciated assets and lower depreciation expense recognized on ROU assets because of terminated lease agreements. The Group recognized a provision for ECL amounting to ₱41.8 million for the year ended June 30, 2021, largely representing ECLs on receivables from students' tuition and other school fees, resulting to a ₱12.9 million decrease from last year's ₱54.7 million provision. This is due to the reversal of prior years' provisions amounting to ₱27.5 million reflecting the Group's improved collection efficiency. The Group recognized advertising and promotions expense amounting to ₱53.1 million for the year ended June 30, 2021. Bulk of the marketing activities and programs for SY 2019-2020 were concluded as at June 30, 2019 as classes started in June and July 2019 for SHS and tertiary students, respectively. For SY 2020-2021, classes for both SHS and tertiary students started in September 2020, and as such, marketing activities were mostly conducted from July to September 2020. This resulted in an increase in advertising and promotions expense by ₱25.4 million as compared to ₱27.7 million incurred during the same period last year. Provision for impairment of investments in and advances to associates and joint ventures amounting to ₱10.3 million was recognized for the year ended June 30, 2021.

The Group posted an operating income of ₱193.2 million for the year ended June 30, 2021 compared to last year's operating income of ₱338.7 million, due to lower revenues caused by lower number of enrollees, as a result of the COVID-19 pandemic.

Equity in net losses of associates amounted to ₱4.6 million for the year ended June 30, 2021 compared to equity in net losses of associates of ₱0.2 million recognized last year.

Interest expense decreased by ₱4.4 million to ₱337.1 million for the year ended June 30, 2021 from ₱341.5 million last year, resulting substantially from lower interest rates on the Group's loans and the full payment by STI WNU of its interest-bearing loans in January 2021. Drawdowns were made by STI ESG on its Term Loan Facility with China Bank amounting to ₱400.0 million in July 2020, subject to an interest rate of 5.81% per annum. Interest rates for all drawdowns from the Term Loan Facility were repriced at a rate of 5.56% per annum effective September 19, 2020 for STI ESG and 3.3727% per annum for iACADEMY's loan effective September 28, 2020.

Rental income decreased by ₱80.6 million to ₱116.8 million for the year ended June 30, 2021 from ₱197.4 million last year, attributed to vacancies in the investment properties of STI ESG and iACADEMY as a result of pre-termination of and expired lease contracts during the year ended June 30, 2021.

Following the guidelines of PFRS 9, *Financial Instruments*, STI ESG assessed the terms of the new or modified financial liability resulting from the amended maturity date of STI ESG's loan balance under its Corporate Notes Facility Agreement with China Bank. The modifications of the financial liability of STI ESG did not result in derecognition of the original liability as the same are not substantially different from the terms of the original financial liability. Thus, STI ESG recalculated the amortized cost of the financial liability by computing the present value of estimated contractual cash flows that are discounted at the original effective interest rate. Consequently, STI ESG recognized a loss on modification of the loan amounting to ₱8.3 million which is reported in the audited consolidated statement of comprehensive income for the year ended June 30, 2021.

Interest income decreased from last year's ₱10.8 million to ₱5.7 million for the year ended June 30, 2021, as available funds were used to settle obligations with suppliers.

STI ESG recognized dividend income from its equity share in De Los Santos Medical Center, Inc. ("DLSMC") accounted for at FVOCI amounting to ₱0.8 million for the years ended June 30, 2021 and 2020. In addition, STI ESG received dividends from STI Marikina, an associate, amounting to ₱1.0 million for the year ended June 30, 2020, which was recognized as dividend income, since the carrying amount of STI ESG's investments in STI Marikina amounted to nil as at June 30, 2021 and 2020.

The Group applied the practical expedient approach for some rent concessions granted to the Group following the amendments to PFRS 16, *COVID-19-related Rent Concessions* resulting in recognition of other revenues aggregating to ₱39.7 million for the year ended June 30, 2021.

For the year ended June 30, 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 June 30, 2020 is an impact of the COVID-19 pandemic and the ensuing economic and market disruptions across markets and industries. On December 15, 2020, STI ESG and Chita

SPC Limited executed a deed of absolute sale for the sale of STI ESG's 20% ownership in Maestro Holdings, for a price of US$10.0 million. The disposal of STI ESG's 20% ownership in Maestro Holdings resulted in a gain of ₱15.4 million which is recognized and presented as "gain on sale of noncurrent asset held for sale, net of capital gains tax" in the consolidated statement of comprehensive income for the year ended June 30, 2021. The difference between the carrying value of STI ESG's 20% stake in Maestro Holdings of ₱419.1 million as at June 30, 2020 and the equivalent peso selling price of ₱480.5 million amounted to a gain of ₱61.4 million. The capital gains tax of ₱46.0 million represents 15% of ₱306.4 million, which is the difference between STI ESG's acquisition cost of the investment amounting to ₱174.1 million and the selling price recorded at its peso equivalent of ₱480.5 million. The related net foreign exchange gain of ₱3.9 million was recognized for the year ended June 30, 2021 since the sale was settled in US dollars.

Benefit from income tax amounting to ₱76.9 million was recognized for the year ended June 30, 2021, inclusive of the benefit from deferred income tax recognized during the year ended June 30, 2021. The deferred tax asset/liabilities balance was adjusted following the implementation of the CREATE Law which reduced the preferential income tax rate for proprietary educational institutions from 10% to 1% effective July 1, 2020 to June 30, 2023 and the reduction of the income tax rate from 30% to 25% and 20% for the Parent Company and AHC, respectively, effective July 1, 2020.

The Group reported a net income of ₱101.7 million for the year ended June 30, 2021 compared to the net loss amounting to ₱117.5 million last year. Net loss for the year ended June 30, 2020 was largely due to the provision for impairment amounting to ₱297.5 million recognized on STI ESG's investment in Maestro Holdings.

Remeasurement gain on pension liability amounting to ₱15.6 million and remeasurement loss of ₱15.5 million, net of income tax effect, were recorded for the years ended June 30, 2021 and 2020, respectively, due to the movements in value of equity shares forming part of pension assets.

The unrealized fair value adjustment on equity instruments designated at FVOCI amounted to ₱1.2 million for the year ended June 30, 2021 compared to ₱7.6 million for the year ended June 30, 2020, due to the decline in the market value of equity shares as at financial reporting date.

Total comprehensive income amounted to ₱118.5 million for the year ended June 30, 2021 compared to total comprehensive loss of ₱125.4 million for the year ended June 30, 2020.

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 (losses) of associates and joint ventures and nonrecurring gains (losses) such as gain on sale of noncurrent asset held for sale, net of capital gains tax, income on rent concessions and loss on modification of loan decreased from ₱1,057.1 million for the year ended June 30, 2020 to ₱811.7 million for the year ended June 30, 2021. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively. EBITDA margin is 39% compared to 42% last year.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱55.4 million for the year ended June 30, 2021 compared to core income for the same period last year of ₱180.2 million.

Years ended June 30, 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)	
STI ESG			Enrollees	Percentage
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, yields the following 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%**

	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%**

* *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 followed 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 ended June 30, 2020 amounted to ₱2,526.9 million, lower by ₱109.3 million or 4% from revenues generated for the year ended June 30, 2019 of ₱2,636.2 million.

Tuition and other school fees are posted at ₱2,257.6 million for the year ended June 30, 2020, almost at par with the ₱2,249.7 million generated the prior year despite the 2% decline in enrollment. This is due to the shift in the enrollment mix in favor of CHED enrollees, which increased to 55% of total enrollment during the year ended June 30, 2020 from 50% of total enrollment during the prior year. The related increase in tuition and other fees attributed to the foregoing was partially offset by the tuition fee adjustment given to the tertiary students. Classes were suspended in all campuses nationwide starting March 17, 2020 due to the imposition of ECQ in Luzon and subsequently, in other parts of the country. Classes of SHS students within the STI Network were completed by the end of March 2020 while classes in the tertiary level were suspended in all campuses nationwide to ensure the safety and welfare of the students. Classes for tertiary students were later conducted online and offline in May 2020 and were completed by the end of July 2020. Students who opted for face-to-face classes later took their classes online and completed the same during the first semester of SY 2020-2021. Since classes were conducted online, the Group reduced the laboratory fees for tertiary students for SY 2019-2020 by approximately ₱30.2 million.

Revenues from educational services and royalty fees decreased by ₱40.5 million and by ₱3.9 million, respectively, attributed to a lower number of enrollees and timing difference in the collection of tuition and other school fees by the franchised schools. 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, DepEd and CHED.

Sale of educational materials and supplies decreased by ₱74.5 million or 49% due to lower sales of uniforms. STI ESG introduced new designs of tertiary uniforms in SY 2018-2019, which contributed to the higher sale of tertiary uniforms for the year ended June 30, 2019. The cost of educational materials and supplies sold decreased likewise concomitant with the decrease in the sale of educational materials and supplies.

The cost of educational services decreased by 3% or ₱33.0 million to ₱918.2 million for the year ended June 30, 2020 from ₱951.2 million for the prior year. Rent expense decreased by ₱67.1 million substantially due to the adoption of PFRS 16 whereby depreciation expense on ROU assets was recognized instead of rent expense. Direct cost portion of depreciation expense of ROU assets amounting to ₱41.8 million was recognized for the year ended June 30, 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 decreased by ₱4.2 million due to the shift in the classes of tertiary students for SY 2019-2020 to July 2019 compared to June in SY 2018-2019. Depreciation expense increased by ₱83.4 million representing direct cost 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's Nexus building. On October 21, 2019, STI ESG, acting on its own and in behalf of NAMEI, entered into a Cooperation Agreement with RAFT. Consequently, courseware development cost increased by ₱9.0

million from ₱2.2 million to ₱11.2 million for the year ended June 30, 2020 representing costs for curriculum development and courseware preparation and implementation. Other direct expenses decreased by ₱59.4 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 ₱56.6 million, concomitant with the decreased sale of uniforms.

Gross profit decreased by ₱19.7 million from ₱1,572.5 million for the year ended June 30, 2019 to ₱1,552.8 million for the year ended June 30, 2020. The gross profit margin slightly increased by 1 percentage point, from 60% to 61% as direct expenses decreased at a faster rate than revenues.

General and administrative expenses decreased by ₱85.1 million from ₱1,299.2 million to ₱1,214.1 million for the years ended June 30, 2019 and 2020, respectively. Advertising and promotions costs decreased by ₱45.0 million as STI ESG transitioned from traditional television advertisements to online or digital advertising which is more specifically directed to its target market at a lower cost. Also, majority of the marketing activities and programs for SY 2019-2020 coincided with the three-month period ended June 30, 2019 as classes started in June and July 2019 for SHS and tertiary students, respectively. The operating expense portion of rent expense decreased by ₱42.9 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. Light and water costs decreased by ₱23.3 million for the year ended June 30, 2020 as classes were held online since the start of the community quarantine in March 2020. Depreciation expense went up by ₱47.8 million due to the adoption of PFRS 16 and due to the operating expense portion of 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 ₱45.5 million. Non-teaching employees' salaries of iACADEMY increased by ₱18.7 million as additional manpower was hired to handle the increase in enrollment. Provision for inventory obsolescence of ₱4.8 million representing impairment of old tertiary uniforms was recognized for the year ended June 30, 2020. The Group recorded a provision for ECL amounting to ₱54.7 million for the year ended June 30, 2020 and ₱52.9 million for the year ended June 30, 2019. The Group recognized ECLs based on the Group's assessment of credit risk considering all reasonable and supportable information, including that which is forward-looking. The Group conducts annual impairment testing of goodwill recognized through business combinations. Impairment testing showed that the Group's cash generating units' recoverable amounts were higher than their carrying values except for the goodwill related to STI Tuguegarao and STI Pagadian as at June 30, 2019. For the year ended June 30, 2019, the Group recognized a provision for impairment of goodwill related to these schools aggregating to ₱17.0 million since their recoverable amounts were lower compared to their carrying amounts.

The Group's operating income, that is, income before other income and expenses and income tax, increased by 24% from ₱273.3 million to ₱338.7 million for the years ended June 30, 2019 and 2020, respectively, as both direct and operating costs were reduced at a level higher than the reduction in revenues.

For the year ended June 30, 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 June 30, 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 other fixed-income securities and pre-need reserves for PhilPlans, and discounted cash flows from the financial budgets covering five years approved by the management of PhilCare and PhilLife. No provision for impairment was recognized for the year ended June 30, 2019.

Equity in net losses of associates and joint ventures amounted to ₱0.2 million for the year ended June 30, 2020 and ₱4.2 million equity in net earnings of associates and joint ventures was recorded for the year ended June 30, 2019.

Interest expense on loans increased by ₱86.4 million year-on-year mainly due to interest incurred on STI ESG's bond issue charged to expense. With the completion of the new school buildings for STI Lipa, STI San Jose del Monte, STI Sta Maria and STI Pasay-EDSA, interest expenses related to the bond issue of STI ESG are now charged to expense. The interest rate on long-term loans, inclusive of gross receipts tax, of STI ESG, STI WNU and iACADEMY, increased from a low of 4.54% per annum to a high of 7.89% per annum. Also, STI ESG availed of short-term loans aggregating to ₱468.0 million subject to interest rates ranging from 4.75% per annum to 5.75% per annum. These short-term loans were fully paid as at June 30, 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 June 30, 2021 with interest rates ranging from 5.81% per annum to 6.31% per annum. The proceeds from these loans were used for capital expenditures and working capital requirements. Capitalization of interest on iACADEMY's loan ceased on August 31, 2018 and subsequent interests were all charged to expense, resulting in a ₱7.4 million increase in iACADEMY's interest expense.

Rental income increased by ₱69.1 million or 54% year-on-year substantially due to the ₱59.6 million net increase in rental income from new lessees in iACADEMY Plaza at Sen. Gil Puyat Avenue, Makati City and renewal of lease agreements on STI ESG's investment properties.

Interest income declined by ₱5.2 million from ₱16.0 million for the year ended June 30, 2019 to ₱10.8 million for the year ended June 30, 2020 as available cash balances were used to pay suppliers and contractors. The previous year's interest income was mainly interest earned on short-term placements of the proceeds from STI ESG's bonds. The proceeds from the bonds had been fully utilized as at June 30, 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 June 30, 2019.

STI ESG recognized dividend income from its associate, STI Marikina, and its equity share in DLSMC accounted for at FVOCI, aggregating to ₱1.8 million and ₱5.2 million for the years ended June 30, 2020 and 2019, respectively. De Los Santos-STI College sold its remaining common shares of stock in DLSMC to Metro Pacific Hospital Holdings, Inc. ("MPHHI") in February 2019.

Provision for income tax declined by ₱8.7 million due to lower taxable income for the year ended June 30, 2020 as compared to the prior year.

Net loss of ₱117.5 million was recorded for the year ended June 30, 2020 as against net income of ₱141.6 million for the year ended June 30, 2019, substantially due to the provision for impairment of ₱297.5 million recognized on STI ESG's investment in Maestro Holdings in the year 2020.

Fair value change in equity instruments at FVOCI amounted to ₱7.6 million for the year ended June 30, 2020, an improvement of ₱7.9 million from last year's negative ₱0.3 million. The increase represents fair value adjustment in the market value of STI ESG's unquoted equity instrument.

The Group recognized a remeasurement loss on pension liability amounting to ₱15.5 million and ₱56.1 million, net of income tax effect, for the years ended June 30, 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 June 30, 2020 amounted to negative ₱125.4 million, a decline of ₱210.7 million compared to ₱85.3 million total comprehensive income for the same period in the previous year, reflecting the impact of the provision for impairment of STI ESG's investment in Maestro Holdings in the year 2020.

EBITDA increased from ₱926.9 million to ₱1,057.1 million for the years ended June 30, 2019 and 2020, respectively. For the year ended June 30, 2020, depreciation and interest expenses related to ROU assets and lease liabilities, respectively, were excluded in the computation of EBITDA. EBITDA margin likewise improved from 35% to 42%.

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 ₱180.2 million for the year ended June 30, 2020 compared to ₱132.5 million for the year ended June 30, 2019.

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 at a level not lower than 1.05:1.00.

As at June 30, 2021 and 2020, the Group's DSCR is 1.50:1.00 and 1.72:1.00, respectively. As at March 31, 2020, the Group's DSCR is 1.44:1.00.

Recognizing the economic impact of the COVID-19 outbreak, China Bank granted the temporary waiver of the DSCR requirement on STI ESG's term loan and Corporate Notes Facility Agreements for the year ended June 30, 2021. STI ESG also obtained the approval of the majority of the Record Bondholders for the waiver of the DSCR requirement on its bonds payable up to June 30, 2023.

Credit risk – Credit risk is the risk that the Group will incur a loss arising from students, franchisees or counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for each counterparty and by monitoring expenses in relation to such limits.

It is the Group's policy to require 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 June 30, 2021 and 2020, the Group's debt-to-equity ratio is 0.79:1.00 and 0.82:1.00, respectively. As at March 31, 2020 the Group's debt-to-equity ratio is 0.78:1.00.

Agreements/Commitments and Contingencies/Other Matters

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

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

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

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

e. There are no known trends, demands, commitments, events or uncertainties that will have an impact on the Group's liquidity except for the contingencies and commitments enumerated in Note 33 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 17, 18, and 34 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. For SY 2019-2020, the Group started the school calendar of tertiary students in mid-July 2019 and ended in April 2020 while classes for the basic education and SHS started in June and ended in March 2020. iACADEMY's academic year started in July for the tertiary level and August for the SHS, with academic year for SHS and tertiary level ending in May and June of each year, respectively. With the imposition of ECQ and GCQ in certain areas around the country, as previously discussed, the schools in the Group started online classes and completed SY 2019-2020 by the end of July 2020. Classes for STI ESG and STI WNU students who opted for online and offline studies were completed by the end of July 2020, while those who opted for face-to-face classes later took their classes online and completed the same during the first semester of SY 2020-2021. For SY 2020-2021, the Group started classes in September 2020 with classes in all schools ending by June of the following year, except for iACADEMY which started classes in August 2020 for all levels and ended classes in May 2021 and July 2021 for SHS and tertiary, respectively. Accordingly, as it has been in its old fiscal year and even with its new fiscal year, as discussed in Notes 1 and 2 of the Notes to the Audited Consolidated Financial Statements, the revenue of the Group is expected to be lower during the first quarter of the fiscal year as compared to the other quarters if the number of enrollees remains constant. This information is provided to allow for a proper appreciation of the results of operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

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.

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 to collectively as the Joint Venture Parties, entered into an agreement to transform STI Tanauan into a Joint Venture Company which shall operate a farm-to-table school that offers courses ranging from farm production to food services.

   The Joint Venture Parties also agreed to increase STI Tanauan's authorized capital stock to an amount that will be agreed upon by the Joint Venture Parties in a separate agreement. As agreed by the Joint Venture Parties, the increase in the authorized capital stock will be made through STI Tanauan's declaration of stock dividends to STI ESG based on STI Tanauan's unrestricted retained earnings as of March 31, 2017 and cash payments by the Joint Venture Parties.

   The equity sharing in the Joint Venture Company would be 60%, 25% and 15% for STI ESG, TTC and Injap, respectively.

   On June 21, 2017, in separate meetings, the stockholders and the BOD of STI Tanauan approved the increase in the authorized capital stock of the corporation from ₱1.0 million divided into 10,000 shares with a par value of ₱100 to ₱75.0 million divided into 750,000 shares with a par value of ₱100. The increase will be funded through the declaration of stock dividends and cash subscriptions by the shareholders. In the same meeting, the stockholders and the BOD approved the declaration of 150,000 shares as stock dividends with an aggregate par value of ₱15.0 million to be distributed to stockholders of record as of March 31, 2017 based on the unrestricted retained earnings of STI Tanauan as shown in its audited financial statements as of March 31, 2017.

   On January 24, 2018, STI ESG subscribed to and fully paid for 35,000 shares at a subscription price of ₱495.0 per share for a total of ₱17.3 million.

   On February 26, 2018, STI Tanauan applied with the SEC to increase its authorized capital stock from ₱1.0 million to ₱75.0 million.

On March 2, 2018, the SEC approved the increase and issued the Certificate of Approval on Increase of Capital Stock.

On March 3, 2018, STI Tanauan issued to STI ESG stock dividends of 150,000 shares and 35,000 shares as subscribed by the latter.

Considering the pandemic and its effects on the economy, the parties decided to hold the project in abeyance. In the meantime, STI Tanauan remains as a wholly-owned subsidiary of STI ESG and is continuing its operations.

k. On December 17, 2018, the CHED, Unified Student Financial Assistance System for Tertiary Education Board ("UniFAST") and STI ESG signed a memorandum of agreement to avail of the TES and Student Loan Program ("SLP") for STI ESG's students under the Universal Access to Quality Tertiary Education Act ("UAQTEA") and its Implementing Rules and Regulations ("IRR"). Republic Act ("RA") No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of private 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 ₱40.0 thousand. Students enrolled in select private HEIs and are qualified to receive the TES, are entitled to ₱60.0 thousand. The TES sharing agreement states that ₱40.0 thousand goes to the TES student grantee and ₱20.0 thousand to the private HEI. The subsidy is for tuition and other related school fees and should cover the living allowance, books, supplies, transportation, and miscellaneous expense. Additional benefits are likewise given to persons with disabilities ("PWDs") and graduates of programs with licensure exams amounting to ₱30.0 thousand per annum and ₱10.0 thousand, respectively. Under the TES Program, CHED pays directly the schools where these students enrolled.

l. On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its ACADEME Lending Program in favor of STI ESG to finance the 'study now, pay later' program of the government for students amid the financial difficulties families 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 loans covered by these promissory notes to be issued by the parents/benefactors/students are interest-free. The school can borrow up to 70% of the amount stated in the Promissory Note issued by the parents/benefactors of the students. This loan from LandBank is subject to 3.00% interest per annum. Interest and principal are payable annually in arrears. The term of the borrowing is coterminous with the promissory note to be issued by the parent/benefactor/student, which in no case shall exceed three (3) years. This ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by the Parent Company.

On September 16, 2020, the Rediscounting Agreement with LandBank was executed by STI ESG in relation to this loan arrangement. Further, on the same date, the Comprehensive Surety Agreement was executed by STI Holdings in favor of LandBank.

m. 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.

n. On October 21, 2019, STI ESG, acting on its own and in behalf of NAMEI (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:

   1. 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.
   2. 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").
   3. 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 and as such, STI ESG 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% of the tuition fee shall be paid to RAFT when the student population reaches 2,000 plus an additional 1% variable compensation for every 1,000 enrollees while RAFT shall receive 5% of tuition fee for the culinary/hospitality programs upon reaching a student population of 2,000 plus 1% variable compensation for every 1,000 enrollees. Said variable compensation may be increased from year to year at the discretion of the governing board.

   In light of the effects of the pandemic on the operation of schools and on the economy as a whole, the parties agreed to hold the implementation of the foregoing paragraph in abeyance.

o. President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act which seeks to develop the national economy towards global competitiveness by implementing tax policies such as lowering the corporate income tax rate and widening the tax base, and by rationalizing the current fiscal incentives by making them time-bound, targeted and performance-based. This was done in an attempt to revitalize the slowing economy, as it is predicted that the measures will attract more investments resulting in productivity enhancement, employment generation, countrywide development, and a more inclusive economic growth, while at the same time maintaining fiscal prudence and stability. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

   The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

   - Preferential income tax rate for proprietary educational institutions is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.
   - Corporate income tax rate is reduced from 30% to 20% for domestic corporations with taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million. All other domestic corporations are subject to 25% regular corporate income tax ("RCIT") effective July 1, 2020.
   - Minimum corporate income tax ("MCIT") is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

- Exemption from the determination of gain or loss from any exchange of property for stocks in corporations under certain conditions amending Section 40, Subsection C of the National Internal Revenue Code of 1997 which includes among others, merger and consolidation.
- Imposition of improperly accumulated earnings tax ("IAET") is repealed.

Pursuant to the provisions of the CREATE Act, the schools in the Group adopted the 1% income tax rate effective July 1, 2020 while the Parent Company and AHC adopted the 25%/1% and 20%/1% RCIT/MCIT rates, respectively.

Item 7. FINANCIAL STATEMENTS

The June 30, 2021 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 November 20, 2020, as external auditors for the ensuing fiscal year.

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

Pursuant to Revised SRC Rule 68 Part 1 (3) (B) (ix) (Rotation of External Auditors), the Parent Company has engaged Mr. Benjamin N. Villacorte of SGV as the Partner-in-charge of the Parent Company. This is his seventh year of engagement for STI Holdings.

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

As stated in the June 30, 2021 "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 November 20, 2020, 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 July 1, 2020 to June 30, 2021. The engagement letter dated February 23, 2021 for the year-end audit was received by the Parent Company on same date.

The following information pertains to their fees and charges (amounts in thousands):

	Year ended June 30, 2021	Three-month period ended June 30, 2020	Year ended March 31, 2020
Audit fees	₱1,468	₱390	₱1,398
Special audit fees*	₱440		

*Represents fees for the comparative June 30, 2021 and 2019 full year Statements of Comprehensive Income special audit

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A) Directors and Executive Officers

(1) Directors, Independent Directors and Executive Officers

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

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

The following are the incumbent members of the Board of Directors:

(a) Eusebio H. Tanco
(b) Monico V. Jacob
(c) Joseph Augustin L. Tanco
(d) Ma. Vanessa Rose L. Tanco
(e) Martin K. Tanco
(f) 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 March 17, 2010 up to the present
(2) Monico V. Jacob – director since March 17, 2010 up to the present
(3) Joseph Augustin L. Tanco – director since October 27, 2010 up to the present
(4) Ma. Vanessa Rose L. Tanco – director since October 27, 2010 up to the present
(5) Martin K. Tanco – director since December 19, 2012 up to the present
(6) Rainerio M. Borja – director since December 19, 2012 up to the present
(7) Paolo Martin O. Bautista – director since December 19, 2012 up to the present
(8) Jesli A. Lapus –independent director since October 4, 2013 up to the present
(9) Robert G. Vergara – independent director since July 27, 2017 up to the present
(10) Ma. Leonora Vasquez-De Jesus – independent director since September 20, 2019 up to the present
(11) Raymond N. Alimurung – independent director since September 20, 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, 72, 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, 76, 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, 40, 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, 43, 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, 55, 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, 52, 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, 59, Filipino, Non-Executive Director

Mr. Borja has been a Director of STI Holdings since December 19, 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 35,0000 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, 72, Filipino, Lead Independent Director

Mr. Lapus has been an Independent Director of STI Holdings since October 4, 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 an 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 a member of the Board of Governors/ Independent Director of Information and Communications Technology Inc. (iACADEMY). He is also an Independent Director of Philippine Life Financial Assurance Corporation and Attenborough Holdings Corporation. He serves as a Member of the Investment Committee of PhilPlans First, Inc.

Mr. Lapus is the Chairman of LBP Service Corporation. He also serves as an Independent Director of Emperador, Inc. and Alliance Global Group, Inc. He is 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, 60, 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, 70, Filipino, Independent Director

Ms. Vasquez-De Jesus has been an independent director of STI Holdings since September 20, 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; and (b) 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, 48, 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, 69, 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 December 10, 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.), Banclife 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.), Morray Holdings, Inc., Kusang Loob Foundation, Inc., SG Holdings, Inc., Philippines First Condominium Corporation, Quantum Analytix, Inc., P & O Management Services Phils., Inc., TechGlobal Data Center, Inc., Techzone Condominium Corporation and Techzone Philippines, Inc. 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., 61, Filipino, Corporate Secretary, General Counsel, and Corporate Information Officer

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

Atty. Cabrera is a Managing Partner of Herrera Teehankee & Cabrera Law Offices. He also serves as Corporate Secretary of Agustin Tanco Foundation, Inc., Amina, Inc., Arani Realty Corporation, Asiateleservices, Inc., 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., Eximious Holdings, Inc., EUJO Phils. Incorporated, First Optima Realty Corporation, GEOGRACE Resources Philippines, Inc., Heritage Park Management, Inc., iACADEMY, International Hardwood & Veneer Company of the Philippines, Juska, Inc., Lasik Surgery, Inc., Maestro Holdings, Inc., Manila Bay Hosiery Mills, Inc., Masbate13 Philippines, Inc., Mina Tierra Gracia, Inc., NiHAO Mineral Resources International, Inc., Oregalore, Inc., Palisades Condominium Corporation, Pay Philexchange, Inc., Philippine American Drug Company, Philippine First Condominium Corporation, PhilsFirst, PhilLife, PhilCare, Inc., Philplans., Renaissance Condominium Corporation, Rosehills Memorial Management

Philippines, Inc., Sinoma Energy Conservation (Philippines) Waste Heat Recovery Co., Inc., Sinoma Energy Conservation (Cebu) Waste Heat Recovery Co., Inc., Sonak Holdings, Inc., STI WNU, Tantivy Holdings, Inc., Techglobal Data Center, Inc., TechZone Philippines, Inc., Total Consolidated Asset Management, Inc., Trend Developers, Inc., Venture Securities, Inc., Villa Development Corporation, Vital Ventures Management Corp. and WVC Development Corporation.

He was also elected as Chairman of Excelsior Holdings, Inc., Excelsium, Inc. and PlusHomes Communities, Inc.

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

Ana Carmina S. Herrera, 46, Filipino, Assistant Corporate Secretary

Atty. Herrera is a Senior Associate of Herrera Teehankee and Cabrera Law Offices. She also performs the role of Corporate Secretary of Dunes and 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, Attenborough Holdings Corporation, Banclife Insurance Co., Inc., Coastal Bay Chemicals, Inc., Comm & Sense, Inc., JAE Finance Philippines Corp., Maestro Holdings, Inc., Palisades Condominium Corporation, PhilCare, PhilLife, Renaissance Condominium Corporation, STI Holdings and Venture Securities, Inc.

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

Attendance details of each director from July 2, 2020 up to June 30, 2021 Board of Directors and Committee meetings are set out below:

MEETINGS	ATTENDANCE	
	Directors Present	Directors Absent
2 July 2020 – Regular Board of Directors Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Rainerio M. Borja Paolo Martin O. Bautista *Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
20 July 2020 – Corporate Governance Committee Meeting	*Robert G. Vergara *Jesli A. Lapus *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
4 September 2020 – Regular Board of Directors Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Rainerio M. Borja Paolo Martin O. Bautista	

MEETINGS	ATTENDANCE	
	Directors Present	**Directors Absent**
	*Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
23 September 2020 – Audit and Risk Committee Meeting	*Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung Martin K. Tanco	
24 September 2020 – Regular Board of Directors Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Rainerio M. Borja Paolo Martin O. Bautista *Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
20 November 2020 – Regular Board of Directors Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Paolo Martin O. Bautista *Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	Rainerio M. Borja
4 March 2021 – Regular Board of Directors Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Rainerio M. Borja Paolo Martin O. Bautista *Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	
16 June 2021 – Corporate Governance Committee Meeting	*Robert G. Vergara *Jesli A. Lapus *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	

MEETINGS	ATTENDANCE	
	Directors Present	**Directors Absent**
24 June 2021 – Regular Board of Directors Meeting	Eusebio H. Tanco Monico V. Jacob Joseph Augustin Eusebio L. Tanco Maria Vanessa Rose L. Tanco Martin K. Tanco Paolo Martin O. Bautista *Jesli A. Lapus *Robert G. Vergara *Dr. Ma. Leonora Vasquez-De Jesus *Raymond N. Alimurung	Rainerio M. Borja

Note - *Independent Director

(2) Significant Employees

In general, the Parent Company values its human resources. It expects the employees to do their share in achieving the Parent Company's set objectives. There is no person in the Parent Company who is not an executive officer but is expected to make significant contribution in the business of the Parent Company.

(3) Family Relationships

Mr. Joseph Augustin L. Tanco is the son of Mr. Eusebio H. Tanco. Ms. Ma. Vanessa Rose L. Tanco is the daughter of Mr. Eusebio H. Tanco.

Mr. Martin Tanco and Mr. Eusebio H. Tanco are cousins.

There are no other family relationships up to the 4th civil degree, either by consanguinity or affinity among the current Directors other than those already disclosed in this report.

(4) Involvement in Certain Legal Proceedings

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

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

(b) any conviction by final judgment;

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

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

Item 10. EXECUTIVE COMPENSATION

(1) During the September 24, 2020 meeting of the Board of Directors, the Board approved a resolution increasing the per diems of the directors from ₱15,000.00 to ₱25,000.00 per board meeting. The directors are paid ₱25,000.00 per committee meeting attended by them. There is no arrangement for compensation of directors.

From FY 2018-2019 up to 2020-2021, 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 March 31, 2019 and 2020 and June 30, 2021 and 2022. 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 March 31, 2019 and 2020 and June 30, 2021 and what the Parent Company expects to pay for the fiscal year ending June 30, 2022.

The compensation for board members comprises of per diems.

ANNUAL COMPENSATION

Name and Principal Position	Year Ended	Salary (₱)	Bonus (₱)	Other annual compensation (₱)
All other Officers as a Group	2019 [a]	3,867,628	-	-
	2020 [a]	4,243,696	-	-
	2021[b]	5,147,471	-	
	2022 [b]	5,147,471[c]		
All Named Executive Officers[d] and Board of Directors as a Group	2019 [a]			545,614
	2020 [a]			513,158
	2021 [b]			2,091,813
	2022 [b]			2,091,813[c]

Notes:
[a] Year ended March 31
[b] Year ended June 30
[c] Figure is an estimated amount
[d] 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 June 30, 2021

As of June 30, 2021, the following stockholders are the only owners of more than 5% of the Parent Company's voting capital stock, whether directly or indirectly, as record owner or beneficial owner:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation 37/F Tower I, Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City		Filipino	3,465,563,409[2]	34.99 %
Common	Mr. Eusebio H. Tanco (Chairman of the Board) (Direct and Indirect shares through PCD Nominee Corporation) 543 Fordham Street, Wack-Wack Village, Mandaluyong City	Mr. Eusebio H. Tanco	Filipino (Direct) (Indirect-thru PCD Filipino) Total	 1,253,666,793 382,722,651 ------------------- 1,636,389,444 ===========	 12.66% 3.865% ----------- 16.52% ======
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% ======
Common	PCD Nominee 37/F Tower I, Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City		Non-Filipino	895,417,001	9.04%

[2] Eusebio H. Tanco is the beneficial owner of 382,722,651 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

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	Eujo Philippines, Inc. (Direct and Indirect shares through PCD Nominee Corporation) 7/F STI Holdings Center, 6764 Ayala Avenue, Makati City	Mr. Eusebio H. Tanco, the President of Eujo Philippines, Inc. is authorized to vote its shares in the Company.	Filipino (Direct) (Indirect- thru PCD Filipino) Total	763,873,130 42,284,000 ------------------ 806,157,130 ==========	7.71% 0.43% ---------- 8.14% ======
Common	Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc.) 7/F STI Holdings Center, 6764 Ayala Avenue, Makati City	Mr. Eusebio H. Tanco, the President of Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc.) is authorized to vote its shares in the Company.	Filipino (Direct) (Indirect- thru PCD Filipino) Total	794,343,934 1,575,000 ---------------- 795,918,934 =========	8.02% .01% --------- 8.03% =====
Common	Tantivy Holdings, Inc. (Formerly, Insurance Builders, Inc.) (Direct and Indirect shares through PCD Nominee Corporation) 7/F STI Holdings Center, 6764 Ayala Avenue, Makati City	Mr. Eusebio H. Tanco, the President of Tantivy Holdings, Inc. (Formerly, Insurance Builders, Inc.) is authorized to vote its shares in the Company.	Filipino (Direct) (Indirect- thru PCD Filipino) Total	626,776,992 3,000,000 ------------------ 629,776,992 ===========	6.33% 0.03% ----------- 6.36% ======
Common	STI Education Services Group, Inc. STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, 1900 Rizal	Mr. Monico V. Jacob, the President of STI, is authorized to vote the shares of STI ESG in the Company	Filipino (Direct) (Indirect- thru PCD Filipino) Total	397,908,895 102,524,000 ----------------- 500,432,895 ===========	4.02% 1.03% ---------- 5.05% ======

Note: PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Central Depository, Inc. (PCD), and is the registered owner of the shares in the records of the Parent Company's transfer agent. The participants of the PCD (with respect to securities in the principal accounts) or the clients of such participants (with respect to securities in the participants' client accounts) are, as far as the PCD and PCD Nominee Corporation are concerned, the presumed beneficial owners of such lodged shares. PCD Nominee Corporation merely holds legal title (and not beneficial title) to the Parent Company's lodged shares to facilitate the book-entry trading and settlement of the Parent Company's shares. Except as disclosed above, no natural person or juridical entity whose shares are lodged in the name of PCD Nominee Corporation is known to the Parent Company to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Parent Company's voting securities.

(b) Security Ownership of Management as of June 30, 2021

The following table sets forth as of June 30, 2021 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)	1,253,666,793 382,722,651 ------------------ 1,636,389,444 ==========	Direct Indirect – thru PCD Total	Filipino	12.66% 3.86% ----------- 16.52% =======
Common	Monico V. Jacob (Director, President and CEO)	1 33,784,056 -------------- 33,784,057 ========	Direct Indirect – thru PCD Total	Filipino	0.00% 0.34% ----------- 0.34% =======
Common	Maria. Vanessa Rose L. Tanco (Director)	1 21,058,000 ------------- 21,058,001 ========	Direct Indirect – thru PCD Total	Filipino	0.00% 0.21% ---------- 0.21% =====
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	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 (Independent Director)	1,000	Direct	Filipino	0.00%
Common	Raymond N. Alimurung (Independent Director)	1,000	Direct	Filipino	0.00%
Common	Directors and Officers as a Group	1,793,341,604	Direct and Indirect	Filipino	18.11%

(c) Voting Trust Holders of 5% or More

As of June 30, 2021, 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 30, 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 2020 Integrated Annual Corporate Governance Report of STI Holdings was submitted to the SEC and PSE on June 24, 2021 and posted in the Parent Company's Official Website http://www.stiholdings.com/ on the same day.

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 provisions 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.

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 2021 Sustainability Report is hereby attached in pursuance to SEC Memorandum Circular No. 4, Series of 2019.

PART V – EXHIBITS AND SCHEDULES

Item 15. EXHIBITS AND REPORTS ON SEC FORM 17 – C

(a) Exhibits and Schedules

Statement of Management's Responsibility for Financial Statements
Report of Independent Auditors

Audited Financial Statements and Notes for the fiscal year ended June 30, 2021
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 July 2020 – June 2021)

1. Items 4 and 9 – Resignation and Election of Officers and Other Events filed with SEC on September 25, 2020

The Board accepted the resignation of Atty. Arsenio C. Cabrera, Jr. ("Atty. Cabrera") as Compliance Officer and appointed Mr. Cyril S. Cunanan ("Mr. Cunanan") as Compliance Officer. Mr. Cunanan will serve the unexpired term ofAtty. Cabrera. The resignation of Atty. Cabrera is not due to any disagreement with the Company on any matter relating to its operations, policies or practices.

The Board also appointed Atty. Paolo Martin O. Bautista as Chief Risk Officer and Atty. Wilfred S. Racadio as Chief Audit Executive of the Corporation.

The Annual Stockholders' Meeting of Corporation shall be held on 20 November 2020 at 11:00 A.M. via remote communication through Zoom. Furthermore, STI ESH's stockholders of record as of 20October 2020 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 5 October 2020. The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors

2. Clarification of News Report filed with SEC on September 28, 2020

In connection with the news article entitled “Low enrollment forces STI to close 12 schools”, posted in Manila Standard (Online Edition) on 28 September 2020, STI ESH confirms the information contained in this article.

3. Item 9 – Other Events filed with SEC on September 28, 2020

STI ESH released its first-ever Sustainability Report alongside its annual report for its fiscal year ending March 31, 2020.

In the Sustainability Report, STI ESH’s subsidiary schools detailed their respective initiatives towards the attainment of the United Nations' Sustainable Development Goals. Among the initiatives are the strengthening of school policies that will safeguard the health and well-being of students and employees and ensuring access to quality education through continuous program reviews as well as financial assistance programs and scholarships.

A key to achieving these goals is STI ESH's response to the challenges posed by the COVID-19 pandemic. By demonstrating its commitment to continuing education amid the new normal, STI ESH looks forward to bouncing back from the economic effects of the pandemic,

4. Item 9 – Other Events filed with SEC on October 5, 2020

STI Holdings moves FY, classes for SY2020-21under way

STI Holdings is moving its fiscal year (FY) beginning school year (SY) 2020-21. Based on its disclosure to the Philippine Stock Exchange for the three-month period ending June 30, 2020, the new FY of STI Holdings now begins on July 1 of each year and ends on June 30 the following year.

5. Item 9 – Other Events filed with SEC on 7 October 2020

Nominees for Election of Board of Directors for the 20 November 2020 Annual Stockholders' Meeting of STI Education Systems Holdings, Inc. (the "Company").

Please be advised that during the 7 October 2020 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. Lapus
9. Robert G. Vergara
10. Ma. Leonora Vasquez-De Jesus
11. Raymond N. Alimurung

6. Item 9 – Other Events filed with SEC on 23 October 2020

STI Holdings ties up with Landbank for "study now, pay later" program

STI Holdings, owner of one of the largest networks of private schools in the Philippines, has partnered with the Land Bank of the Philippines (Landbank) in a pioneering move to help students continue their education amid the COVID-19 pandemic. STI Education Services Group (STI ESG), STI Holdings' largest subsidiary, availed of Landbank's Access to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) lending program, a "study now, pay later" scheme offered by the government to select academic institutions for school year 2020-21.

Under the ACADEME program, STI ESG will be able to extend assistance amounting up to ₱250 million through loans that would cover tuition fee and that students may pay for within three years. The school will then guarantee the loans and assume the 3% interest required by the program, making the loan payments from students interest-free. STI ESG is the first school to avail of this groundbreaking loan facility.

The school also strengthened its partnerships with the Pag-IBIG Fund and the Government Service Insurance System, making available scholarship grants of up to 20% to qualified students.

7. Item 9 – Other Events filed with SEC on 18 November 2020

STI Holdings quickly responds to pandemic challenges via robust learning management systems

STI Holdings, owner of one of the largest networks of private schools in the Philippines, has quickly responded to the needs of its students under the new normal of education through its robust learning management systems (LMS).

In a disclosure to the Philippine Stock Exchange, the group said that the LMS is being used by 70,223 students across its network for school year 2020-2021.

Aside from the students, 1,885 teachers use the platforms to access 18,794 courses or uploads of subjects, modules and orientation materials across the network.

8. Item 9 – Other Events filed with SEC on November 20, 2020

In the 20 November 2020 meeting of the Board of Directors of STI Education Systems Holdings, Inc. (the "Company"), the Board approved the declaration of cash dividends in the amount of Php0.0037 per share or an aggregate amount of Php36,647,785,62 (the "Cash Dividends") from the unrestricted retained earnings of the Company as of 31 March 2020 based on the Parent Company Audited Financial Statements as of 31 March 2020.

The Cash Dividends are payable to stockholders of record as of 29 December 2020 and shall be payable on or before 26 January 2021, upon compliance with all necessary regulations.

9. Item 4 – Election of Directors and Officers filed with SEC on November 20, 2020

a) Election of Directors

Please be advised that in the Annual Stockholders' Meeting of the STI Education Systems Holdings, Inc (the “Company”) held on 20 November 2020, 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/Chief Investment Officer/ Chief Risk Officer
Wilfred S. Racadio	:	Chief Audit Executive
Cyril S. Cunanan	:	Compliance Officer
Franchini Vina Z. Cordova	:	Investor Relations Officer
Arsenio C. Cabrera, Jr.	:	Corporate Secretary/Corporate Information
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 and Risk 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

Related Party Transactions Committee

Chairman	:	Ma. Leonora Vasquez-De Jesus
Members	:	Jesli A. Lapus
		Robert G. Vergara
		Raymond N. Alimurung

10. Item 2 – Properties filed with SEC on 15 December 2020

STI Education Services Group, Inc. ("STI ESG") is 99% owned by STI ESH. STI ESG owns 1,281,484 shares or a 20% equity stake in Maestro Holdings, Inc. ("MHI"). MHI owns 100% of PhilPlans First, Inc., 91% of Philippine Life Financial Assurance Corporation and 99% of Philhealthcare, Inc.

On 11 December 2020, the STI ESG Board of Directors approved the sale of its 20% equity in MHI to Chita SPC Limited, a segregated portfolio company, duly organized under the laws of the British Virgin Islands with principal office at Craigmuir Chambers, P.O. Box 71 Road Town, Tortola VG 1110, British Virgin Islands for and on behalf of its segregated portfolio CAM SEA SPECIAL OPPORTUNITIES FUND SEGREGATED PORTFOLIO and whose Investment Manager is NP Investments Co., Ltd (the "Buyer"). The sale was arranged by Carret Private Investments Limited.

The purchase price per share was US$7.80 or a total consideration of US$10,000,000.00. The purchase price for STI ESG's shares in MHI was equivalent to a price per book value per share of 1.2x or a 20% premium to the book value per share as of 31 March 2020.

The terms of payment were as follows: (a) 30% downpayment upon execution of the Deed of Absolute Sale; and (b) the balance of 70% due on 29 January 2021.

On 15 December 2020, STI ESG and the Buyer executed a Deed of Absolute Sale for the sale of STI ESG's 20% equity in MHI.

The sale of STI ESG's stake in MHI will allow STI ESG to monetize its investment in MHI which STI ESG intends to use for its core business. In addition, STI ESG will recognize a gain of Php60M over its carrying value as of 31 March 2020. Lastly, STI ESG expects that the derecognition of the asset will reduce the volatility in its earnings going forward.

11. Item 9 – Other Events filed with SEC on February 16, 2020

STI Holdings brings data science to mainstream Philippine education

STI Holdings announced that its network of schools began offering programs in data science. In a disclosure to the Philippine Stock Exchange, STI Holdings said that STI Education Services Group (STI ESG), the company's biggest subsidiary, and STI WNU are offering programs leading to a Bachelor of Science degree in Retail Technology and Consumer Science and a two-year Associate degree in Retail Technology. Under the programs, students are expected to apply data science and business analytics to drive understanding of the changing market and consumer behavior, as well as to employ disruptive technologies. They will likewise be trained to utilize omnichannel retail marketing strategies to satisfy the changing consumer demands and varying purchasing habits.

Upon graduation, students of the said programs will be ready for the future of work with specialized skills in the areas of Retail Marketing, Consumer Psychology, Information Technology and Data Science. Graduates may become business analytics professionals, big data analysts, consumer analysts, consumer scientists, data scientists, digital marketing e-commerce specialists, and e-business data managers, among others.

Meanwhile, iACADEMY now offers programs leading to Bachelor of Science degrees in Computer Science, major in Data Science and major in Cloud Computing, respectively.

Under the Data Science program, students would be able to develop, analyze, and apply algorithmic principles in computer science. This would be done through a thorough training in computer science, statistics, data mining, and machine learning, enabling organizations to make data-driven decisions. The Cloud Computing program, meanwhile, exposes students to such technologies that would enable them to design, implement, manage, and maintain local and wide area networks. Through the program's partnership with Amazon Web Services, students are given the opportunity to gain globally-recognized cloud computing certification. Upon graduation, students of the said programs may pursue the following jobs and careers: programmer, enterprise or network architect, data analyst, data scientist, program manager, and MIS director, among others.

The Commission on Higher Education has given STI ESG, STI WNU, and iACADEMY their respective permits to offer these new programs.

12. Item 9 – Other Events filed with SEC on May 18, 2021

STI Holdings posts Php82.6 million net income in third quarter amid pandemic

STI Holdings, owner of one of the country's largest network of schools registered a net income of Php82.6 million for the three-month period ending March 31,2021 compared to a Php211.6 million net loss in the same period last year.

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 20 OCT 2021.

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

SUBSCRIBED AND SWORN to before me this 20 OCT 2021, affiants exhibiting to me their respective Passport or SSS Numbers, as follows:

Names	CTC/Passport/SSS Numbers	Date and Place of Issuance
Eusebio H. Tanco	Passport No. P0992946B	11 March 2019, DFA Manila, Philippines
Monico V. Jacob	Passport No. P6179864B	26 Jan. 2021 DFA Manila, Philippines
Yolanda M. Bautista	SSS No. 03-2678038-9	
Arsenio C. Cabrera, Jr.	Passport No. P6534927B	23 March 2021, DFA NCR South, Philippines

FELIPPE MARTE E. CLOSA
NOTARY PUBLIC
ROLL NO. 58673
MAKATI CITY, PHILIPPINES

Doc. No. 12;
Page No. 4;
Book No. XII;
Series of 2021.

FELIPPE MARTE E. CLOSA
Notary Public for Makati City
Appointment No. M-195
Extended until 31 December 2021
Per B.M. No. 3795 dated June 22, 2021
5/F SGV II Building,
6758 Ayala Avenue, Makati City
Roll of Attorneys No. 58673
PTR No. 8533827 / Makati / 04 January 2021
IBP No. 144479 / Batangas / 06 January 2021
MCLE Compliance No. VI-0017034/
Pasig City/ 28 December 2018

STI EDUCATION SYSTEMS HOLDINGS

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Philippines 1226
Telefax. (632) 844-9553

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STI Education Systems Holdings, Inc. and subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at June 30, 2021 and 2020 and for the year ended June 30, 2021, the three-month period ended June 30, 2020, and the year ended March 31, 2020 in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

EUSEBIO H. TANCO
Chairman of the Board

MONICO V. JACOB
President and Chief Executive Officer

YOLANDA M. BAUTISTA
Treasurer and Chief Financial Officer

Signed this 7th day of October 2021

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

SUBSCRIBED AND SWORN to me this OCT 19 2021 day of ______, 2021 at MAKATI CITY City. Affiants exhibited to me their respective Passport/SSS Numbers as follows:

Name	Number	Date/Place of Issuance
Eusebio H. Tanco	Passport No. PO992946B	11/03/19, DFA Manila
Monico V. Jacob	Passport No. P6179864B	01/26/21, DFA NCR East
Yolanda M. Bautista	SSS No. 03-2678038-9	Makati City

MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2021
Appt. No. M-27 (2020-2021) Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/7-19-2021
PTR No. 8533031/1-4-2021/Makati City
IBP Lifetime Member Roll No. 05413
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City

Doc/ No. 202
Page No. 42
Book No. XXXII
Series of 2021

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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C O M P A N Y   N A M E

STI EDUCATION SYSTEMS HOLDINGS INC. AND SUBSIDIARIES

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

7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City 1226

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	

C O M P A N Y   I N F O R M A T I O N

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)
1,265	**Third Friday of November**	**06/30**

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

5/F SGV-II BUILDING, 6758 AYALA AVENUE, MAKATI CITY

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

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

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
STI Education Systems Holdings, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

Opinion

We have audited the consolidated financial statements of STI Education Systems Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year 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 June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Adequacy of Allowance for Expected Credit Losses on Receivables

The Group's application of the expected credit loss (ECL) model in calculating the allowance for ECL is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures, defining default, determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts and incorporating forward-looking information (called overlays) in calculating ECL. Provision for ECL for the year ended June 30, 2021 amounted to ₱41.8 million.

The disclosures on the allowance for expected credit losses are included in Notes 4 and 6 to the consolidated financial statements.

Audit response

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments,* to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (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.

Recoverability of Goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As at June 30, 2021, 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 ₱247.4 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 4 and 15 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and assumptions used. These assumptions include 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 June 30, 2021 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.

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

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1539-AR-1 (Group A)
March 26, 2019, valid until March 25, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2019, January 28, 2019, valid until January 27, 2022
PTR No. 8534383, January 4, 2021, Makati City

October 7, 2021

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱1,470,503,591**	₱836,213,825
Receivables (Note 6)	**486,250,896**	554,969,383
Inventories (Note 7)	**178,771,671**	140,403,037
Prepaid expenses and other current assets (Note 8)	**93,372,943**	71,361,631
	2,228,899,101	1,602,947,876
Noncurrent asset held for sale (Notes 9 and 11)	**1,020,728,064**	419,115,894
Total Current Assets	**3,249,627,165**	2,022,063,770
Noncurrent Assets		
Property and equipment (Notes 10 and 28)	**10,041,279,490**	10,113,637,364
Investment properties (Note 11)	**846,072,465**	1,910,745,064
Investments in and advances to associates and joint ventures (Notes 12 and 13)	**38,733,075**	43,336,665
Equity instruments at fair value through other comprehensive income (FVOCI) (Note 14)	**69,147,732**	67,978,508
Deferred tax assets - net (Note 29)	**34,781,681**	77,451,251
Goodwill, intangible and other noncurrent assets (Notes 15 and 38)	**481,838,485**	595,103,008
Total Noncurrent Assets	**11,511,852,928**	12,808,251,860
TOTAL ASSETS	**₱14,761,480,093**	₱14,830,315,630
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 16)	**₱807,037,380**	₱854,485,625
Current portion of interest-bearing loans and borrowings (Note 17)	**208,812,671**	358,566,076
Unearned tuition and other school fees (Note 21)	**101,754,837**	117,686,522
Current portion of lease liabilities (Note 28)	**75,745,111**	90,805,276
Income tax payable (Note 29)	**89,530**	8,320,183
Total Current Liabilities	**1,193,439,529**	1,429,863,682
Noncurrent Liabilities		
Bonds payable (Note 18)	**2,973,082,875**	2,966,097,772
Interest-bearing loans and borrowings - net of current portion (Note 17)	**1,771,433,275**	1,432,045,165
Lease liabilities - net of current portion (Note 28)	**409,072,273**	461,785,015
Pension liabilities - net (Note 27)	**105,409,464**	115,402,841
Deferred tax liabilities - net (Note 29)	**114,921,367**	233,671,096
Other noncurrent liabilities (Note 19)	**12,961,372**	93,498,990
Total Noncurrent Liabilities	**5,386,880,626**	5,302,500,879
Total Liabilities *(Carried Forward)*	**6,580,320,155**	6,732,364,561

(Forward)

	June 30	
	2021	2020
Total Liabilities *(Brought Forward)*	**₱6,580,320,155**	₱6,732,364,561
Equity Attributable to Equity Holders of the Parent Company (Note 20)		
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	**19,277,239**	3,803,874
Fair value change in equity instruments at FVOCI (Note 14)	**12,149,020**	10,998,066
Other equity reserve	**(1,670,477,910)**	(1,670,477,910)
Share in associates':		
Cumulative actuarial gain (Note 12)	**321,569**	321,569
Fair value change in equity instruments designated at FVOCI (Note 12)	**(114)**	(114)
Other comprehensive income associated with noncurrent asset held for sale (Note 9)	**–**	90,645,302
Retained earnings	**4,165,349,454**	4,006,680,084
Total Equity Attributable to Equity Holders of the Parent Company	**8,100,007,100**	8,015,358,713
Equity Attributable to Non-controlling Interests	**81,152,838**	82,592,356
Total Equity	**8,181,159,938**	8,097,951,069
TOTAL LIABILITIES AND EQUITY	**₱14,761,480,093**	₱14,830,315,630

See accompanying Notes to Consolidated Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021, THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 AND THE YEAR ENDED MARCH 31, 2020

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - Notes 2 and 39)	March 31, 2020 (One Year - Notes 2 and 39)
REVENUES (Note 21)			
Sale of services:			
Tuition and other school fees	**₱1,882,717,358**	₱165,626,597	₱2,303,456,918
Educational services	**107,311,098**	21,182,148	140,705,289
Royalty fees	**10,560,747**	1,963,548	12,950,012
Others	**65,086,070**	7,117,304	67,756,284
Sale of educational materials and supplies	**24,904,944**	998,130	149,755,626
	2,090,580,217	196,887,727	2,674,624,129
COSTS AND EXPENSES			
Cost of educational services (Note 23)	**852,201,805**	166,238,586	948,455,383
Cost of educational materials and supplies sold (Note 24)	**20,074,097**	464,529	113,103,596
General and administrative expenses (Note 25)	**1,025,084,135**	232,550,165	1,299,023,487
	1,897,360,037	399,253,280	2,360,582,466
INCOME (LOSS) BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**193,220,180**	(202,365,553)	314,041,663
OTHER INCOME (EXPENSES)			
Interest expense (Note 17, 18, 22 and 28)	**(337,065,915)**	(84,442,945)	(340,079,069)
Rental income (Notes 11, 28 and 30)	**116,833,364**	48,410,966	180,402,409
Gain on:			
Sale of noncurrent asset held for sale, net of capital gains tax (Note 9)	**15,460,821**	–	–
Disposal of net assets (Note 38)	–	–	4,365,123
Loss on loan modification (Note 17)	**(8,298,502)**	–	–
Interest income (Notes 5, 6 and 22)	**5,691,709**	1,949,082	13,014,317
Equity in net earnings (losses) of associates and joint ventures (Note 12)	**(4,603,590)**	(1,361,267)	733,464
Foreign exchange gain - net	**3,869,142**	–	–
Dividend income (Notes 12 and 14)	**798,524**	6,640	1,773,661
Provision for impairment of noncurrent asset held for sale (Note 9)	**–**	–	(297,470,664)
Other income - net (Notes 2 and 28)	**38,947,159**	–	–
	(168,367,288)	(35,437,524)	(437,260,759)
INCOME (LOSS) BEFORE INCOME TAX	**24,852,892**	(237,803,077)	(123,219,096)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**632,436**	154,151	29,597,064
Deferred	**(77,510,016)**	(16,514,479)	(5,273,224)
	(76,877,580)	(16,360,328)	24,323,840
NET INCOME (LOSS) *(Carried Forward)*	**101,730,472**	(221,442,749)	(147,542,936)

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - Note 2)	March 31, 2020 (One Year - Note 2)
NET INCOME (LOSS) *(Brought Forward)*	**₱101,730,472**	(₱221,442,749)	(₱147,542,936)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on pension liability (Note 27)	**17,070,655**	(7,482,375)	(11,820,517)
Fair value change in equity instruments at FVOCI (Note 14)	**1,169,224**	(347,194)	7,822,494
Income tax effect	**(1,429,856)**	748,238	1,192,304
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**16,810,023**	(7,081,331)	(2,805,719)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱118,540,495**	(₱228,524,080)	(₱150,348,655)
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱102,820,252**	(₱220,359,761)	(₱135,956,820)
Non-controlling interests	**(1,089,780)**	(1,082,988)	(11,586,116)
	₱101,730,472	(₱221,442,749)	(₱147,542,936)
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱119,444,571**	(₱227,345,484)	(₱138,742,954)
Non-controlling interests	**(904,076)**	(1,178,596)	(11,605,701)
	₱118,540,495	(₱228,524,080)	(₱150,348,655)
Basic/Diluted Earnings (Losses) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company (Note 31)	**₱0.010**	(₱0.022)	(₱0.014)

See accompanying Notes to Consolidated Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021, THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 AND THE YEAR ENDED MARCH 31, 2020

	Equity Attributable to Equity Holders of the Parent Company (Note 20)												
	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 14)	**Other Equity Reserve**	**Share in Associates' Cumulative Actuarial Gain (Loss)** (Note 12)	**Share in Associates' Fair Value Change in Equity Instruments Designated at FVOCI** (Note 12)	**Other Comprehensive Income Associated with Noncurrent Asset Held for Sale**	**Retained Earnings**	**Total**	**Equity Attributable to Non-controlling Interests**	**Total Equity**
Balance at July 1, 2020	**₱4,952,403,462**	**₱1,119,127,301**	**(₱498,142,921)**	**₱3,803,874**	**₱10,998,066**	**(₱1,670,477,910)**	**₱321,569**	**(₱114)**	**₱90,645,302**	**₱4,006,680,084**	**₱8,015,358,713**	**₱82,592,356**	**₱8,097,951,069**
Net income (loss)	–	–	–	–	–	–	–	–	–	**102,820,252**	**102,820,252**	**(1,089,780)**	**101,730,472**
Other comprehensive income	–	–	–	**15,473,365**	**1,150,954**	–	–	–	–	–	**16,624,319**	**185,704**	**16,810,023**
Total comprehensive income (loss)	–	–	–	**15,473,365**	**1,150,954**	–	–	–	–	**102,820,252**	**119,444,571**	**(904,076)**	**118,540,495**
Disposal of noncurrent asset held for sale (Note 9)	–	–	–	–	–	–	–	–	**(90,645,302)**	**90,645,302**	–	–	–
Dividend declaration	–	–	–	–	–	–	–	–	–	**(34,796,184)**	**(34,796,184)**	–	**(34,796,184)**
Share of non-controlling interest on dividends declared by a subsidiary (Note 20)	–	–	–	–	–	–	–	–	–	–	–	**(535,442)**	**(535,442)**
Balance at June 30, 2021	**₱4,952,403,462**	**₱1,119,127,301**	**(₱498,142,921)**	**₱19,277,239**	**₱12,149,020**	**(₱1,670,477,910)**	**₱321,569**	**(₱114)**	**₱–**	**₱4,165,349,454**	**₱8,100,007,100**	**₱81,152,838**	**₱8,181,159,938**

	Equity Attributable to Equity Holders of the Parent Company (Note 20)												
	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 14)	Other Equity Reserve	Share in Associates' Cumulative Actuarial Gain (Loss) (Note 12)	Share in Associates' Fair Value Change in Equity Instruments Designated at FVOCI (Note 12)	Other Comprehensive Income Associated with Noncurrent Asset Held for Sale	Retained Earnings	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at April 1, 2020	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱10,446,933	₱11,340,730	(₱1,670,477,910)	₱321,569	(₱114)	₱90,645,302	₱4,227,039,845	₱8,242,704,197	₱83,770,952	₱8,326,475,149
Net loss	–	–	–	–	–	–	–	–	–	(220,359,761)	(220,359,761)	(1,082,988)	(221,442,749)
Other comprehensive loss	–	–	–	(6,643,059)	(342,664)	–	–	–	–	–	(6,985,723)	(95,608)	(7,081,331)
Total comprehensive loss	–	–	–	(6,643,059)	(342,664)	–	–	–	–	(220,359,761)	(227,345,484)	(1,178,596)	(228,524,080)
Balance at June 30, 2020	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱3,803,874	₱10,998,066	(₱1,670,477,910)	₱321,569	(₱114)	₱90,645,302	₱4,006,680,084	₱8,015,358,713	₱82,592,356	₱8,097,951,069

	Equity Attributable to Equity Holders of the Parent Company (Note 20)												
	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 14)	Other Equity Reserve	Share in Associates' Cumulative Actuarial Gain (Loss) (Note 12)	Share in Associates' Fair Value Change in Equity Instruments Designated at FVOCI (Note 12)	Other Comprehensive Income Associated with Noncurrent Asset Held for Sale	Retained Earnings	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at April 1, 2019	₱4,952,403,462	₱1,119,127,301	(₱498,142,921)	₱20,950,751	₱3,623,046	(₱1,670,477,910)	₱321,569	(₱114)	₱90,645,302	₱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)
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 combinations (Note 38)	–	–	–	–	–	–	–	–	–	–	–	1,090,678	1,090,678
Dividend declaration (Note 20)	–	–	–	–	–	–	–	–	–	(188,087,480)	(188,087,480)	–	(188,087,480)
Share of non-controlling interest on dividends declared by a subsidiary (Note 20)	–	–	–	–	–	–	–	–	–	–	–	(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)	₱321,569	(₱114)	₱90,645,302	₱4,227,039,845	₱8,242,704,197	₱83,770,952	₱8,326,475,149

See accompanying Notes to Consolidated Financial Statements.

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021, THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 AND THE YEAR ENDED MARCH 31, 2020

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - Note 2)	March 31, 2020 (One Year - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱24,852,892**	(₱237,803,077)	(₱123,219,096)
Adjustments to reconcile income (loss) before income tax to net cash flows:			
Depreciation and amortization (Notes 10, 11, 15, 23 and 25)	**614,399,065**	159,379,244	641,827,096
Interest expense (Notes 17, 18, 22 and 28)	**337,065,915**	84,442,945	340,079,069
Income on rent concessions (Notes 2 and 28)	**(39,727,038)**	–	–
Gain on:			
Sale of noncurrent asset held for sale, net of capital gains tax (Note 9)	**(15,460,821)**	–	–
Disposal of net assets (Note 38)	–	–	(4,365,123)
Provision for impairment of:			
Investments in and advances to associates and joint ventures (Note 25)	**10,265,554**	–	–
Noncurrent asset held for sale (Note 9)	–	–	297,470,664
Loss on loan modification (Note 17)	**8,298,502**	–	–
Net change in net pension liabilities (Note 27)	**7,077,277**	4,600,580	15,619,292
Interest income (Notes 5, 6 and 22)	**(5,691,709)**	(1,949,082)	(13,014,317)
Equity in net (earnings) losses of associates and joint ventures (Note 12)	**4,603,590**	1,361,267	(733,464)
Dividend income (Notes 12 and 14)	**(798,524)**	(6,640)	(1,773,661)
Unrealized foreign exchange gain	**(543,220)**	–	–
Loss on sale of property and equipment	**106,373**	–	–
Operating income before working capital changes	**944,447,856**	10,025,237	1,151,890,460
Decrease (increase) in:			
Receivables	**(142,938,422)**	85,143,849	(209,353,955)
Inventories	**(38,308,235)**	(309,562)	17,663,302
Prepaid expenses and other current assets	**(20,967,497)**	6,270,506	10,570,176
Increase (decrease) in:			
Accounts payable and other current liabilities	**(66,655,229)**	53,759,048	(186,218,330)
Unearned tuition and other school fees	**123,358,686**	(85,828,643)	139,190,203
Other noncurrent liabilities	**(72,466,115)**	(16,546,058)	1,403,124
Net cash generated from operations	**726,471,044**	52,514,377	925,144,980
Income tax paid	**(17,956,573)**	(1,719,348)	(20,740,775)
Interest received	**5,691,709**	1,925,267	12,922,932
Net cash from operating activities	**714,206,180**	52,720,296	917,327,137
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale of noncurrent asset held for sale (Note 9)	**480,540,000**	–	–
Sale of property and equipment	**356,131**	–	–
Disposal of net assets (Note 38)	–	–	3,500,000)
Acquisitions of:			
Property and equipment (Notes 10 and 37)	**(281,882,633)**	(33,528,846)	(429,164,513)
Equity instruments designated at FVOCI (Note 14)	–	–	(10,000,000)
Cash acquired from business combination (Note 38)	–	–	1,443,724
Capital gains tax paid (Note 9)	**(45,963,285)**	–	–
Decrease (increase) in:			
Advances to associates and joint ventures (Note 12)	**(10,265,554)**	–	–
Intangible and other noncurrent assets	**4,384,874**	(3,305,141)	(54,475,213)
Dividends received	**6,640**	6,640	2,584,938
Net cash from (used in) investing activities	**147,176,173**	(36,827,347)	(486,111,064)

(Forward)

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - Note 2)	March 31, 2020 (One Year - Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from:			
Availment of long-term loans (Note 17)	**₱397,000,000**	₱–	₱794,000,000
Availment of short-term loans (Note 17)	**400,000,000**	–	468,000,000
Landbank ACADEME Program (Note 17)	**21,971,627**	–	–
Payments of:			
Short-term loans (Note 17)	**(400,000,000)**	–	(468,000,000)
Interest	**(297,967,414)**	(46,547,477)	(299,730,885)
Long-term loans (Note 17)	**(239,400,000)**	–	(519,600,000)
Lease liabilities (Note 28)	**(73,912,834)**	(19,794,799)	(107,361,024)
Dividends	**(34,791,744)**	(4,436)	(186,722,864)
Dividends to non-controlling interests (Note 20)	**(535,442)**	–	(2,475,247)
Net cash used in financing activities	**(227,635,807)**	(66,346,712)	(321,890,020)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**543,220**	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**634,289,766**	(50,453,763)	109,326,053
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**836,213,825**	886,667,588	777,341,535
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱1,470,503,591**	₱836,213,825	₱886,667,588

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 and ending on March 31 of the following year to starting on July 1 of each year and 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 Philipine Bureau of Internal Revenue (BIR) approved the change in accounting period 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 June 30, 2021 and 2020.

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.

Merger with Several Majority and Wholly-owned Subsidiaries

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

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

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

On September 25, 2013, STI ESG's BOD approved an amendment to the Phase 1 and 2 mergers whereby STI ESG would issue shares, at par value, to the stockholders of the non-controlling interests. In 2014, STI ESG issued 1.9 million additional shares at par value to the stockholders of one of the merged schools. As at October 7, 2021, the amendment is pending approval by the SEC.

As at October 7, 2021, 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 beginning April 1 of each year and ending on March 31 of the following year to beginning July 1 of each year and ending on June 30 of the following year; and, (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 application for the change in accounting period 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 100.0% 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 tanker courses and their allied and security courses, including stewarding and culinary courses.

In September 2020, STI ESG announced the suspension of the operations of some of its owned schools namely: STI Cebu, STI Iloilo, STI Quezon Avenue and STI Tuguegarao for SY 2020-2021 and cessation of operations of STI Pagadian effective SY 2020-2021. Similarly, STI ESG announced the cessation of operations of some of its franchised schools namely: STI College Bohol, Inc. (STI Bohol), STI College Recto, Inc. (STI Recto), Sungold Technologies, Inc. (STI Zamboanga), STI College Pasay, Inc. (STI Pasay), STI College Dipolog, Inc. (STI Dipolog), STI College San Francisco, Inc. (STI San Francisco) and suspension of operations of STI College Parañaque, Inc. (STI Parañaque) effective SY 2020-2021. STI ESG determined that continuing the operations of these schools was no longer viable due to low enrollment turnout and/or the high cost of rental of facilities. As at June 30, 2021, STI ESG has a network of sixty (64) active schools comprising of sixty (60) colleges and four (4) education centers. Of the total, STI ESG owns thirty five (35) schools while franchisees operate 29 schools.

The students enrolled in the aforementioned schools were given the option to transfer to other STI schools. The suspension and cessation of operations of the STI schools mentioned above did not have a material financial impact to the Group.

c. STI West Negros University, Inc. (STI WNU)

In October 2013, the Parent Company acquired majority ownership interest in STI WNU. The consideration for the acquisition of STI WNU includes contingent consideration amounting to ₱151.5 million. As at June 30, 2021 and 2020, liability for contingent consideration recognized as "Nontrade payable" amounted to ₱67.0 million (see Note 16). As at June 30, 2021 and 2020, 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 TESDA and/or operate a Training Center as well as an Assessment Center, in relation to the said services.

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 beginning April 1 of each year and ending on March 31 of the following year to beginning July 1 of each year and ending on June 30 of the following year; and (2) change in the date of its Annual Stockholders' meeting from 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. The BIR approved STI WNU's application for the change in accounting period on June 26, 2020.

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, real estate management, data science, cloud computing and accountancy. 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. iACADEMY's Nexus building is located along Yakal St. in Makati City.

On September 7, 2017, the Board of Governors (BOG) of iACADEMY approved the merger of iACADEMY and Neschester Corporation (Neschester), with iACADEMY as the surviving entity. The stockholders of both companies confirmed, ratified and approved the merger on the same date. The Plan of Merger between iACADEMY and Neschester was filed with the SEC on January 24, 2018 and was approved on April 10, 2018. In addition, on September 7, 2017, the stockholders and BOG of iACADEMY approved the increase in its authorized capital stock from ₱500.0 million 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 October 7, 2021, 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 beginning April 1 of each year and ending on March 31 of the following year to beginning July 1 of each year and ending on June 30 of the following year; and (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.

e. Attenborough Holdings Corp. (AHC)

AHC is a holding company which is a party to the Joint Venture Agreement and Shareholders' Agreement among the Parent Company, Philippine Women's University (PWU) and Unlad Resources Development Corporation (Unlad). Under the Agreements, AHC is set to own up to 20.0% of Unlad. AHC is also a party to the Omnibus Agreement it executed with the Parent Company and Unlad (see Note 33).

Since February 2015, STI Holdings owns 100.0% of AHC.

On March 1, 2016, AHC executed a Deed of Assignment wherein AHC assigned to STI Holdings its loan to Unlad, including capitalized foreclosure expenses, amounting to ₱66.7 million for a cash consideration of ₱73.8 million (see Note 33).

On September 20, 2019, the BOD and stockholders of AHC approved the amendments in its By-Laws, as follows: (1) change in its fiscal year from beginning April 1 of each year and ending on March 31 of the following year to beginning July 1 of each year and ending on June 30 of the following year; and (2) change in the date of its Annual Stockholders' meeting from every last

Thursday of July to every last Thursday of November. The SEC and BIR approved the amendments on January 29, 2020 and June 24, 2020, respectively.

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

The accompanying consolidated financial statements were approved and authorized for issuance by the BOD of STI Holdings on October 7, 2021.

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 Parent Company's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

The Group's short-period consolidated financial statements as at and for the three-month period ended June 30, 2020 have been prepared pursuant to the Parent Company's change in accounting period from fiscal year ending March 31 to fiscal year ending June 30, as discussed in Note 1, for purposes of filing with the SEC. The amounts reflected in the June 30, 2020 consolidated statement of comprehensive income, consolidated statement of changes in equity and, consolidated statement of cash flows and the related notes are for three months and, accordingly, are not comparable with the amounts in the June 30, 2021 and March 31, 2020 consolidated financial statements with each pertaining to a whole year.

Seasonality of Operations

The Group's business is linked to the academic cycle. For SY 2019-2020, both STI ESG and STI WNU started the school calendar of tertiary students in mid-July 2019 and ended in April 2020 while classes for the basic education and SHS of both schools started in June 2019 and ended in March 2020. iACADEMY starts its school calendar every July for tertiary level and August for SHS and ends in June and May, respectively. With the imposition of the Enhanced Community Quarantine (ECQ) and the General Community Quarantine (GCQ) in certain areas around the country, as discussed in Note 40, the schools in the Group transitioned to full remote learning and completed classes of tertiary students for SY 2019-2020 by the end of July 2020. Classes for the basic education and SHS for both STI ESG and STI WNU for the SY 2019-2020 were all completed by end of March 2020.

The tertiary students of the schools under the STI network and STI WNU were given three options to finish the second semester of SY 2019-2020, namely (1) online learning for those who were willing and could go online, may finish all their lessons via the eLearning Management System (eLMS); (2) offline learning for those who were willing to continue and finish all their lessons but could not go online, in which case handouts were provided to the students; or (3) face-to-face for those who could not go online and opted to wait until the Group could resume classes under the "new normal" operations with face-to-face classes combined with applicable learning modes. Classes of students who opted for online and offline studies resumed in the third week of May 2020 and were completed as at July 30, 2020, while those who opted for face-to-face classes, later took their classes online and completed the same during 1st term of SY 2020-2021.

For SY 2020-2021, STI ESG and STI WNU started classes in September 2020 and ended in June of the following year; while iACADEMY started its classes in August 2020 and ended in May and July of the following year, for SHS and tertiary, respectively.

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

iACADEMY's school calendar for SY 2019-2020 was originally set from August 2019 to May 2020 for SHS level and July 2019 to June 2020 for tertiary level. 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 studies resumed on April 15, 2020 and were completed in June 2020. The online classes of tertiary students resumed on April 15, 2020 and were completed on July 15, 2020.

For SY 2020-2021, iACADEMY introduced its fully online learning program entitled Guided Online Autonomous Learning (GOAL). 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. Classes for SHS and tertiary levels started on August 24, 2020 and August 28, 2020, respectively.

The Group uses a world-class and award-winning learning management system that is being used by schools and universities across the globe. This cloud-based eLMS gives teachers and students a two-way platform where they can collaborate, assign and submit homework, take assessments, and track learning progress, among others. The concept of online learning is not new to the Group, as the schools in the network have already implemented a blended learning model for the past six years in order that the students may continue their studies at home uninterrupted despite physical classroom disruptions. In this setup, all activities or modules would be delivered 100.0% online through the use of eLMS, Google Meet and Microsoft Teams.

Onsite learning refers to school activities to be conducted on-campus. Onsite activities shall follow the latest regulations issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), DepEd for SHS, TESDA and CHED for tertiary. In the event that onsite activities are prohibited by a government agency, activities or modules are to be delivered 100.0% online until onsite sessions are allowed. Face-to-face classes remain suspended and thus the Group has continued to conduct classes online as of June 30, 2021.

The revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding academic year to which they pertain. Accordingly, as it has been in its old fiscal year and even with its new fiscal year, as discussed in Note 1, the revenue of the Group is expected to be lower during the first quarter of the fiscal year as compared to the other quarters if the number of enrollees remains constant. This information is provided to allow for a proper appreciation of the results of operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at June 30, 2021 and 2020, and for the year ended June 30, 2021, the three months ended June 30, 2020 and the year ended March 31, 2020.

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

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

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

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

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies 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.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The subsidiaries of STI Holdings, which are all incorporated in the Philippines, are as follows:

		Effective Percentage of Ownership					
		June 30, 2021		June 30, 2020		March 31, 2020	
Subsidiaries	**Principal Activities**	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
STI ESG	Educational Institution	**99**	**–**	99	–	99	–
STI WNU	Educational Institution	**99**	**–**	99	–	99	–
iACADEMY	Educational Institution	**100**	**–**	100	–	100	–
AHC	Holding Company	**100**	**–**	100	–	100	–
STI College Tuguegarao, Inc. (STI Tuguegarao)	Educational Institution	**–**	**99**	–	99	–	99
STI College of Kalookan, Inc. (STI Caloocan) [(a)]	Educational Institution	**–**	**99**	–	99	–	99
STI College Batangas, Inc. (STI Batangas)	Educational Institution	**–**	**99**	–	99	–	99
STI College 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**	–	99	–	99
NAMEI Polytechnic Institute of Mandaluyong, Inc.[(c)]	Educational Institution	**–**	**99**	–	99	–	99
NAMEI Polytechnic Institute, Inc.[(c)]	Educational Institution	**–**	**93**	–	93	–	93
De Los Santos-STI College, Inc. (De Los Santos-STI College) [(d)]	Educational Institution	**–**	**51**	–	51	–	51
STI College Quezon Avenue, Inc. (STI QA) [(e)]	Educational Institution	**–**	**51**	–	51	–	51

[(a)] A subsidiary of STI ESG through a management contract (see Note 4)
[(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 SYs 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 at October 7, 2021.
[(e)] A wholly-owned subsidiary of De Los Santos-STI College

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

The consolidated financial statements include the accounts of STI ESG and its subsidiaries as at June 30, except for the accounts of STI Tuguegarao, STI Caloocan, STI Iloilo and NAMEI, whose financial reporting date ends on December 31; and STI Batangas, STI Novaliches, STI Tanauan, STI Lipa, STI Pagadian, STI Sta. Maria, De Los Santos-STI College and STI QA whose financial reporting date ends on March 31. Adjustments are made for the effects of significant transactions or events that occur between the financial reporting date of the above-mentioned subsidiaries and the financial reporting date of the Group's consolidated financial statements.

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

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards effective as at July 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the consolidated financial statements except otherwise stated.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, Coronavirus Disease 2019 (*COVID-19)-related Rent Concessions beyond June 30, 2021*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group has early adopted the amendments and applied the practical expedient for rent concessions granted to the Group that meet the aforementioned criteria resulting in recognition of other income amounting to ₱39.7 million which is presented under "Other income - net" in the consolidated statements of comprehensive income for the year ended June 30, 2021 (see Note 28).

<u>Standards Issued but Not Yet Effective</u>
The standards and interpretations that are issued but not yet effective for the year ended June 30, 2021 are listed below. The Group intends to adopt these standards when they become effective. Adoption of these standards and interpretations are not expected to have any significant impact on the consolidated financial statements, except otherwise stated.

Effective beginning on or after July 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after July 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is currently assessing the impact of adopting the amendments to PAS 37.

- Annual Improvements to *PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments have no impact on the Group since the Group's subsidiaries, associates and joint ventures are not first-time adopters of PFRSs.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

    The amendments are not applicable to the Group since none of the entities within the Group have activities that are related with agriculture.

Effective beginning on or after July 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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 June 30, 2021 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Business Combination Involving Entities under Common Control

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

In cases where the business combination has no substance, the Group shall account for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction, the difference in the amount recognized and the fair value of the consideration received, is also accounted for as an equity transaction. The Group records the difference as excess of consideration over carrying amount of disposed subsidiary and presents as separate component of equity in the consolidated statement of financial position.

Comparatives shall be restated to include balances and transactions of the entities that had been acquired at the beginning of the earliest period presented as if the companies had always been combined.

Business Combination and Goodwill

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

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
The Group measures financial instruments such as equity instruments at FVOCI at fair value at each reporting date. Also, fair values of investment properties and financial instruments measured at amortized cost are disclosed in Notes 11 and 35 to the consolidated financial statements, respectively.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually. The current practice of the Group is to involve external valuers every two to three years depending on the circumstances including market conditions and requirements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from date of acquisition and are subject to an insignificant risk of change in value.

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

a. Financial assets

   Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVTPL).

   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 FVTPL, transaction costs.

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

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

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

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

As at June 30, 2021 and 2020, the Group has no debt instruments at FVOCI and financial assets at FVTPL.

a. *Financial assets at amortized cost (debt instruments).* The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

   The Group's financial assets at amortized cost include cash and cash equivalents, receivables (except for advances to officers and employees) and rental and utility deposits under "Goodwill, intangible and other noncurrent assets" account as at June 30, 2021 and 2020.

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's listed and non-listed equity investments are classified under this category (see Note 14).

Impairment of Financial Assets. The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. 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.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, an entity shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Write-off Policy. The Group writes off a financial asset after a certain period since the time the receivable has been determined to be impaired. Receivables are written off when the bad debts are likely to be irrecoverable and or it is uneconomic to pursue further the collection of the receivable after efforts made by the Group.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Reclassification of Financial Assets. The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b. Financial liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, or as other financial liabilities.

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

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

As at June 30, 2021 and 2020, the Group has no financial liabilities at FVTPL. The Group's financial liabilities as at June 30, 2021 and 2020 are measured at amortized cost.

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

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

Other financial liabilities include interest-bearing loans and borrowings, bonds payable, accounts payable and other current liabilities (excluding government and other statutory liabilities), lease liabilities, and other noncurrent liabilities (excluding advance rent and deferred lease liability).

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

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

Modifications of Financial Liability. The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10.0% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss in the consolidated statement of comprehensive income.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

c. Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

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

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

Creditable Withholding Taxes (CWT). CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented as part of “Prepaid taxes” under the “Prepaid expenses and other current assets” account in the consolidated statement of financial position. CWT is stated at its estimated NRV.

Noncurrent Asset Held for Sale
The Group classifies a noncurrent asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such noncurrent asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale.

The criteria for held for sale classification are regarded as met only when the asset is available for immediate sale in its present condition and the sale is highly probable. Management must be committed to a plan to sell, which is expected to be completed within one year from the date of the classification, and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the plan to sell should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Investment properties are not depreciated or amortized once classified as held for sale. Equity method of accounting for investment in shares of an associate ceases upon classification of the investment as a noncurrent asset held for sale. Noncurrent asset held for sale is presented separately as part of current assets in the consolidated statement of financial position.

Property and Equipment
The Group’s property and equipment consists of land, buildings, equipment, furniture and fixtures, leasehold improvements, library holdings, construction in-progress and right-of-use (ROU) assets that do not qualify as investment properties.

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

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling or removing the underlying asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives or lease term (in the case of ROU assets), whichever is shorter:

Asset Type	Number of Years
Buildings	20 to 25 years
Office and school equipment	3 to 15 years
Office and school furniture and fixtures	3 to 5 years
Leasehold improvements	5 years or terms of the lease agreement, whichever is shorter
Transportation equipment	3 to 5 years
Computer equipment and peripherals	3 years
Library holdings	5 years
Machineries and equipment	10 years
Right-of-use asset - land	25 years
Right-of-use asset - building	2 to 25 years
Right-of-use asset - transportation equipment	3 to 4 years

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

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

Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes cost of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for operational use.

Investment Properties

Investment properties include land and buildings held by the Group for capital appreciation and rental purposes. Investment properties also include right-of-use asset involving a building that is being subleased. Buildings are carried at cost less accumulated depreciation and any impairment in value, while land is carried at cost less any impairment in value. The carrying amount includes the cost of constructing a significant portion of an existing investment property if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Depreciation of buildings is computed on a straight-line basis over 20 to 25 years. Unless the Group is reasonably certain to obtain ownership of the leased building at the end of the lease term, the recognized right-of-use asset is depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. The asset’s useful life and method of depreciation are reviewed and adjusted, if appropriate, at each financial year-end.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for use, capital appreciation and or rental purposes.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for 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 statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial reporting dates of the associates, joint ventures and the Parent Company are identical, except for Synergia Human Capital Solutions, Inc. (Synergia) and Global Resource for Outsourced Workers, Inc. (GROW) 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 the Group, which are all incorporated in the Philippines, are as follows :

		Effective Percentage of Ownership					
		June 30, 2021		June 30, 2020		March 31, 2020	
Associate	**Principal Activities**	**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	–
GROW	Recruitment Agency	**17**	**3**	17	3	17	3
STI Holdings	Holding Company	**5**	**–**	5	–	5	–

[a] Dormant entities
[b] STI ESG's 20% stake in Maestro Holdings was sold on December 15, 2020 (see Note 9)

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group has assessed the intangible assets as having a finite useful life, which is the shorter of its contractual term or economic life. Amortization is on a straight-line basis over the estimated useful lives of three years.

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

Impairment of Nonfinancial Assets
The carrying values of investments in and advances to associates and joint ventures, property and equipment, investment properties, intangible assets and advances to suppliers are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Provisions for impairment are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

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

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

Unearned Tuition and Other School Fees
Unearned tuition and other school fees refer to the portion of student assessment initially recorded as a liability account at the start of the school term and recognized to earned income proportionately until the end of the related school term. This also includes advance payment for tuition and other

school fees for the school year commencing after the financial reporting date. This represents contract liabilities under PFRS 15, *Revenue from Contracts with Customers*.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as "Interest expense" in the consolidated statement of comprehensive income.

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

Cost of Shares Held by a Subsidiary
Cost of shares held by a subsidiary is accounted for similar to treasury shares which are recorded at cost. Own equity instruments which are reacquired are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or the cancellation of the Group's own equity instruments.

Retained Earnings and Dividend on Common Stock of the Parent Company
The amount included in retained earnings includes profit attributable to the Parent Company's equity holders and reduced by dividends on capital stocks. Dividends on capital stocks are recognized as liability and deducted from equity when approved by the BOD of the Parent Company. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting period.

Earnings/Losses Per Share Attributable to the Equity Holders of the Parent Company
Earnings/loss per share is computed by dividing net income attributed to equity holders of the Parent Company for the year by the weighted average number of shares issued and outstanding after giving retroactive effect to 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
Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses whether it is acting as a principal or an agent in every revenue arrangement. It is acting as a principal when it has the primary responsibility for providing the goods or services. The Group also acts as a principal when it has the discretion in establishing the prices and bears inventory and credit risk. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value-added tax (VAT).

The following are contract balances relative to PFRS 15:

Tuition and Other School Fee Receivables. Receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract. The Group's "Unearned tuition and other school fees" account represents contract liabilities which will be recognized as revenue when the related educational services are rendered. This includes advance payment for tuition and other school fees for the school year commencing after the financial reporting date.

The following specific recognition criteria must also be met before revenue is recognized:

Tuition and Other School Fees. Revenue from tuition and other school fees is satisfied over time 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 statement 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 is transferred to the customer.

Other Revenues. Other revenues include income related to the software license subscriptions provided to franchised schools. These revenues are satisfied at a point in time and are recognized at the time of sale when control or rights to the goods or services are transferred to the customer.

The following are the revenue streams outside the scope of PFRS 15:

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

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:

Entity	Type of Plan
STI ESG	Funded, noncontributory defined benefit plan
STI WNU	Funded, noncontributory defined benefit plan
iACADEMY	Unfunded, noncontributory defined benefit plan
Indirect subsidiaries (except De Los Santos - STI College and STI 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 statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

Defined Contribution Plan. De Los Santos-STI College and STI 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).

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

Right-of-use Assets. The Group classifies its ROU assets as part of property and equipment; and investment properties. Refer to the accounting policies in property and equipment; and investment properties sections.

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.

Short-term Leases and Leases with Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

The Group shall account for a modification to a lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. A lessee recognizes the effect of the rent concession by recognizing the reduction in payment as other income in profit or loss in the consolidated statement of comprehensive income.

Group as Lessor. Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Taxes

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

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint 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.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Prepaid taxes" under the "Prepaid expenses and other current assets" account or "Accounts payable and other current liabilities" account in the consolidated statement of financial position.

Operating Segment
For management purposes, the Group is organized into business units based on the geographical location of the students and assets. Financial information about operating segments is presented in Note 3 to the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Segment Information

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

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

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

On a consolidated basis, the Group's performance is evaluated based on consolidated net income (loss) and EBITDA, defined as earnings (losses) before interest expense, interest income, provision for 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 sale of noncurrent asset held for sale (net of capital gains tax), income on rent concessions, loss on loan modification, gain on sale on disposal of net assets, and gain on foreign exchange differences. 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:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Consolidated net income (loss)	**₱101,730,472**	(₱221,442,749)	(₱147,542,936)
Depreciation and amortization* (see Notes 10, 11, 15, 23 and 25)	**537,108,249**	138,468,707	560,364,754
Interest expense* (see Notes 17, 18, 22 and 28)	**301,536,491**	74,861,815	299,255,874
Provision for (benefit from) income tax	**(76,877,580)**	(16,360,328)	24,323,840
Income on rent concessions (see Notes 2 and 28)	**(39,727,038)**	–	–
Gain on sale of noncurrent asset held for sale, net of capital gains tax** (see Notes 4 and 9)	**(15,460,821)**	–	–
Loss on loan modification (see Note 17)	**8,298,502**	–	–
Interest income (see Notes 5, 6 and 22)	**(5,691,709)**	(1,949,082)	(13,014,317)
Foreign exchange gain - net	**(3,869,142)**	–	–
Equity in net losses (earnings) of associates and joint ventures (see Note 12)	**4,603,590**	1,361,267	(733,464)
Provision for impairment of noncurrent asset held for sale (see Notes 4 and 9)	**–**	–	297,470,664
Gain on disposal of net assets (see Note 9)	**–**	–	(4,365,123)
Consolidated EBITDA	**₱811,651,014**	(₱25,060,370)	₱1,015,759,292

**Depreciation and interest expense exclude those related to ROU assets, presented under "Property and equipment" and "Investment properties" accounts, and lease liabilities, respectively.*
***Net of capital gains tax amounting to ₱45.9 million paid during the year ended June 30, 2021.*

Inter-Segment Transactions
Segment revenue, segment expenses and operating results include transfers among geographical segments. The transfers are accounted for at market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

Geographical Segment Data

The following tables present revenue and income information regarding geographical segments for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020:

	June 30, 2021 (One Year)					
	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
Revenues						
External revenue	**₱1,155,999,591**	**₱138,515,524**	**₱523,630,921**	**₱222,436,557**	**₱49,997,624**	**₱2,090,580,217**
Results						
Income (loss) before other income (expenses) and income tax	**(35,295,403)**	**(2,584,788)**	**179,615,112**	**59,705,062**	**(8,219,803)**	**193,220,180**
Interest expense	**(320,664,413)**	**(4,989,637)**	**(7,057,175)**	**(1,429,120)**	**(2,925,570)**	**(337,065,915)**
Other income	**153,419,523**	**7,362,793**	**2,895,222**	**1,303,272**	**2,629,698**	**167,610,508**
Benefit from (provision for) income tax	**84,500,157**	**(189,770)**	**498,048**	**(7,850,455)**	**(80,400)**	**76,877,580**
Interest income	**5,044,289**	**55,958**	**243,715**	**336,552**	**11,195**	**5,691,709**
Equity in net losses of associates and joint ventures	**(4,603,590)**	**–**	–	–	–	**(4,603,590)**
Net Income (Loss)	**(₱117,599,437)**	**(₱345,444)**	**₱176,194,922**	**₱52,065,311**	**(₱8,584,880)**	**₱101,730,472**
EBITDA						**₱811,651,014**

	June 30, 2020 (Three Months - see Note 2)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱145,559,127	₱7,241,392	₱28,189,143	₱13,393,422	₱2,504,643	₱196,887,727
Results						
Loss before other income (expenses) and income tax	(108,776,030)	(21,391,314)	(39,613,601)	(23,883,274)	(8,701,334)	(202,365,553)
Interest expense	(79,417,441)	(1,390,713)	(1,832,473)	(947,908)	(854,410)	(84,442,945)
Other income	48,371,249	–	–	46,357	–	48,417,606
Benefit from income tax	14,287,419	–	–	2,072,909	–	16,360,328
Interest income	1,792,230	14,693	107,793	30,918	3,448	1,949,082
Equity in net losses of associates and joint ventures	(1,361,267)	–	–	–	–	(1,361,267)
Net Loss	(₱125,103,840)	(₱22,767,334)	(₱41,338,281)	(₱22,680,998)	(₱9,552,296)	(₱221,442,749)
EBITDA						(₱25,060,370)

	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
	March 31, 2020 (One Year - see Note 2)					
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

The following tables present certain assets and liabilities information regarding geographical segments as at June 30, 2021 and 2020:

	Metro Manila	**Northern Luzon**	**Southern Luzon**	**Visayas**	**Mindanao**	**Consolidated**
	June 30, 2021					
Assets and Liabilities						
Segment assets[(a)]	**₱10,835,166,262**	**₱813,510,696**	**₱1,055,085,741**	**₱566,544,416**	**₱149,568,632**	**₱13,419,875,747**
Noncurrent asset held for sale	**1,020,728,064**	–	–	–	–	**1,020,728,064**
Investments in and advances to associates and joint ventures	**38,733,075**	–	–	–	–	**38,733,075**
Goodwill	**231,680,294**	–	–	**15,681,232**	–	**247,361,526**
Deferred tax assets - net	**19,963,944**	**1,273,873**	**5,653,273**	**6,212,828**	**1,677,763**	**34,781,681**
Total Assets	**₱12,146,271,639**	**₱814,784,569**	**₱1,060,739,014**	**₱588,438,476**	**₱151,246,395**	**₱ 14,761,480,093**
Segment liabilities[(b)]	**₱648,925,286**	**₱54,233,156**	**₱107,450,933**	**₱73,096,014**	**₱38,137,730**	**₱921,843,119**
Interest-bearing loans and borrowings	**1,980,245,946**	–	–	–	–	**1,980,245,946**
Bonds payable	**2,973,082,875**	–	–	–	–	**2,973,082,875**
Pension liabilities - net	**58,732,468**	**5,293,944**	**10,473,090**	**29,023,923**	**1,886,039**	**105,409,464**
Lease liabilities	**271,649,612**	**68,171,906**	**99,537,001**	**8,105,526**	**37,353,339**	**484,817,384**
Deferred tax liabilities - net	**114,921,367**	–	–	–	–	**114,921,367**
Total Liabilities	**₱6,047,557,554**	**₱127,699,006**	**₱217,461,024**	**₱110,225,463**	**₱77,377,108**	**₱6,580,320,155**
Other Segment Information						
Capital expenditure -						
Property and equipment						**₱298,613,757**
Depreciation and amortization[(c)]						**537,108,249**
Noncash expenses other than depreciation and amortization						**68,676,525**

[(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.*

	June 30, 2020					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets[a]	₱11,542,199,801	₱835,073,144	₱959,895,983	₱559,018,437	₱148,792,889	₱14,044,980,254
Noncurrent asset held for sale	419,115,894	–	–	–	–	419,115,894
Investments in and advances to associates and joint ventures	43,336,665	–	–	–	–	43,336,665
Goodwill	229,750,336	–	–	15,681,232	–	245,431,568
Deferred tax assets - net	61,091,080	906,468	1,701,851	13,671,718	80,132	77,451,249
Total Assets	₱12,295,493,776	₱835,979,612	₱961,597,834	₱588,371,387	₱148,873,021	₱14,830,315,630
Segment liabilities[b]	₱841,876,091	₱45,962,613	₱88,543,503	₱66,215,639	₱31,393,474	₱1,073,991,320
Interest-bearing loans and borrowings	1,751,211,241	–	–	39,400,000	–	1,790,611,241
Bonds payable	2,966,097,772	–	–	–	–	2,966,097,772
Pension liabilities - net	66,480,596	4,699,923	10,403,110	32,072,340	1,746,872	115,402,841
Lease liabilities	296,077,163	82,870,413	102,454,338	21,752,743	49,435,634	552,590,291
Deferred tax liabilities - net	233,671,096	–	–	–	–	233,671,096
Total Liabilities	₱6,155,413,959	₱133,532,949	₱201,400,951	₱159,440,722	₱82,575,980	₱6,732,364,561
Other Segment Information						
Capital expenditure -						
Property and equipment						₱34,112,929
Depreciation and amortization[c]						138,468,707
Noncash expenses other than depreciation and amortization						10,828,850

[d] *Segment assets exclude noncurrent asset held for sale, investments in and advances to associates and joint ventures, goodwill and net deferred tax assets.*
[e] *Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, net pension liabilities, lease liabilities and deferred tax liabilities.*
[f] *Depreciation and amortization excludes those related to ROU assets.*

	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
Obligations under finance lease	298,472,423	84,981,927	104,329,597	23,381,858	51,638,155	562,803,960
Deferred tax liabilities	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, obligations under finance lease and deferred tax liabilities.*
[(c)] *Depreciation and amortization excludes those related to ROU assets*

4. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The estimates used are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements, giving due consideration to materiality. Actual results could differ from such estimates.

The Group believes the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its consolidated financial statements.

In response to the COVID-19 oubreak, 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 impactof COVID-19 pandemic on the Group's significant accounting judgments and estimates and there are no changes to the significant judgments and estimates in the June 30, 2021 and 2020 consolidated financial statements from those applied in the previous financial year, other than for those disclosed under this section.

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.

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 FVTPL.

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 24, 2021, the Parent Company's BOD approved the sale to an interested buyer of the Parent Company's properties located in Quezon City ("Quezon City dacion properties") which were obtained by the Parent Company through the deeds of dacion in 2016 as these properties have not been used in business since acquisition. Management considered these properties to meet the criteria to be classified as held for sale for the following reasons:

- The BOD approved the disposition of the Quezon City dacion properties
- The Quezon City dacion properties are available for immediate sale in its present condition
- Negotiations with an interested buyer have been initiated
- The properties will be sold at a price approximating its current fair value
- Management expects to complete the sale within one year from the date of classification

As a result of the classification as noncurrent asset held for sale, the Parent Company ceased to account for the properties as investment properties effective June 30, 2021 and carried such properties at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognized as a result of such classification (see Notes 9 and 11).

On June 27, 2017, STI ESG's BOD approved the disposition of STI ESG's shares in Maestro Holdings to enable STI ESG to focus on its core business of offering educational services. Management considered the investment in the shares of Maestro Holdings to meet the criteria to be classified as held for sale for the following reasons:

- The BOD approved the 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 and was carried at the lower of its carrying amount and fair value less costs to sell.

On September 24, 2020, STI ESG's BOD approved the sale of its 20% stake in Maestro Holdings to a third-party investor for a consideration higher than its present carrying value, subject to completion of certain closing conditions.

On December 11, 2020, the BOD of STI ESG approved the sale of STI ESG's 20% stake in Maestro Holdings to Chita SPC Limited, for and on behalf of its segregated portfolio Cam Sea Special Opportunities Fund Segregated Portfolio (Chita SPC Limited), for a purchase price US$10.0 million, subject to such terms and conditions as are beneficial to the interest of STI ESG (see Note 9).

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 33).

Estimates and Assumptions

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

Measurement of 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.

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.

The Group recognized provision for ECL, net of reversal, amounting to ₱41.8 million, ₱6.3 million and ₱57.4 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively. Allowance for ECL on receivables amounted to ₱209.5 million and ₱231.4 million as at June 30, 2021 and 2020, respectively. The carrying amounts of receivables as at June 30, 2021 and 2020 are disclosed in Note 6.

Valuation of Noncurrent Asset Held for Sale. PFRS 5 requires noncurrent assets held for sale to be carried at the lower of fair value less costs to sell and its carrying amount.

For the investment properties held for sale, the Group engaged an independent professionally qualified appraiser to deternine the fair value of the properties. The Level 3 fair value of these properties 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.

For the investment held for sale, management used the adjusted consolidated net assets value of PhilPlans First, Inc. (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 for the year ended June 30, 2021 and the three-month period ended June 30, 2020. As at June 30, 2021 and 2020, the carrying value of the noncurrent asset held for sale amounted to ₱1,020.7 million and ₱419.1 million, respectively (see Notes 9 and 11).

Estimating Useful Lives of Nonfinancial Assets. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment, investment properties (excluding land) and intangible assets based on the period over which the property and equipment, investment properties and intangible assets are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment, investment properties and intangible assets is based on a collective assessment of industry practice, internal technical evaluation, and experience with similar assets while for intangible assets with a finite life, estimated useful life is based on economic useful benefit of the intangible assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives of property and equipment, investment properties and intangible assets would increase recorded expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of the Group's property and equipment, investment properties and intangible assets as at June 30, 2021 and 2020. The carrying values of nonfinancial assets subject to depreciation and amortization are as follows:

	June 30, 2021	June 30, 2020
Property and equipment (excluding land and construction in-progress) (see Note 10)	**₱6,362,118,533**	₱6,709,410,352
Investment properties (excluding land) (see Note 11)	**537,346,207**	597,359,505
Intangible assets (see Note 15)	**47,476,586**	41,963,660

Impairment of Nonfinancial Assets. PFRSs require nonfinancial assets, excluding goodwill and intangible assets with indefinite useful life, to be tested for impairment when certain impairment indicators are present, irrespective of whether there are any indications of impairment. Nonfinancial assets include property and equipment, investment properties, investment in and advances to associates and joint 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 10, 11, 12, 13 and 15, respectively.

The Group recognized a provision for impairment of investments in and advances to associates and joint ventures amounting to ₱10.3 million for the year ended June 30, 2021. No impairment was recognized for the three-month period ended June 30, 2020 and the year ended March 31, 2020 (see Note 25). As at June 30, 2021 and 2020, the carrying value of the investments in and advances to associates and joint ventures amounted to ₱38.7 million and ₱43.3 million, respectively (see Note 12).

Impairment of Goodwill and Intangible Assets with Indefinite Useful Life. Acquisition method requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date. It also requires the acquirer to recognize any goodwill as the excess of the acquisition cost over the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The Group's business acquisitions have resulted in goodwill and intangible assets with indefinite useful life which are subject to an annual impairment testing. This requires an estimation of the value in use of the CGUs to which the goodwill and intangible assets with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group also reviewed its business and operations to take into consideration the estimated impact and effects of the COVID-19 pandemic on its operations. Using the updated information and various scenarios of future financial performance and cash flows, an assessment of the recoverability of certain assets as at reporting date was conducted.

The recoverable amounts of CGUs have been determined based on value in use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. The significant assumptions used in the value in use calculations are forecasted revenue growth, 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. A pre-tax discount rate ranging from 10.41% to 10.55% and from 9.52% to 10.03% were used as at June 30, 2021 and 2020, respectively. The growth rate used in extrapolating cash flows beyond the period covered by the CGUs' recent budgets was 5.00%.

Impairment testing showed that the CGUs' recoverable amounts were greater than their carrying amounts. No provision for impairment losses on goodwill are recognized for the year ended June 30, 2021 and the three-month period ended June 30, 2020. Goodwill amounted to ₱247.4 million and ₱245.4 million as at June 30, 2021 and 2020; while intangible assets with indefinite useful life amounted to ₱27.6 million as at June 30, 2021 and 2020 (see Note 15).

Realizability of Deferred Tax Assets. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of NOLCO and MCIT to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of NOLCO and MCIT can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax assets recognized as at June 30, 2021 and 2020 are disclosed in Note 29 to the consolidated financial statements.

Measurement of Lease Liabilities. The Group's lease liabilities are measured based on the present value of lease payments over the lease term using the Group's IBR.

- *Determination of Lease Term*

  The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

  The Group determined that renewal periods of leases with longer periods are not included as part of the lease term as these are not reasonably certain to be exercised.

- *Estimating the Incremental Borrowing Rate*

  The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group's lease liabilities as at June 30, 2021 and 2020 are disclosed in Note 28 to the consolidated financial statements.

Determining Pension Liabilities. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions are described in Note 27 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 ₱105.4 million and ₱115.4 million as at June 30, 2021 and 2020, respectively (see Note 27).

5. Cash and Cash Equivalents

	June 30, 2021	June 30, 2020
Cash on hand and in banks	**₱799,348,838**	₱603,264,669
Cash equivalents	**671,154,753**	232,949,156
	₱1,470,503,591	₱836,213,825

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Interest earned from cash in banks and cash equivalents for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 amounted to ₱4.6 million, ₱1.6 million, and ₱12.2 million respectively (see Note 22).

6. Receivables

	June 30, 2021	June 30, 2020
Tuition and other school fees	**₱477,215,476**	₱490,444,586
Educational services (see Note 30)	**126,893,999**	88,314,034
Rent, utilities and other related receivables (see Note 30)	**33,674,798**	75,126,065
Advances to officers and employees (see Note 30)	**20,875,796**	29,644,333
Dividend receivable	**791,884**	–
Others	**36,291,673**	102,873,763
	695,743,626	786,402,781
Less allowance for expected credit losses	**209,492,730**	231,433,398
	₱486,250,896	₱554,969,383

The terms and conditions of the receivables are as follows:

a. Tuition and other school fees receivables include receivables from students, DepEd, CHED and Development Bank of the Philippines (DBP).

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

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

b. 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 ₱0.9 million, ₱0.3 million and ₱0.7 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively (see Note 22).

c. Rent, utilities and other related receivables are normally collected within the next financial year.

d. Advances to officers and employees are normally liquidated within one month.

e. Dividend receivable pertains to dividends declared by De Los Santos Medical Center, Inc. (DLSMC), formerly De Los Santos General Hospital, in June 2021 which were received by STI ESG on July 15, 2021.

f. As at June 30, 2020, other receivables account includes ₱75.5 million receivables from a franchisee, STI College Tanay, Inc. (STI Tanay). 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 interest in and to the loan, the Promissory Notes and the underlying collaterals and security covering the loan and Promissory Notes, as well as full power and authority to demand, collect and receive payment on the said loan and Promissory Notes.

   This loan of STI Tanay is secured by real estate mortgages over the following properties: 1) the land and building where STI Tanay is situated, including all improvements therein, and registered in the name of STI College Tanay, Inc., and 2) a third-party mortgage over land and building including improvements therein, located in Pasig City. Using the latest available appraisal report dated June 2019, the appraised value of these properties amounted to ₱89.4 million.

   STI ESG is currently in the process of having the Deed of Assignment and Addendum annotated on the Transfer Certificates of Title (TCTs) covering the said properties in Tanay, Rizal and Pasig City.

   STI ESG started foreclosure proceedings after several demand/collection letters were sent to STI Tanay.

   The Extrajudicial Foreclosure Sale for the property located in Pasig City was conducted on March 16, 2021 by the Office of the Clerk of Court of Pasig City. At the conclusion of the Extrajudicial Foreclosure Sale, STI ESG was declared as the winning bidder for the said Pasig City property. On July 14, 2021, the Office of the Clerk of Court of the Regional Trial Court of Pasig City issued the Certificate of Sale which indicates the sale to STI ESG, by public auction, of the said Pasig Property. The one (1) year redemption period will commence from the annotation of the Certificate of Sale on the TCT covering the property in Pasig City.

   STI ESG has filed a Petition for Extrajudicial Foreclosure for the property located in Tanay with the Office of the Clerk of Court of the Regional Trial Court of Morong. The Notice of Foreclosure Sale shall be issued by the Office of the Clerk of Court of the Regional Trial Court of Morong upon showing proof of the annotation of the Deed of Assignment and Addendum on the TCT covering the property in Tanay, Rizal. As at October 7, 2021, STI ESG is in the process of complying with certain requirements of the Clerk of Court of Rizal for the foreclosure proceedings.

   As at June 30, 2021, the outstanding receivable was reclassified to noncurrent asset under "Goodwill, intangible and other noncurrent assets" account (see Note 15).

This account also includes receivables from a former franchisee, vendors, and SSS, amounting to ₱1.6 million, ₱6.7 million and ₱4.4 million, respectively, as at June 30, 2021 and amounting to ₱1.6 million, ₱6.3 million and ₱5.7 million, respectively, as at June 30, 2020. These receivables are expected to be collected within the next reporting period.

The movements in the allowance for expected credit losses are as follows:

	June 30, 2021 (One Year)		
	Tuition and Other School Fees	**Others**	**Total**
Balance at beginning of year	**₱227,264,607**	**₱4,168,791**	**₱231,433,398**
Provisions (see Note 25)	**38,362,990**	**3,421,622**	**41,784,612**
Write-off	**(63,725,280)**	**–**	**(63,725,280)**
Balance at end of year	**₱201,902,317**	**₱7,590,413**	**₱209,492,730**

	June 30, 2020 (Three Months - see Note 2)		
	Tuition and Other School Fees	Others	Total
Balance at beginning of period	₱221,015,836	₱4,096,893	₱225,112,729
Provisions (see Note 25)	6,248,771	71,898	6,320,669
Balance at end of period	₱227,264,607	₱4,168,791	₱231,433,398

7. Inventories

	June 30, 2021	June 30, 2020
At cost:		
Educational materials:		
Uniforms	**₱141,968,660**	₱108,075,481
Textbooks and other education-related materials	**14,943,391**	10,848,316
	156,912,051	118,923,797
Promotional materials:		
Proware materials	**13,761,674**	14,006,403
Marketing materials	**3,514,387**	3,029,945
	17,276,061	17,036,348
School materials and supplies	**4,583,559**	4,442,892
	₱178,771,671	₱140,403,037

The carrying value of inventories carried at net realizable value is nil as at June 30, 2021 and 2020. Inventories recognized as obsolete, substantially composed of old tertiary uniforms and textbooks, with original cost of ₱16.5 million and ₱15.7 million as at June 30, 2021 and 2020, respectively, are fully provided with allowance for inventory obsolescence.

Provision for inventory obsolescence resulting from excess of cost over net realizable value of inventories for the years ended June 30, 2021 and March 31, 2020 amounted to ₱0.8 million and ₱4.8 million, respectively (nil for the three-month period ended June 30, 2020) (see Note 25).

Inventories charged to cost of educational materials and supplies sold amounted to ₱20.1 million, ₱0.5 million and ₱113.1 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively (see Note 24).

8. Prepaid Expenses and Other Current Assets

	June 30, 2021	June 30, 2020
Prepaid taxes	**₱44,275,128**	₱29,864,468
Input VAT -net	**14,792,832**	22,455,943
Prepaid subscriptions and licenses	**13,060,678**	2,185,199
Prepaid insurance	**11,830,587**	7,538,541
Excess contributions to CEAP (see Note 27)	**2,315,227**	3,005,913
Prepaid internet cost	**2,137,464**	–
Advances to suppliers	**1,643,208**	2,693,569
Software maintenance cost	**1,567,359**	1,149,237
Prepaid rent	**686,577**	835,200
Others	**1,063,883**	1,633,561
	₱93,372,943	₱71,361,631

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. This account also includes prepayments for business and real property taxes which will be recognized as expense over the period covered.

Net input VAT represents the remaining balance after application against any output VAT and is recoverable in future periods. Input VAT are primarily from the purchase of goods and services.

Prepaid subscriptions and licenses primarily pertain to Microsoft, Adobe Acrobat license, Adobe Creative Cloud, eLMS, Sangfor Firewall, Sophos Firewall, Toon Boom Harmony and Autodesk subscriptions for SY 2021-2022. Sangfor Firewall is a security device used to protect the head office and school's network from internal and external while Autodesk refers to the software used to design school building blueprints. These subscriptions are normally renewed annually and are amortized in accordance with the terms of the agreements.

Prepaid insurance primarily represents fire and building insurance and health coverage of employees which were paid in advance and are recognized as expense over the period of coverage, which is within next reporting period.

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 sixty (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 (see Note 27).

Prepaid internet cost represents advance payment for the cost of data connectivity for the students. STI ESG partnered with Smart Communications, Inc. (Smart) and Globe Telecom, Inc. (Globe) to provide students with a 34GB Smart SIM and up to 20GB Globe data plan or load per month, respectively. Through this, students may access their eLMS, Microsoft Office 365 accounts, One STI Student Portal app, and other collaborative online learning tools anytime.

Advances to suppliers mainly include down payments for rental of venues for company events and laboratory and electrical supplies.

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 pertains to 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.

9. Noncurrent Asset Held for Sale

Quezon City Properties

Noncurrent asset held for sale amounting to ₱1,020.7 million as at June 30, 2021 represents the carrying value of the land, building and land improvements located in Quezon City ("Quezon City dacion properties") which were obtained by the Parent Company through the deeds of dacion in 2016 (see Note 11).

On June 24, 2021, the Parent Company's BOD approved the sale of the Quezon City dacion properties to a potential buyer as these properties have not been used in business since acquisition. Negotiations with the interested buyer are ongoing as at June 30, 2021. With the classification as noncurrent asset held for sale, the Parent Company ceased the accounting for the Quezon City dacion properties as investment properties on June 30, 2021 and carried the said properties at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognized as a result of such classification.

Maestro Holdings

Noncurrent asset held for sale amounting to ₱419.1 million as at June 30, 2020 represents the carrying value of STI ESG's 20% ownership in Maestro Holdings. Maestro Holdings owns 100.0% of PhilPlans, 99.89% of PhilCare, 90.77% of PhilLife and 100.0% of Banclife Insurance Co. Inc. (Banclife). PhilPlans is a leading pre-need company, providing innovative pension, education and life plans. It used to own 65.0% of Rosehills Memorial Management, Inc. (RMMI), a company engaged in the operation and management of a memorial park, memorial and interment services and sale of memorial products, until its sale to Maestro Holdings in February 2021. 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. Banclife is formerly engaged in the life insurance business in the Philippines. It ceased operations in March 2013.

On June 27, 2017, STI ESG's BOD approved the disposal of its 20% stake in Maestro Holdings to enable STI ESG to focus on its core business of offering educational services. With the classification as noncurrent asset held for sale on June 30, 2017, STI ESG ceased the use of the equity method of accounting for its investment in Maestro Holdings and the investment was carried at the lower of its carrying amount or fair value less costs to sell.

STI ESG recognized a provision for impairment of ₱297.5 million for the year ended March 31, 2020 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 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 of PhilPlans, and discounted cash flows from the financial budget covering five years approved by the management of PhilLife and PhilCare. No provision for impairment was recognized for the year ended June 30, 2021 and the three-month period ended June 30, 2020.

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 4).

On September 24, 2020, STI ESG's BOD approved the sale to a third-party investor for a consideration higher than its present carrying value, subject to completion of certain closing conditions.

On December 11, 2020, STI ESG's BOD approved the sale of STI ESG's 20% stake in Maestro Holdings to Chita SPC Limited for a purchase price of US$10.0 million, subject to such terms and conditions as are beneficial to the interest of STI ESG.

On December 15, 2020, STI ESG and Chita SPC Limited executed a deed of absolute sale wherein the latter offered to purchase all 1,281,484 shares of STI ESG in Maestro Holdings representing 20% ownership, for a total consideration of US$10.0 million, equivalent to ₱480.5 million. The amount of US$10.0 million has been fully received by STI ESG. This transaction resulted in a gain amounting to ₱15.5 million (net of capital gains tax of ₱45.9 million) which is presented as "gain on sale of noncurrent asset held for sale, net of capital gains tax" in the consolidated statement of comprehensive income for the year ended June 30, 2021. The difference between the selling price of ₱480.5 million and the carrying value of STI ESG's 20% stake in Maestro Holdings of ₱419.1 million amounted to a gain of ₱61.4 million. The capital gains tax of ₱45.9 million represents 15.0% of ₱306.4 million, which is the difference between the selling price and the acquisition cost of investment amounting to ₱174.1 million. The sale also resulted in the reclassification of other comprehensive income associated with noncurrent asset held for sale to retained earnings and other equity reserve amounting to ₱89.9 million and ₱0.7 million, respectively (see Note 20).

10. Property and Equipment

June 30, 2021 (One Year)

	Land	**Buildings**	**Office and School Equipment**	**Office Furniture and Fixtures**	**Leasehold Improvements**	**Transportation Equipment**	**Computer Equipment and Peripherals**	**Library Holdings**	**Construction In-Progress**	**Right-of-Use Asset – Land**	**Right-of-Use Asset - Building**	**Right-of-Use Asset - Transportation Equipment**	**Total**
Cost, Net of Accumulated Depreciation and Amortization													
Balance at beginning of period	**₱3,204,910,694**	**₱5,889,268,463**	**₱239,311,564**	**₱78,878,572**	**₱71,917,411**	**₱5,105,581**	**₱78,751,183**	**₱21,855,038**	**₱199,316,318**	**₱132,631,411**	**₱176,286,353**	**₱15,404,776**	**₱10,113,637,364**
Additions	**2,870,012**	**129,755,055**	**51,848,172**	**8,784,807**	**1,777,994**	**216,065**	**6,354,738**	**7,310,904**	**89,696,010**	**–**	**26,771,300**	**9,909,772**	**335,294,829**
Reclassification from other noncurrent assets (see Note 15)	**183,051,923**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**183,051,923**
Reclassifications	**–**	**15,678,326**	**(5,201,563)**	**–**	**(9,818,441)**	**5,134**	**–**	**20,544**	**(684,000)**	**–**	**–**	**–**	**–**
Effect of business combinations (see Note 38)	**–**	**–**	**717,716**	**153,987**	**135,323**	**–**	**–**	**55,865**	**–**	**–**	**–**	**–**	**1,062,891**
Lease termination (see Note 28)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(19,095,588)**	**(2,592,066)**	**(21,687,654)**
Disposal	**–**	**–**	**(86)**	**(6,476)**	**–**	**–**	**(122,594)**	**(14)**	**–**	**–**	**–**	**(333,333)**	**(462,503)**
Depreciation and amortization (see Notes 23 and 25)	**–**	**(320,456,970)**	**(83,696,878)**	**(27,793,062)**	**(22,809,449)**	**(2,390,809)**	**(40,061,697)**	**(8,217,729)**	**–**	**(7,810,535)**	**(48,614,350)**	**(7,765,881)**	**(569,617,360)**
Balance at end of period	**₱3,390,832,629**	**₱5,714,244,874**	**₱202,978,925**	**₱60,017,828**	**₱41,202,838**	**₱2,935,971**	**₱44,921,630**	**₱21,024,608**	**₱288,328,328**	**₱124,820,876**	**₱135,347,715**	**₱14,623,268**	**₱10,041,279,490**
At June 30, 2021:													
Cost	**₱3,390,832,629**	**₱7,705,215,421**	**₱915,233,248**	**₱380,014,622**	**₱269,879,358**	**₱22,048,622**	**₱494,501,071**	**₱217,122,699**	**₱288,328,328**	**₱142,394,578**	**₱232,939,134**	**₱68,363,305**	**₱14,126,873,015**
Accumulated depreciation and amortization	**–**	**1,990,970,547**	**712,254,323**	**319,996,794**	**228,676,520**	**19,112,651**	**449,579,441**	**196,098,091**	**–**	**17,573,702**	**97,591,419**	**53,740,037**	**4,085,593,525**
Net book value	**₱3,390,832,629**	**₱5,714,244,874**	**₱202,978,925**	**₱60,017,828**	**₱41,202,838**	**₱2,935,971**	**₱44,921,630**	**₱21,024,608**	**₱288,328,328**	**₱124,820,876**	**₱135,347,715**	**₱14,623,268**	**₱10,041,279,490**

June 30, 2020 (Three Months - see Note 2)

	Land	Buildings	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Construction In-Progress	Right-of-Use Asset - Land	Right-of-Use Asset - Building	Right-of-Use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization													
Balance at beginning of period	₱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	₱134,584,044	₱190,235,164	₱17,138,856	₱10,226,182,267
Additions	–	2,509,426	2,444,566	53,218	–	–	973,555	445,119	27,687,045	–	–	–	34,112,929
Depreciation and amortization (see Notes 23 and 25)	–	(78,481,017)	(21,497,607)	(7,472,004)	(6,762,176)	(734,323)	(12,047,565)	(2,027,616)	–	(1,952,633)	(13,948,811)	(1,734,080)	(146,657,832)
Balance at end of period	₱3,204,910,694	₱5,889,268,463	₱239,311,564	₱78,878,572	₱71,917,411	₱5,105,581	₱78,751,183	₱21,855,038	₱199,316,318	₱132,631,411	₱176,286,353	₱15,404,776	₱10,113,637,364
At June 30, 2020:													
Cost	₱3,204,910,694	₱7,551,716,878	₱884,696,848	₱380,958,002	₱379,324,004	₱24,526,545	₱522,384,877	₱218,748,312	₱199,316,318	₱142,394,578	₱244,196,456	₱61,548,948	₱13,814,722,460
Accumulated depreciation and amortization	–	1,662,448,415	645,385,284	302,079,430	307,406,593	19,420,964	443,633,694	196,893,274	–	9,763,167	67,910,103	46,144,172	3,701,085,096
Net book value	₱3,204,910,694	₱5,889,268,463	₱239,311,564	₱78,878,572	₱71,917,411	₱5,105,581	₱78,751,183	₱21,855,038	₱199,316,318	₱132,631,411	₱176,286,353	₱15,404,776	₱10,113,637,364

There were no idle property and equipment as at June 30, 2021 and 2020.

Additions

Land. On April 23, 2021, STI ESG and Heva Management & Development Corporation (HMDC) executed a deed of absolute sale for the purchase of a parcel of land with an area of 2,615 square meters situated in West Diversion Road, Iloilo City for a total consideration of ₱183.1 million. As such, STI ESG reclassified the deposit for asset acquisition to land under "Property and equipment" as at June 30, 2021 (see Note 15). STI ESG paid the real property tax and documentary stamp tax for the transfer of ownership amounting to ₱2.8 million during the year ended June 30, 2021. As at June 30, 2021, the property has an aggregate cost of ₱185.9 million, inclusive of the related taxes. The property is intended to be the new site for STI Iloilo.

Property and Equipment under Construction. As at June 30, 2021 and 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., Cabangan East in Legazpi City, the four-storey school building was built on a 4,149-square-meter property with an estimated capacity of 2,500 SHS and tertiary students. The construction works for STI Legazpi were completed in August 2021.

Capitalized Borrowing Costs. Total borrowing costs capitalized as part of property and equipment amounted to ₱2.8 million, ₱0.01 million and ₱5.4 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively. The average interest capitalization rates were 5.62%, 5.90% and 5.97% for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively, which were the effective rates of the borrowings.

Collaterals
iACADEMY's outstanding long-term loan is secured by a real estate mortgage on the Yakal land and the building, and all other facilities, machineries, equipment and improvements therein (see Note 17). As at June 30, 2021 and 2020, the total carrying value of the mortgaged land, building, machineries and equipment amounted to ₱1,444.2 million and ₱1,486.3 million, respectively.

Transportation equipment, recognized as right-of-use assets, are pledged as security for the related lease liabilities as at June 30, 2021 and 2020 (see Note 28). The net book value of these equipment amounted to ₱14.6 million and ₱15.4 million as at June 30, 2021 and 2020, respectively.

11. Investment Properties

	June 30, 2021 (One Year)			
	Land and Land Improvements	Condominium Units and Buildings	Right-of-Use Asset - Building	Total
Cost:				
Balance at beginning of year	**₱1,313,385,559**	**₱665,357,550**	**₱133,183,838**	**₱2,111,926,947**
Reclassification to noncurrent asset held for sale (see Note 9)	**(1,004,659,301)**	**(29,124,000)**	–	**(1,033,783,301)**
Balance at end of year	**308,726,258**	**636,233,550**	**133,183,838**	**1,078,143,646**
Accumulated depreciation:				
Balance at beginning of year	–	**184,806,821**	**16,375,062**	**201,181,883**
Depreciation (see Note 25)	–	**30,844,485**	**13,100,050**	**43,944,535**
Reclassification to noncurrent asset held for sale (see Note 9)	–	**(13,055,237)**	–	**(13,055,237)**
Balance at end of year	–	**202,596,069**	**29,475,112**	**232,071,181**
Net book value	**₱308,726,258**	**₱433,637,481**	**₱103,708,726**	**₱846,072,465**

	June 30, 2020 (Three Months - see Note 2)			
	Land and Land Improvements	Condominium Units and Buildings	Right-of-Use Asset - Building	Total
Cost:				
Balance at beginning and end of period	₱1,313,385,559	₱665,357,550	₱133,183,838	₱2,111,926,947
Accumulated depreciation:				
Balance at beginning of period	–	177,058,898	13,100,049	190,158,947
Depreciation (see Note 25)	–	7,747,923	3,275,013	11,022,936
Balance at end of period	–	184,806,821	16,375,062	201,181,883
Net book value	₱1,313,385,559	₱480,550,729	₱116,808,776	₱1,910,745,064

As at June 30, 2021, investment properties primarily include buildings of the Group which are held for office or commercial lease.

As at June 30, 2020, 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 33) 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 33). 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.

As discussed in Note 9, on June 24, 2021, the Parent Company's BOD approved the sale of the Quezon City dacion properties. Consequently, the carrying value of these properties amounting to ₱1,020.7 million was reclassified to "Noncurrent asset held for sale" under current assets (see Note 9).

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 June 30, 2021, 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

**Includes Quezon City dacion properties with fair value amounting to ₱1,776.2 million classified as noncurrent asset held for sale as at June 30, 2021 (see Note 9)*

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 June 30, 2021, 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 June 30, 2020, the fair value of the Parent Company's buildings and improvements under investment properties amounted to ₱35.6 million.

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.

<u>Rental</u>
Rental income earned from investment properties amounted to ₱110.7 million, ₱46.5 million and ₱169.5 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively (see Note 28). Direct operating expenses, including real property taxes, insurance, janitorial, security services and repairs and maintenance, arising from investment properties for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 amounted to ₱9.9 million, ₱2.6 million, and ₱10.6 million, respectively.

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

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2
Investments		
Acquisition costs	**₱46,563,409**	₱46,563,409
Accumulated equity in net earnings:		
Balance at beginning of period	**(3,556,050)**	(2,194,783)
Equity in net losses of associates and joint ventures	**(4,603,590)**	(1,361,267)
Balance at end of period	**(8,159,640)**	(3,556,050)
Accumulated share in associates' other comprehensive loss:		
Balance at beginning and end of period	**329,306**	329,306
	38,733,075	43,336,665
Advances (see Note 30)	**48,134,540**	37,868,986
Less allowance for impairment loss	**48,134,540**	37,868,986
	–	–
	₱38,733,075	₱43,336,665

Movements in the allowance for impairment in value of investments in and advances to associates and joint ventures are as follows:

	June 30, 2021 (One Year)	June 30, 2020 (Three months - see Note 2)
Balance at beginning of period	**₱37,868,986**	₱37,868,986
Provision for impairment loss (see Note 25)	**10,265,554**	–
Balance at end of period	**₱48,134,540**	₱37,868,986

The carrying values of the Group's investments in and advances to associates and joint ventures are as follows:

	June 30, 2021	June 30, 2020
Associates:		
STI Accent*	**₱48,134,540**	₱37,868,986
STI Alabang*	**20,970,887**	24,873,546
GROW	**13,513,225**	14,109,539
Joint venture - PHEI (see Note 13)	**4,248,963**	4,353,580
	86,867,615	81,205,651
Allowance for impairment loss	**48,134,540**	37,868,986
	₱38,733,075	₱43,336,665

**The share in equity of these associates for year ended June 30, 2021,and for the three-month period ended June 30, 2020 is not material.*

As at June 30, 2021 and 2020, 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 for the year ended March 31, 2020.

Information about the associates are discussed below:

The carrying amount of the Group's investments in STI Alabang, GROW, and STI Marikina represents the aggregate carrying values of individually immaterial associates.

The aggregate financial information of individually immaterial associates is as follows:

	June 30, 2021	June 30, 2020	March 31, 2020
Current assets	**₱194,050,957**	₱174,217,900	₱177,665,351
Noncurrent assets	**41,929,742**	39,855,675	40,436,151
Current liabilities	**(154,859,791)**	(109,629,086)	(106,685,234)
Noncurrent liabilities	**(17,953,621)**	(15,610,013)	(15,340,787)
Equity	**₱63,167,287**	₱88,834,476	₱96,075,481

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Revenues	**₱172,522,598**	₱46,707,334	₱489,941,910
Expenses	**(186,048,513)**	(52,037,224)	(493,140,183)
Total comprehensive loss	**(₱13,525,915)**	(₱5,329,890)	(₱3,198,273)
Share in total comprehensive income (loss)	**(₱4,603,590)**	(₱1,361,267)	₱733,464

STI Accent is engaged in providing medical and other related services. It ceased operations on June 20, 2012 after the contract of usufruct between STI Accent and Dr. Fe Del Mundo Medical Center Foundation Philippines, Inc. to operate the hospital and its related healthcare service businesses was rescinded in May 2012. As at June 30, 2021 and 2020, allowance for impairment loss on STI ESG's investment in STI Accent and related advances amounted to ₱48.1 million and ₱37.9 million, respectively.

Terms and conditions relating to advances to associates and joint ventures are disclosed in Note 30 to the consolidated financial statements.

13. 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.

The cost of STI ESG's investment in PHEI amounted to ₱5.0 million while its carrying value amounted to ₱4.2 million as at June 30, 2021 and 2020.

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 cost of STI ESG's investment in PHNS amounted to ₱5.6 million, equivalent to the allowance for impairment loss recognized as at June 30, 2021 and 2020. The carrying value of STI ESG's investment in PHNS amounted to nil as at June 30, 2021 and 2020.

The Group's share in the net losses of its joint ventures amounted to ₱0.1 million for the year ended June 30, 2021, while share in the net earnings amounted to ₱0.8 million and ₱2.1 million for the three-month period ended June 30, 2020, and the year ended March 31, 2020, respectively, which were are all individually immaterial.

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

	June 30, 2021	June 30, 2020
Quoted equity shares	**₱5,285,174**	₱4,105,250
Unquoted equity shares	**63,862,558**	63,873,258
	₱69,147,732	₱67,978,508

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.

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 for 100.0 thousand shares at ₱100.0 par value per share.

STI ESG recognized dividend income from unquoted equity shares at FVOCI amounting to ₱0.8 million for the years ended June 30, 2021 and March 31, 2020 (nil for the three-month period ended June 30, 2020).

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:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)
Balance at beginning of period	**₱11,141,040**	₱11,488,234
Fair value change	**1,169,224**	(347,194)
Balance at end of period (see Note 20)	**₱12,310,264**	₱11,141,040

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 Metro Pacific Hospital Holdings, Inc. (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 DLSMC amounted to ₱29.0 million and ₱28.2 million as at June 30, 2021 and 2020, respectively.

15. **Goodwill, Intangible and Other Noncurrent Assets**

	June 30, 2021	June 30, 2020
Goodwill	**₱247,361,526**	₱245,431,568
Receivable from STI Tanay (see Note 6)	**75,478,724**	–
Intangible assets (see Note 38)	**47,476,586**	41,963,660
Advances to suppliers	**36,978,001**	53,353,624
Rental and utility deposits (see Note 28)	**36,756,267**	39,420,502
Deferred input VAT	**20,989,671**	23,637,543
Deposits for acquisition of shares of stock	**11,974,596**	–
Deposit for asset acquisitions (see Notes 10 and 38)	–	185,951,923
Others (see Note 6)	**4,823,114**	5,344,188
	₱481,838,485	₱595,103,008

Goodwill
As at June 30, 2021 and 2020, the Group's goodwill acquired through business combinations have been allocated to select schools which are considered as separate CGUs:

	June 30, 2021	June 30, 2020
STI Caloocan	**₱64,147,877**	₱64,147,877
STI Cubao	**28,327,670**	28,327,670
STI Pasay-EDSA	**22,292,630**	22,292,630
STI Novaliches (see Note 19)	**21,803,322**	21,803,322
NAMEI (see Note 38)	**21,231,234**	21,231,234
STI Bacolod	**15,681,232**	15,681,232
STI Global City	**11,360,085**	11,360,085
STI Sta. Mesa	**11,213,342**	11,213,342
STI Lipa	**8,857,790**	8,857,790
STI Ortigas-Cainta	**7,476,448**	7,476,448
STI Dagupan	**6,835,818**	6,835,818
STI Meycauayan	**5,460,587**	5,460,587
STI Tanauan	**4,873,058**	4,873,058
STI 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	**1,776,696**	1,776,696
STI Calbayog (see Note 38)	**1,325,721**	–
STI Dumaguete (see Note 38)	**604,237**	–
	247,361,526	₱245,431,568

Management performs its impairment test at the end of each reporting period for all the CGUs. The recoverable amounts are computed based on value-in-use calculations using cash flow projections. Future cash flows are discounted using a pre-tax discount rate ranging from 10.41% to 10.55% and from 9.52% to 10.03% as at June 30, 2021 and 2020, 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%. The management used forecasted revenue increase ranging from 0.59% to 137.6% for the next five years except for select CGU with forecasted revenue decrease ranging from 6.83% to 13.32% in the next two years, considering the impact of COVID-19 pandemic. In 2020, the management used forecasted revenue decrease ranging from 10.19% to 46.93% on all CGUs for SY 2020-2021 and forecasted revenue increase on all CGUs ranging from 2.16% to 54.07% in the next five years. No provision for impairment on goodwill was recognized for the years ended June 30, 2021 and March 31, 2020 and the three-month period ended June 30, 2020.

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

- Forecasted revenue growth - Revenue forecasts are management's best estimates considering factors such as historical/industry trends, target market analysis, government regulations and other economic factors. Revenue forecast of each CGU is primarily dependent to number of students enrolled and tuition fee rates which vary for each school.

- 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 ten (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.

Receivable from STI Tanay
Other noncurrent assets include ₱75.5 million receivables from STI Tanay as at June 30, 2021 (see Note 6).

Intangible Assets
Intangible assets represent the Group's accounting and school management software which are being amortized over their estimated useful lives.

It also includes the license to operate a maritime school and related agreements which the Group identified as intangible assets for purposes of estimating the fair value of NAMEI's net assets acquired by STI ESG. Such intangible assets with indefinite useful life, representing the fair value of the license and agreements, amounted to ₱27.6 million as at June 30, 2021 and 2020 (see Note 38).

The rollforward analyses of this account follow:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2
Cost, net of accumulated amortization:		
Balance at beginning of period	**₱41,963,660**	₱42,487,584
Additions (see Note 38)	**6,350,096**	1,174,552
Amortization (see Notes 23 and 25)	**(837,170)**	(1,698,476)
Balance at end of period	**₱47,476,586**	₱41,963,660
Cost	**₱109,417,890**	₱103,067,794
Accumulated amortization	**61,941,304**	61,104,134
Net carrying amount	**₱47,476,586**	₱41,963,660

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 10). These will be reclassified to the "Property and equipment" account when the goods are received or the services are rendered.

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 (see Note 8).

Deposits for Acquisition of Shares of Stock
In November 2020, STI ESG paid an aggregate amount of ₱12.0 million representing deposit for the acquisition of shares of stock in De Los Santos-STI College (DLS-STI College) held by the shareholders owning 48.0% of the outstanding capital stock. On August 3, 2021, STI ESG paid the remaining ₱4.0 million to one of the shareholders. In the same month, the shareholders of DLS-STI College and STI ESG entered into deeds of absolute sale wherein STI ESG purchased shares aggregating 480,000, representing 48.0% of issued and outstanding capital stock of DLS-STI College, for a total consideration of ₱16.0 million.

Deposit for Asset Acquisitions
This account primarily consists of deposits for the purchase of a property in Iloilo aggregating to ₱183.1 million as at June 30, 2020. Real property tax and documentary stamp tax for the transfer of ownership to STI ESG aggregating to ₱2.8 million were paid during the year ended June 30, 2021 (see Note 10). The property has a total of 2,615 square meters and is intended to be the new site for STI Iloilo. On April 23, 2021, STI ESG and HMDC executed a Deed of Absolute Sale for the said property. Consequently, STI ESG reclassified the deposit to land under "Property and equipment" (see Note 10). The balance as at June 30, 2020 also includes the down payment amounting to ₱2.9 million for the acquisition of STI Calbayog and STI Dumaguete (see Note 38).

16. **Accounts Payable and Other Current Liabilities**

	June 30, 2021	June 30, 2020
Accounts payable (see Note 30)	**₱464,212,251**	₱486,337,001
Nontrade payable (see Notes 33 and 40)	**67,000,000**	67,000,000
Dividends payable (see Note 20)	**25,934,641**	25,930,201
Accrued expenses:		
Contracted services	**42,072,232**	47,667,932
Interest	**33,505,531**	35,221,629
School-related expenses	**30,604,440**	20,416,313
Salaries, wages and benefits	**29,152,557**	18,819,785
Utilities	**9,647,443**	23,145,303
Advertising and promotion	**4,346,613**	2,463,007
Rent (see Note 28)	**4,295,441**	17,626,933
Others	**6,104,115**	7,653,398
Current portion of payable to STI Diamond (see Note 19)	**24,140,773**	22,639,257
Statutory payables	**23,356,254**	22,614,682
Student organization fund	**10,004,360**	8,599,132
Network events fund	**9,525,376**	5,044,587
Current portion of advance rent (see Note 19)	**7,154,403**	24,179,810
Current portion of refundable deposits (see Note 19)	**3,273,940**	8,469,032
Others	**12,707,010**	10,657,623
	₱807,037,380	₱854,485,625

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. On September 6, 2021, the Parent Company and the Agustin Family, former STI WNU shareholders, reached a Compromise Agreement for the payment of ₱25.0 million as final and full settlement of the latter's claim against the former (see Notes 33 and 40).

c. Dividends payable pertains to dividends declared which are unclaimed as of reporting date and are due on demand.

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

e. Statutory payables primarily include taxes payable and other payables to government agencies which are normally settled within 30 days.

f. Advance rent pertains to amount received by the Group which will be earned and applied within the next financial year.

g. Refundable deposits pertain to security deposits from existing lease agreements which are expected to be settled within the next financial year .

h. Terms and conditions of payables to related parties are disclosed in Note 30 to the consolidated financial statements.

17. Interest-bearing Loans and Borrowings

	June 30, 2021	June 30, 2020
Term loan facilities[(a)]	**₱1,710,111,915**	₱1,391,211,241
Corporate Notes Facility[(b)]	**248,144,353**	399,400,000
Landbank ACADEME Program[(a)]	**21,989,678**	–
	1,980,245,946	1,790,611,241
Less current portion	**208,812,671**	358,566,076
Noncurrent portion	**₱1,771,433,275**	₱1,432,045,165

[(a)]*Net of unamortized debt issuance costs of ₱10.0 million and ₱8.8 million as at June 30, 2021 and 2020, respectively.*
[(b)]*Inclusive of unamortized premium of ₱8.1 million as at June 30, 2021.*

Term Loan Facilities
iACADEMY. On September 28, 2017, iACADEMY, as Borrower, and Neschester, as Third Party Mortgagor, entered into an Omnibus Loan and Security Agreement (Omnibus Agreement) with China Banking Corporation (China Bank) granting iACADEMY a Term Loan Facility amounting to ₱800.0 million to refinance the ₱200.0 million short-term loan and partially finance the cost of construction of iACADEMY's Yakal campus. The long-term loan is secured by a real estate mortgage on the Yakal land and the building constructed thereon, and all other facilities, machineries equipment and improvements therein (see Note 10). 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. On September 27, 2019, the total loan balance of ₱600.0 million was repriced at an interest rate of 5.3030%. On September 28, 2020, the loan balance of ₱560.0 million was repriced at 3.3727%.

With the prepayment made on September 30, 2019, China Bank approved the future repayment of the loan principal as follows:

Fiscal year	Amount
2021	₱80,000,000
2022	80,000,000
2023	80,000,000
2024	80,000,000
2025	80,000,000
2026	80,000,000
2027	80,000,000
2028	40,000,000
	₱600,000,000

Breakdown of iACADEMY's Term Loan follows:

	June 30, 2021	June 30, 2020
Balance at beginning of period	**₱600,000,000**	₱600,000,000
Payments	**(80,000,000)**	–
	520,000,000	600,000,000
Unamortized debt issuance costs	**(2,657,030)**	(3,481,952)
Balance at end of period	**517,342,970**	596,518,048
Less current portion	**79,267,918**	79,166,076
Noncurrent portion	**₱438,075,052**	₱517,351,972

These loans are due based on the following schedule:

Fiscal year	Amount
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
	₱520,000,000

On September 16, 2021, China Bank approved iACADEMY's request to partially prepay the term loan and the waiver of the prepayment penalty. On September 29, 2021, iACADEMY paid the ₱40.0 million regular amortization plus the prepayment of ₱120.0 milion. The prepayment shall be applied in the inverse order of maturity according to the repayment schedule. The prepayment penalty of 3% was waived by China Bank.

With the prepayment made, China Bank approved the future repayment of the loan principal as follows:

Fiscal year	Amount
2022	₱40,000,000
2023	80,000,000
2024	80,000,000
2025	80,000,000
2026	80,000,000
	₱360,000,000

On September 28, 2021, the loan balance of ₱360.0 million was repriced at an interest rate of 3.2068%.

iACADEMY incurred costs related to the availment of the loan amounting to ₱8.2 million. These costs were capitalized and amortized using the EIR method. These are presented as a contra-liability account in the consolidated statements of financial position. The carrying value of the transaction costs amounted to ₱2.7 million and ₱3.5 million as at June 30, 2021 and 2020, respectively. Amortization of transaction costs recognized as interest expense amounted to ₱0.8 million, ₱0.2 million and ₱2.6 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively.

The Omnibus Agreement contains, among others, covenants regarding incurring additional debt and declaration of dividends, to the extent that such will result in a breach of the required debt service cover 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 June 30, 2021 and 2020, iACADEMY has complied with the above covenants.

STI ESG. On May 7, 2019, STI ESG and China Bank entered into a seven-year term loan agreement up to the amount of ₱1,200.0 million. The credit facility is unsecured and is available for a period of one year from May 7, 2019, the date of signing of the loan agreement. The proceeds of this loan shall be used for the (i) financing of campus expansion projects (ii) acquisition of schools (iii) refinancing of short-term loans incurred for projects and (iv) other general corporate purposes. The agreement provides for a grace period in principal repayments of two (2) years from the initial drawdown date. Principal repayments shall be made in ten (10) equal semi-annual installments beginning six (6) months from the end of the grace period.

As stated in the Term Loan Agreement, STI ESG has elected to fix the interest on each drawdown on a per annum basis based on the higher of 1-year BVAL rate plus an interest spread of 1.50% divided by the Applicable Interest Premium Factor, or the agreed Floor rate divided by the Applicable Interest Premium Factor. On the Initial Interest Rate Resetting Date, the applicable interest rate per annum for all drawdowns would be collectively reset based on the higher of 1-year BVAL rate plus an interest spread of 1.50% 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.

On July 3, 2020, STI ESG and China Bank executed the Amendment to the Term Loan Agreement dated May 7, 2019 to amend the availability period of the Term Loan Facility. The Term Loan Facility was made available to the Borrower on any business day for the period beginning on the date of the Term Loan Agreement and ending on the earliest of: (a) July 31, 2020; (b) the date the Term Loan Facility is fully drawn; or (c) the date the Lender's commitment to extend the Term Loan Facility to the Borrower is canceled or terminated in accordance with the Term Loan Agreement. At various dates during the year ended March 31, 2020, STI ESG availed of loans aggregating to ₱800.0 million subject to interest rates ranging from 5.81% to 6.31%. In July 2020, STI ESG availed of loans aggregating to ₱400.0 million subject to an interest rate of 5.81%. Interest rates for all drawdowns from the Term Loan Facility were repriced at a rate of 5.56% effective September 20, 2020. As at July 31, 2020, the Term Loan Facility is fully drawn at ₱1,200.0 million. The proceeds from these loans were used for capital expenditures and working capital requirements.

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 June 30, 2021 and 2020, STI ESG is compliant with the required ratios.

China Bank approved the temporary waiver of the DSCR requirement covering the period ended June 30, 2021 (see discussion on Waivers of Certain Covenants in this note). DSCR as at June 30, 2021 and 2020 is 1.46:1.00 and 1.62:1.00, respectively. As at June 30, 2021 and 2020, STI ESG complied with the said covenants.

Breakdown of STI ESG's Term Loan follows:

	June 30, 2021	June 30, 2020
Balance at beginning of period	**₱800,000,000**	₱800,000,000
Proceeds	**400,000,000**	–
	1,200,000,000	800,000,000
Unamortized debt issuance costs	**(7,231,055)**	(5,306,808)
Balance at end of period	**1,192,768,945**	794,693,192
Less current portion	**120,000,000**	–
Noncurrent portion	**₱1,072,768,945**	₱794,693,192

These loans are unsecured and are due based on the following schedule:

Fiscal Year	Amount
2022	₱120,000,000
2023	240,000,000
2024	240,000,000
2025	240,000,000
2026	240,000,000
2027	120,000,000
	₱1,200,000,000

On September 16, 2021, ChinaBank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million to be applied to the existing ₱1,200.0 million Term Loan Facility, under the Term Loan Agreement dated May 7, 2019. Further, ChinaBank reduced the prepayment penalty from 3% to 1.5% based on the amount to be prepaid. On September 20, 2021, STI ESG made a prepayment aggregating to ₱243.6 million, including the 1.5% prepayment penalty. The prepayment has been applied in the direct order of maturity and as such, applied on amortizations due on March 19, 2022, and September 19, 2022, according to the repayment schedule shown above.

The revised repayment schedule, after the application of the principal prepayment, are as follows:

Fiscal Year	Amount
2023	₱120,000,000
2024	240,000,000
2025	240,000,000
2026	240,000,000
2027	120,000,000
	₱960,000,000

Corporate Notes Facility

On March 20, 2014, STI ESG entered into a Corporate Notes Facility Agreement (Credit Facility Agreement) with China Bank granting STI ESG a credit facility amounting to ₱3.0 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.

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.

In 2015, STI ESG availed a total of ₱1,200.0 million loans with interest ranging from 4.34% to 4.75%. The interest rate for the outstanding balance of Corporate Notes Facility amounting to ₱240.0 million was repriced at 5.56% effective February 1, 2021.

STI ESG has made payments totaling to ₱120.0 million and ₱240.0 million for the years ended June 30, 2021 and March 31, 2020, respectively, and nil for the three-month period ended June 30, 2020.

STI WNU has made payments on the Corporate Notes Facility totaling to ₱39.4 million and ₱79.6 million for the years ended June 30, 2021 and March 31, 2020, respectively (nil for the three-month period ended June 30, 2020). Of the amount paid by STI WNU for the year ended June 30, 2021, ₱19.6 million pertains to the payment made in January 2021, as full and final settlement of its loan from the Corporate Notes Facility.

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 and STI WNU were required to maintain a debt-to-equity ratio of not more than 1.00:1.00 and debt service cover ratio of not less than 1.10:1.00.

On January 19, 2017, STI ESG, STI WNU and China Bank executed a Second Amendment and Supplemental Agreement to the Corporate Notes Facility Agreement. Significant amendments are as follows:

a) change in interest rate of either (1) the 1-year benchmark rate (PDST-R2) plus a margin of 1.50% per annum which interest rate shall in no case be lower than 3.75% per annum or (2) the 3-month benchmark rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than 3.50% per annum.

b) amendments on the required financial ratios, whereby STI ESG shall maintain the following ratios which shall be computed based on the consolidated financial statements:

    (1) Debt-to-equity ratio of not more than 1.50x, computed by dividing total debt by total equity. For the purpose of this computation, total debt shall exclude unearned tuition and other school fees;
    (2) Debt service cover ratio of a minimum of 1.05x.

The required DSCR of a minimum of 1.10x for STI WNU remained the same.

China Bank approved the temporary waiver of the DSCR requirement covering the period ended March 31, 2021 and September 30, 2020 for STI ESG and STI WNU, respectively (see discussion on the Waiver of Certain Covenants). STI WNU has fully paid its loan from the Corporate Notes Facility as of June 30, 2021.

As at June 30, 2020, STI ESG and STI WNU had complied with the above covenants.

On January 29, 2021, STI ESG and China Bank executed a Third Amendment and Supplemental Agreement to the Corporate Notes Facility Agreement with an outstanding balance of ₱240.0 million. Significant changes to the terms and conditions of the Corporate Notes Facility Agreement of STI ESG are as follows:

a) amendment of the maturity date from July 31, 2021 to September 19, 2026, with the first equal semi-annual amortization of ₱30.0 million to start on March 19, 2023;

b) amendment of the interest rate repricing date for the interest period commencing on January 31, 2021 while all succeeding interest rate repricing dates shall be on the interest payment date of the interest period ending on September 19 of every year, thereafter;

c) amendment of the interest period commencing on January 31, 2021 and each successive period of six months commencing from September 19, 2021 and ending on the relevant maturity date; and

d) amendment of the 1-year Benchmark Rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than 5.50% per annum for the interest period covering January 31, 2021 to September 18, 2021 and 6.25% per annum for each succeeding interest period thereafter.

The above modification of terms and conditions resulted in the recognition of a loss on loan modification amounting to ₱8.3 million in the consolidated statement of comprehensive income for the year ended June 30, 2021.

Breakdown of the Group's Credit Facility Agreement follows:

	June 30, 2021	June 30, 2020
Balance at beginning of period	**₱399,400,000**	₱399,400,000
Payments	**(159,400,000)**	–
	240,000,000	399,400,000
Unamortized premium on corporate notes	**8,144,353**	–
Balance at end of period	**248,144,353**	399,400,000
Less current portion	–	279,400,000
Noncurrent portion	**₱248,144,353**	₱120,000,000

These loans are unsecured and, with the January 29, 2021 amendment, are due based on the following schedule:

Fiscal Year	Amount
2023	₱30,000,000
2024	60,000,000
2025	60,000,000
2026	60,000,000
2027	30,000,000
	₱240,000,000

Waivers of Certain Covenants

a. On June 23, 2020, STI ESG requested China Bank for the waivers of certain covenants in its Term Loan Agreement and Corporate Notes Facility Agreement in connection with STI ESG's availment of the Land Bank of the Philippines (LandBank) ACcess to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Program. On July 23, 2020, China Bank approved the waiver of the following covenants:

   - Assignment of revenues/income. The Borrower/Issuer shall not assign, transfer or otherwise convey any right to receive any of its income or revenues except when such assignment, transfer, or conveyance: (i) is made on an arm's length basis under normal commercial terms; or (ii) is required by Law; and, in either case, does not result in a Material Adverse Effect and provided that the Borrower/Issuer shall notify the Lender/Note Holder in the event that any of the above transactions are entered into with related parties or any of the Subsidiaries or Affiliates of the Borrower/Issuer;
   - Encumbrances. The Borrower/Issuer shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer in receiving income; and
   - Ranking of Notes. The Borrower/Issuer shall ensure that for so long as any Note is outstanding, the Issuer shall not incur or permit to arise any Indebtedness which ranks ahead of the Notes whether it be by virtue of being evidenced by a public instrument as provided by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same may be amended from time to time, or otherwise.

b. On July 23, 2020, China Bank approved the temporary waiver of the DSCR requirement on both the Term Loan and the Corporate Notes Facility Agreements with STI ESG covering the period ended March 31, 2021. On December 18, 2020, China Bank approved the temporary waiver of the DSCR requirement covering the period ended December 31, 2020 and the period ending June 30, 2021.

c. On August 7, 2020, STI WNU requested China Bank for consent to avail of LandBank's ACADEME Lending Program by way of participation to the extent of ₱10.0 million in the Term Loan/Rediscounting Facility approved by LandBank in favor of STI ESG and the waiver of certain covenants in the Corporate Notes Facility Agreement dated March 20, 2014 and the Accession Agreement dated December 16, 2014. On September 8, 2020, China Bank approved the waiver of the following covenants in relation to the availment of STI WNU of LandBank's ACADEME Lending Program.

   - the waiver of Section 7.01(s) re: Ranking of Notes which requires STI WNU to ensure that for as long as any Note is outstanding, STI WNU shall not incur or permit to arise any Indebtedness which ranks ahead of the Notes insofar as the same relates to the availment by STI WNU of LandBank's ACADEME Lending Program, to be secured by the corporate surety of STI Education System Holdings, Inc. and the assignment of the sub-promissory notes to be executed by the parents or benefactors of STI WNU's students in favor of LandBank;

   - the waiver of Section 7.02(g) of the Corporate Notes Facility Agreement re: Assignment of Revenues and Income which prohibits STI WNU from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of STI WNU's students in favor of LandBank as security for the ACADEME Lending Program;

- the waiver of Section 7.02(o) of the Corporate Notes Facility Agreement re: Encumbrances which prohibits STI WNU from permitting any Indebtedness to be secured by or to benefit from any Lien in favor of any creditor or class of creditors on or in respect of any present or future assets or revenues of STI WNU or the right of STI WNU in receiving income in relation to the requirement of LandBank to assign the sub promissory notes to be executed by the parents or benefactors of STI WNU's students in favor of LandBank as security for the ACADEME Lending Program; and

China Bank likewise approved the one-time waiver of the DSCR testing covering the period ended September 30, 2020 in relation to the Corporate Notes Facility Agreement.

d. On August 7, 2020, iACADEMY requested China Bank for consent to avail of LandBank's ACADEME Lending Program by way of participation to the extent of ₱10.0 million in the Term Loan/Rediscounting Facility approved by LandBank in favor of STI ESG in the amount of ₱250.0 million and waiver of certain covenants in the Omnibus Loan and Security Agreement dated September 28, 2017. On September 8, 2020, China Bank approved the waiver of the following covenants in relation to the availment of iACADEMY of LandBank's ACADEME Lending Program:

- the waiver of Section 16.01(u) of the Omnibus Agreement re: Ranking of Notes which requires iACADEMY to ensure that for as long as any Note is outstanding, iACADEMY shall not incur or permit to arise any Indebtedness which ranks ahead of the Notes insofar as the same relates to the availment by iACADEMY of LandBank's Academe Lending Program, to be secured by the corporate surety of STI Education System Holdings, Inc. and the assignment of the sub promissory notes to be executed by the parents or benefactors of iACADEMY's students in favor of LandBank;

- the waiver of Section 16.02(k) of the Omnibus Agreement re: Encumbrances which prohibits iACADEMY from permitting any Indebtedness to be secured by or to benefit from any Lien in favor of any creditor or class of creditors on or in respect of any present or future assets or revenues of iACADEMY or the right of iACADEMY to receive income in relation to the requirement of LandBank to assign the sub promissory notes to be executed by the parents or benefactors of iACADEMY's students in favor of LandBank as security for the ACADEME Lending Program; and

- the waiver of Section 16.02(m) of the Omnibus Agreement re: Assignment of Revenues and Income which prohibits iACADEMY from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub promissory notes to be executed by the parents or benefactors of iACADEMY's students in favor of LandBank as security for the ACADEME Lending Program.

<u>LandBank ACADEME Program</u>
On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its ACADEME Lending Program in favor of STI ESG to finance the 'study now, pay later' program of the government for students amid the financial difficulties facing families due to the COVID-19 pandemic. The LandBank ACADEME Program is a refinancing/rediscounting facility for Promissory Notes issued by the parents or benefactors of students to enable said students to enroll, continue and complete their studies. The school can borrow up to 70.0% of the amount stated in

the Promissory Note issued by the parents/benefactors of the students. This loan from LandBank is subject to 3.0% interest per annum. Interest and principal are payable annually in arrears. The term of the borrowing is coterminous with the promissory note to be issued by the parents/benefactors of the students, which in no case shall exceed three (3) years. The loans covered by these promissory notes to be issued by the parents/benefactors of students are interest-free.

The ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by STI Holdings.

On September 16, 2020, the Rediscounting Agreement with LandBank was executed by STI ESG in relation to this loan arrangement. Further, on the same date, the Comprehensive Surety Agreement was executed by STI Holdings in favor of LandBank. As at June 30, 2021, STI ESG has drawn from its Term Loan/Rediscounting Line Facility with LandBank an aggregate amount of ₱22.1 million, of which ₱9.5 million is due within the next twelve months. The term of the borrowing is coterminous with the promissory notes executed by the parents/benefactors of the students. The first and second drawdowns amounting to ₱10.0 million and ₱12.1 million, respectively, are maturing in August 2022 and January 2023, respectively, for the 20-month tenor and August 2023 and January 2024, respectively, for the 30-month tenor.

Short-term Loans
On January 22, 2021, STI ESG availed of a loan from Security Bank Corporation amounting to ₱100.0 million subject to an interest rate of 4.75%. The loan was fully settled in March 2021. The credit line is on a clean basis. The proceeds from this loan were used for working capital requirements.

On August 24, 2020, STI ESG made a loan drawdown from its short-term credit line with Bank of the Philippine Islands (BPI) amounting to ₱300.0 million with a term of one year. The interest rate is 4.25% subject to quarterly repricing. The credit line is on a clean basis. This loan was fully settled on February 26, 2021. The proceeds from this loan were used for working capital requirements.

STI ESG availed of loans from BPI aggregating to ₱468.0 million during the year ended March 31, 2020. These loans were 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
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 for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 amounted to ₱109.5 million and ₱26.5 million and ₱110.3 million, respectively (see Note 22).

18. **Bonds Payable**

	June 30, 2021	June 30, 2020
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	**26,917,125**	33,902,228
	₱2,973,082,875	₱2,966,097,772

On March 23, 2017, STI ESG issued the first tranche of its ₱5,000.0 million fixed-rate bonds program under its 3-year shelf registration with the SEC which ended on March 9, 2020. The bonds, amounting to an aggregate of ₱3,000.0 million were listed through the PDEx, with interest payable quarterly and were issued with a fixed rate 5.8085% for the 7-year series, due 2024, and 6.3756% for the 10-year series, due 2027. The bonds were rated 'PRS Aa' by the Philippine Rating Services Corporation (PhilRatings) in 2017. In January 2021, PhilRatings changed the Issue Credit Rating for STI ESG's outstanding bond issuance to PRS A plus, with a Negative Outlook, from PRS Aa, with a Stable Outlook. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, STI ESG's capacity to meet its financial commitments on the obligation is still strong. A 'plus' or 'minus' sign may be added to further qualify ratings. A Negative Outlook, on the other hand, indicates that there is a potential for the present credit rating to be downgraded in the next twelve (12) months.

Proceeds of the issuance were used to finance the campus expansion projects, refinancing of the short-term loans incurred for the acquisition of land, and for other general corporate requirements of STI ESG.

The bonds include an embedded derivative in the form of an early redemption option that gives STI ESG the option, but not the obligation, to redeem in whole (and not in part), the outstanding bonds before the relevant maturity date, based on a certain price depending on the fixed early redemption option dates. Management has assessed that the early redemption option is closely related to the bonds and would not require to be separated from the value of the bonds and accounted for as a derivative. Subsequent reassessment is required when there has been a change in the terms of the contract that significantly modifies the cash flows.

A summary of the terms of STI ESG's issued bonds follows:

Issued	Interest Payable	Term	Interest Rate	Principal Amount	Carrying Value as at June 30, 2021	June 30,2020	Features
2017	Quarterly	7 years	5.8085%	₱2,180,000,000	**₱2,162,693,089**	₱2,157,043,093	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	**810,389,786**	809,054,679	Callable from the 7th anniversary issue and every year thereafter until the 9th anniversary issue date
				₱3,000,000,000	**₱2,973,082,875**	₱2,966,097,772	

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.

STI ESG's debt-to-equity and debt service cover ratios as at June 30, 2021 and 2020 are as follows:

	June 30, 2021	June 30, 2020
Total liabilities[a]	**₱5,441,261,355**	₱5,225,836,891
Total equity	**5,802,472,205**	5,888,520,185
Debt-to-equity	**0.94:1.00**	0.89:1.00

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

	June 30, 2021	June 30, 2020
EBITDA[b]	**₱628,477,871**	₱789,899,217
Total interest-bearing liabilities[c]	**444,004,514**	488,916,326
Debt service cover	**1.42:1.00**	1.62:1.00

[b] *EBITDA for the last twelve months*
[c] *Total principal and interest due in the next twelve months*

STI ESG obtained the required consent of the holders of the Bonds (the "Record Bondholders"), which include among others, the waiver of the DSCR requirement up to June 30, 2023 (see Amendments to the Trust Agreement). As at June 30, 2021 and 2020, STI ESG has complied with the above covenants.

Amendments to the Trust Agreement

On July 20, 2020, STI ESG delivered to China Banking Corporation – Trust and Asset Management Group, in its capacity as trustee (the "Trustee") for the Series 7Y Bonds due 2024 and the Series 10Y Bonds due 2027 (collectively, the "Bonds") a Consent Solicitation Statement (the "Consent Solicitation Statement") and the annexed Consent Form (the "Consent Form") in connection with the proposed amendments to the Trust Agreement dated March 10, 2017 (the "Trust Agreement") governing the Bonds issued by STI ESG. Pursuant to the Consent Solicitation Statement, STI ESG sought the consent of the Record Bondholders to certain proposed amendments to the Trust Agreement. The Proposed Amendments are (1) the waiver of Section 7.02(a) of the Trust Agreement which prohibits the Issuer from incurring or suffering to exist any Lien upon any assets or revenues, present and future, of the Issuer in relation to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of the Issuer's students in favor of LandBank as security for the ACADEME Lending Program (2) the waiver of Section 7.02(b) of the Trust Agreement which prohibits the Issuer from incurring Indebtedness or entering into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer, unless the Issuer has made or will make effective provisions, satisfactory to the Record Bondholders in the latter's absolute discretion, whereby the Lien thereby created will secure, on an equal first ranking and ratable basis, any and all obligations of the Issuer under the Trust Agreement and such other Indebtedness which the Lien purports to secure; (3) the waiver of Section 7.02(f) of the Trust Agreement which prohibits the Issuer from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of STI ESG's students in favor of LandBank as security for the

ACADEME Lending Program; and (4) the waiver of the DSCR up to June 30, 2023, as provided under Section 7.01(k) of the Trust Agreement. The Proposed Amendments will not alter the interest rate or maturity date of the Bonds, the Issuer's obligation to make principal and interest payments on the Bonds, or the substantive effect of any other covenant or provision of the Bonds. The Trustee certified as of August 15, 2020, that it has obtained the required consent of the Record Bondholders holding or representing at least fifty percent (50%) plus one peso (Php1.00) of the aggregate principal amount of the Bonds to the Proposed Amendments to the Trust Agreement governing the Bonds. On August 19, 2020, pursuant to the Consent Solicitation Statement, STI ESG and the Trustee executed the Supplemental Trust Agreement incorporating the Proposed Amendments, as follows:

- Amendments Relating to Negative Covenants Waiver

  Effective as of Execution Date, the following amendments shall be deemed to have been made to Section 7.02 (Negative Covenants of the Issuer) of the Trust Agreement:

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

  "directly or indirectly, incur or suffer to exist, or permit any Subsidiary to directly or indirectly incur or suffer to exist, any Lien other than Permitted Liens upon any assets and revenues, present and future, of the Issuer and its Subsidiaries, as the case may be, except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer's students as security for the ACADEME Lending Program of LandBank";

  (b) Section 7.02(b) of the Trust Agreement is hereby amended to read as follows:
  "incur Indebtedness or enter into, or permit any Subsidiary to enter into, any loan facility agreement secured by or to be secured by a Lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer or any Subsidiary, as the case may be, xxx except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer's students as security for the ACADEME Lending Program of LandBank";

  (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 DSCR Waiver

  Effective as of the date stated in the Majority Bondholders' Consent, the following amendment shall be deemed to have been made to Section 7.01(k) of the Trust Agreement:

  (k) maintain and observe the following financial ratios:

  (i) DSCR of not less than 1.05:1, provided that this DSCR shall be waived up to June 30, 2023.

Bond Issuance Costs
In 2017, STI ESG incurred costs related to the issuance of the bonds amounting to ₱53.9 million. These costs were capitalized and amortized using the EIR method. The carrying value of the unamortized bond issuance costs amounted to ₱26.9 million and ₱33.9 million as at June 30, 2021 and 2020, respectively. Amortization of bond issuance costs amounting to ₱7.0 million, ₱1.7 million and ₱6.4 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively, were recognized as part of the "Interest expense" account in the consolidated statements of comprehensive income (see Note 22).

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 ₱185.9 million, ₱46.6 million and ₱183.7 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, respectively (see Notes 10 and 22).

19. Other Noncurrent Liabilities

	June 30, 2021	June 30, 2020
Refundable deposits - net of current portion (see Notes 16 and 28)	**₱7,248,762**	₱28,562,994
Advance rent - net of current portion (see Notes 16 and 28)	**4,417,107**	43,552,022
Deferred lease liability	**924,829**	2,531,321
Deferred output VAT	**370,674**	2,211,880
Payable to STI Diamond - net of current portion (see Note 16)	**–**	16,640,773
	₱12,961,372	₱93,498,990

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.

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.

Payable to STI Diamond represents STI Novaliches' obligations to STI Diamond resulting from the assignment, transfer and conveyance of all rights, title and interest in assets and liabilities of STI Diamond to STI Novaliches in 2016. The total carrying value of the unpaid purchase price as at June 30, 2021 which is due in the next twelve months amounted to ₱24.1 million. The total carrying value of the unpaid purchase price as at June 30, 2020 amounted to ₱39.3 million, ₱22.6 million of which represents the current portion. The current portion of the payable is recorded under the "Accounts payable and other current liabilities" account as at June 30, 2021 and 2020, respectively (see Note 16).

20. **Equity**

Capital Stock
Details as at June 30, 2021 and 2020 are as follows:

	Shares	Amount
Common stock - ₱0.50 par value per share		
Authorized	10,000,000,000	₱5,000,000,000
Issued and outstanding	9,904,806,924	4,952,403,462

Set out below is the Parent Company's track record of registration of its securities:

	Number of Shares		Issue/
Date of Approval	Authorized	Issued	Offer Price
December 4, 2007*	1,103,000,000	307,182,211	₱0.50
November 25, 2011**	1,103,000,000	795,817,789	0.60
September 28, 2012***	10,000,000,000	5,901,806,924	2.22
November 7, 2012	10,000,000,000	2,627,000,000	0.90
November 28, 2012	10,000,000,000	273,000,000	0.90

* *Date when the registration statement covering such securities was rendered effective by the SEC.*
** *Date when the Parent Company filed SEC form 10-1(k) (Notice of Exempt Transaction) with the SEC in accordance with the Securities Regulation Code and its Implementing Rules and Regulations.*
*** *Date when the SEC approved the increase in authorized capital stock.*

As at June 30, 2021 and 2020, the Parent Company has a total number of shareholders on record of 1,265 and 1,266, respectively.

Cost of Shares Held by a Subsidiary
This account represents STI Holdings shares owned by STI ESG as at June 30, 2021 and 2020 which are treated as treasury shares in the consolidated statements of financial position.

Details of the account as at June 30, 2021 and 2020 are as follows:

Number of shares	500,433,895
Cost	₱498,142,921

Dividends received by STI ESG related to these shares amounting to ₱1.9 million and ₱10.0 million for the years ended June 30, 2021 and March 31, 2020 (nil for the three-month period ended June 30, 2020) were offset against the dividends declared as shown in the consolidated statements of changes in equity.

Other Comprehensive Income and Non-controlling Interests

	June 30, 2021		
	Attributable to Equity Holders of the Parent Company	**Non-controlling interests**	**Total**
Cumulative actuarial gain (loss) (see Note 27)	**₱19,277,239**	**(₱360,105)**	**₱18,917,134**
Fair value changes in equity instruments at FVOCI (see Note 14)	**12,149,020**	**161,244**	**12,310,264**
Share in associates' cumulative actuarial gain (see Note 12)	**321,569**	**7,853**	**329,422**
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 12)	**(114)**	**(2)**	**(116)**
	₱31,747,714	**(₱191,010)**	**₱31,556,704**

	June 30, 2020		
	Attributable to Equity Holders of the Parent Company	Non-controlling interests	Total
Cumulative actuarial gain (loss) (see Note 27)	₱3,803,874	(₱360,105)	₱3,443,769
Fair value changes in equity instruments at FVOCI (see Note 14)	10,998,066	142,974	11,141,040
Share in associates' cumulative actuarial gain (see Note 12)	321,569	7,853	329,422
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 12)	(114)	(2)	(116)
	₱15,123,395	(₱209,280)	₱14,914,115

	March 31, 2020		
	Attributable to Equity Holders of the Parent Company	Non-controlling interests	Total
Cumulative actuarial gain (see Note 27)	₱10,446,933	₱479,211	₱10,926,144
Fair value changes in equity instruments at FVOCI (see Note 14)	11,340,730	147,504	11,488,234
Share in associates' cumulative actuarial gain (see Note 12)	321,569	7,853	329,422
Share in associates' unrealized fair value loss on equity instruments designated at FVOCI (see Note 12)	(114)	(2)	(116)
	₱22,109,118	₱634,566	₱22,743,684

Dividends declared by subsidiaries to non-controlling interest owners amounted to ₱0.5 million and ₱2.5 million for the years ended June 30, 2021 and March 31, 2020, respectively (nil for the three-month period ended June 30, 2020).

Other Comprehensive Income and Other Equity Reserves associated with Noncurrent Asset Held for Sale (see Note 9)

As at June 30, 2021, the cumulative balance of other comprehensive income associated with noncurrent asset held for sale was reclassified to retained earnings and other equity reserve amounting to ₱89.9 million and ₱0.7 million, respectively, following the disposal of STI ESG's 20% share in the ownership of Maestro Holdings.

As of June 30, 2020, the cumulative balance of other comprehensive income associated with noncurrent asset held for sale consists of:

	Attributable to Equity Holders of the Parent Company	Non-controlling Interests	Total
Share in associates':			
Fair value change in equity instruments at FVOCI	₱107,103,936	₱1,454,685	₱108,558,621
Remeasurement loss on life insurance reserves	(17,854,179)	(242,495)	(18,096,674)
Cumulative actuarial gain	676,660	9,190	685,850
Other equity reserve	718,885	9,764	728,649
	₱90,645,302	₱1,231,144	₱91,876,446

Retained Earnings

a) On November 20, 2020, cash dividends amounting to ₱0.0037 per share or the aggregate amount of ₱36.6 million were declared by the Parent Company's BOD in favor of all stockholders of record as at December 29, 2020, payable on January 26, 2021.

   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.

   As at June 30, 2021 and 2020, unclaimed dividends amounting to ₱11.0 million pertaining to dividend declarations from 1998 to 2018 are recognized as "Dividends payable" under "Accounts payable and other current liabilities" account in the consolidated statements of financial position (see Note 16).

b) Consolidated retained earnings include undeclared retained earnings of subsidiaries and share in net earnings of associates amounting to ₱2,702.7 million and ₱2,633.6 million as at June 30, 2021 and 2020, 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 ₱1,712.9 million and ₱1,430.5 million as at June 30, 2021 and 2020, respectively.

   Policy on Dividends Declaration. On September 29, 2017, the Parent Company's BOD adopted a policy on the declaration of dividends starting with Fiscal Year 2017-2018.

   The BOD approved a dividend declaration policy of not less than 25.0% of the core income of STI Holdings from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on STI Holdings by lenders or other financial institutions, and its investment plans and financial condition.

   Core income is defined as consolidated net income after income tax derived from STI Holdings' main business which is education, and other recurring income.

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

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

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

21. Revenues

Disaggregated Revenue Information
The table below shows the disaggregation of revenues of the Group by type of services or goods for year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Tuition and other school fees	**₱1,882,717,358**	₱165,626,597	₱2,303,456,918
Educational services	**107,311,098**	21,182,148	140,705,289
Royalty fees	**10,560,747**	1,963,548	12,950,012
Sale of educational materials and supplies	**24,904,944**	998,130	149,755,626
Other revenues	**65,086,070**	7,117,304	67,756,284
Total consolidated revenues	**₱2,090,580,217**	₱196,887,727	₱2,674,624,129

Timing of Revenue Recognition

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Services transferred over time	**₱2,000,589,203**	₱188,772,293	₱2,457,112,219
Goods and services transferred at a point in time	**89,991,014**	8,115,434	217,511,910
	₱2,090,580,217	₱196,887,727	₱2,674,624,129

Contract Balances
The Group's receivables are disclosed in Note 6 while the contract liabilities are presented as "Unearned tuition and other school fees" in the consolidated statements of financial position. Significant changes in the contract liabilities include the conduct of online classes in May 2020 up to July 2020 to complete the SY 2019-2020 that extended collection of tuition and other school fees after June 30, 2020 and the shift in the school calendar of SHS and tertiary students from June 2019 to March 2020 and from July 2019 to April 2020, respectively, to September 2020 to up to June 2021 for SY 2020-2021 for both STI ESG and STI WNU, while in the case of iACADEMY, the school

calendars for SY 2019-2020 for SHS and tertiary levels were from August 2019 to May 2020 and July 2019 to June 2020, respectively, to August 2020 to up to May 2021 and July 2021 in SY 2020-2021 for SHS and tertiary levels, respectively, (see Note 2) that resulted to the change in the timing of revenue recognition.

Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱117.7 million, ₱248.9 million and ₱174.1 million for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020.

There was no revenue recognized from performance obligations satisfied in previous years for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020.

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 June 30, 2021 and 2020, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) which are expected to be satisfied within one year amounted to ₱101.7 million and ₱117.6 million, respectively. These pertain to the advance payment for tuition and other school fees for the school year commencing after the financial reporting date and will be recognized as tuition and other school fees within one year. On the other hand, the Group does not have any performance obligations that are expected to be satisfied in more than one year.

22. Interest Income and Interest Expense

Sources of interest income are as follows:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Notes 2 and 39)	March 31, 2020 (One Year - see Notes 2 and 39)
Cash and cash equivalents (see Note 5)	**₱4,569,663**	₱1,598,409	₱12,247,167
Past due accounts receivables (see Note 6)	**946,940**	326,858	675,765
Others	**175,106**	23,815	91,385
	₱5,691,709	₱1,949,082	₱13,014,317

Sources of interest expense are as follows:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Notes 2 and 39)	March 31, 2020 (One Year - see Notes 2 and 39)
Bonds payable (see Note 18)	**₱185,890,324**	₱46,550,147	₱183,737,468
Interest-bearing loans and borrowings (see Note 17)	**110,332,251**	26,465,065	110,301,925
Lease liabilities (see Note 28)	**35,529,424**	9,581,130	40,823,195
Others	**5,313,916**	1,846,603	5,216,481
	₱337,065,915	₱84,442,945	₱340,079,069

23. **Cost of Educational Services**

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Notes 2 and 39)	March 31, 2020 (One Year - see Notes 2 and 39)
Depreciation and amortization (see Note 10)	**₱382,310,903**	₱94,980,562	₱399,002,361
Faculty salaries and benefits (see Notes 26 and 27)	**286,086,335**	51,292,165	357,973,946
Student activities and programs	**123,484,014**	7,202,296	105,073,043
Rental (see Note 28)	**23,469,936**	5,917,068	29,627,623
Software maintenance	**19,774,986**	4,426,628	19,424,457
School materials and supplies	**3,581,520**	948,715	15,830,617
Courseware development costs	**1,818,376**	1,017,868	10,249,143
Others	**11,675,735**	453,284	11,274,193
	₱852,201,805	₱166,238,586	₱948,455,383

24. **Cost of Educational Materials and Supplies Sold**

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Notes 2 and 39)	March 31, 2020 (One Year - see Notes 2 and 39)
Educational materials and supplies	**₱18,060,810**	₱31,608	₱98,853,444
Promotional materials	**2,013,287**	432,921	14,250,152
	₱20,074,097	₱464,529	₱113,103,596

25. **General and Administrative Expenses**

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Notes 2 and 39)	March 31, 2020 (One Year - see Notes 2 and 39)
Salaries, wages and benefits (see Notes 26 and 27)	**₱309,025,450**	₱76,479,443	₱361,763,307
Depreciation and amortization (see Notes 10, 11 and 15)	**232,088,162**	64,398,682	242,824,735
Professional fees	**80,430,921**	16,498,403	81,453,601
Outside services	**71,003,211**	19,137,072	131,702,887
Advertising and promotions	**53,110,317**	3,158,064	61,882,531
Light and water	**51,736,303**	13,336,415	138,677,113
Provision for:			
Expected credit losses (see Note 6)	**41,784,612**	6,320,669	57,392,395
Impairment of investments in and advances to associates and joint ventures (see Note 12)	**10,265,554**	–	–
Inventory obsolescence (see Note 7)	**790,579**	–	4,805,445
Taxes and licenses	**33,404,656**	7,050,092	42,376,544
Transportation	**26,360,918**	4,415,258	31,721,067
Insurance	**18,830,946**	3,812,816	18,078,222
Repairs and maintenance	**17,007,289**	1,276,570	24,688,277
Meetings and conferences	**16,594,573**	3,762,951	18,879,560
Communication	**12,635,668**	3,081,210	12,495,294
Entertainment, amusement and recreation	**11,783,780**	2,629,371	14,644,702
Rental (see Note 28)	**11,742,923**	2,989,259	16,940,437
Office supplies	**6,628,701**	1,443,240	16,358,633
Software maintenance	**3,706,757**	783,919	3,011,481
Association dues	**1,438,254**	357,558	1,410,175
Others	**14,714,561**	1,619,173	17,917,081
	₱1,025,084,135	₱232,550,165	₱1,299,023,487

26. **Personnel Costs**

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Notes 2 and 39)	March 31, 2020 (One Year - see Notes 2 and 39)
Salaries and wages (see Notes 23 and 25)	**₱527,282,777**	₱111,087,285	₱626,435,424
Pension expense (see Note 27)	**15,835,779**	4,518,546	19,263,134
Other employee benefits	**51,993,229**	12,165,777	74,038,695
	₱595,111,785	₱127,771,608	₱719,737,253

27. **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 following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of comprehensive income for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 and the net pension assets/liabilities recognized in the consolidated statements of financial position as at June 30, 2021 and 2020:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Pension expense (recognized under the "Salaries, wages and benefits" account):			
Current service cost	**₱11,699,365**	₱3,329,276	₱14,605,079
Net interest cost	**4,136,522**	1,178,907	4,587,655
	₱15,835,887	₱4,508,183	₱19,192,734

	June 30, 2021	June 30, 2020	March 31, 2020
Net pension liabilities (recognized in the consolidated statements of financial position):			
Present value of defined benefit obligations	**₱186,305,635**	₱208,183,187	₱202,456,804
Fair value of plan assets	**(80,896,171)**	(92,780,346)	(99,044,521)
	₱105,409,464	₱115,402,841	₱103,412,283

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.

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Changes in the present value of defined benefit obligations:			
Balance at beginning of period	**₱208,183,187**	₱202,456,804	₱194,680,346
Current service cost	**11,699,365**	3,329,276	14,605,079
Interest cost	**7,805,168**	2,397,107	11,565,582
Settlement gain	**(549,826)**	–	–
Benefits paid	**(26,822,868)**	–	(3,573,447)
Actuarial loss (gain) on obligations:			
Deviations of experience from assumptions	**(4,326,241)**	–	(5,729,876)
Financial assumptions	**(8,982,910)**	–	(13,057,507)
Demographic assumptions	**(700,240)**	–	4,045,870
Effect of disposal of net assets (see Note 9)	**–**	–	(79,243)
Balance at end of period	**₱186,305,635**	₱208,183,187	₱202,456,804
Changes in the fair value of plan assets:			
Balance at beginning of period	**₱92,780,346**	₱99,044,521	₱118,628,624
Actual returns (losses) on plan assets	**3,668,645**	(6,333,837)	6,977,927
Contributions	**8,346,028**	–	3,573,447
Benefits paid	**(26,960,112)**	–	(3,573,447)
Actuarial gain (losses) on plan assets	**3,061,264**	69,662	(26,562,030)
Balance at end of period	**₱80,896,171**	₱92,780,346	₱99,044,521

The principal assumptions used in determining pension liabilities are shown below:

	June 30, 2021	June 30, 2020	March 31, 2020
Discount rate	**4.29%-5.03%**	4.91%-5.03%	4.91%-5.03%
Future salary increases	**3.00%-5.00%**	3.00%-5.00%	3.00%-5.00%

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

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

	June 30, 2021	June 30, 2020	March 31, 2020
Cash and cash equivalents	**2%**	6%	–
Short-term fixed income	**58%**	63%	66%
Investments in equity securities	**34%**	23%	32%
Investments in debt securities	**6%**	8%	2%
	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:

	June 30, 2021	June 30, 2020
Cash	**₱1,546,344**	₱5,869,338
Short-term fixed income	**46,899,343**	58,266,087
Investments in:		
Equity securities	**27,214,177**	21,547,147
Government securities	**5,236,307**	7,094,929
Others	–	2,845
	₱80,896,171	₱92,780,346

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 ₱0.39 and ₱0.30 per share as at June 30, 2021 and 2020, respectively.

Total unrealized losses from investments in equity securities of related parties amounted to ₱7.7 million and ₱14.0 million as at June 30, 2021 and 2020, respectively.

Investments in Government Securities. Investments in government securities include treasury bills and fixed-term treasury notes with maturities ranging from 1 to 25 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 58.0% of short-term fixed income, 34.0% of equity instruments and minimal cash and cash equivalents and debt securities.

The average duration of the defined benefit obligation of the entities in the Group as at June 30, 2021 ranges from 12 to 17 years.

Shown below is the maturity analysis of the undiscounted benefit payments as at June 30, 2021 and June 30, 2020:

	June 30, 2021	June 30, 2020
Less than one year	**₱45,295,853**	₱49,892,915
More than one year to five years	**65,698,479**	79,477,926
More than five years to ten years	**82,711,399**	81,005,148
More than ten years to fifteen years	**102,480,194**	121,954,682
More than fifteen years to twenty years	**135,167,530**	165,942,624
More than twenty years	**157,514,668**	197,238,638

The expected contribution of the Group in 2021 is ₱8.3 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		
	June 30, 2021	June 30, 2020	March 31, 2020
Discount rates			
Increase by 1%	**(₱13,440,669)**	(₱13,743,092)	(₱13,743,092)
Decrease by 1%	**15,915,189**	16,200,531	16,200,531
Future salary increases			
Increase by 1%	**15,972,824**	14,887,610	14,887,610
Decrease by 1%	**(13,964,240)**	(14,332,801)	(14,332,801)
Employee turnover			
Increase by 10%	**(1,163,092)**	1,895,235	1,895,235
Decrease by 10%	**1,163,092**	(1,895,235)	(1,895,235)

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 June 30, 2021 and 2020, the Group is in compliance with the requirements of RA No. 7641.

As at June 30, 2021 and 2020, De Los Santos-STI College and STI QA have excess contributions to CEAP amounting to ₱2.3 million and ₱3.0 million, respectively. 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 8).

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 amounted to ₱0.01 million for year ended June 30, 2021 and for the three-month period ended June 30, 2020 and ₱0.1 million for the year ended March 31, 2020.

Total pension expense recognized in profit or loss follows:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Defined benefit plans	**₱15,825,647**	₱4,497,818	₱19,192,734
Defined contribution plans	**10,132**	10,363	70,400
	₱15,835,779	₱4,508,181	₱19,263,134

28. **Leases**

As Lessor

The Group entered into several lease agreements, as lessors, on their buildings and condominium units under operating lease agreements with varying terms and periods ranging from 2 to 10 years. Certain leases are subject to annual repricing based on a pre-agreed rate.

The Group also earns rental income from concessionaires and for the occasional use of the Group's properties primarily used for school operations such as auditorium, classrooms and gymnasiums.

Total rental income for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 amounted to ₱116.8 million, ₱48.4 million, and ₱180.4 million, respectively (see Notes 11 and 30).

The Group receives refundable deposits as security for its observance and faithful compliance with the terms and conditions of the lease agreements and advanced rental payment which will be applied on the last months of the lease, presented under “Other noncurrent liabilities” in the consolidated statement of financial position (see Note 19).

Deposit liabilities, recorded under “Other noncurrent liabilities” account in the consolidated statements of financial position, pertain to the advances and refundable deposits made by the lessees to iACADEMY. For the year ended June 30, 2021, deposit liabilities of ₱26.2 million was applied against the rent and utilities receivable from a lessee upon pretermination of the sublease. As at June 30, 2021 and 2020, deposit liabilities amounted to ₱3.4 million and ₱33.2 million, respectively.

Future minimum rental receivable for the remaining lease terms as at June 30, 2021 and 2020 follows:

	June 30, 2021	June 30, 2020
Within one year	**₱56,360,617**	₱174,510,273
After one year but not more than five years	**65,654,275**	257,146,297
Total	**₱122,014,892**	₱431,656,570

As Lessee

The Group leases land and building spaces, where the corporate office and schools are located, under operating lease agreements with varying terms and periods ranging from 1 to 25 years. The lease rates are subject to annual repricing based on a pre-agreed rate. Certain transportation equipment were acquired under lease agreements with varying terms and periods ranging from 3 to 5 years.

Total rental expense charged to operations for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 amounted to ₱35.2 million, ₱8.9 million, and ₱46.6 million, respectively (see Notes 23 and 25).

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 15).

The following are the amounts recognized in the consolidated statement of comprehensive income:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Depreciation expense of right-of-use assets included in property and equipment and investment properties (see Notes 10 and 11)	**₱77,290,816**	₱20,910,537	₱81,462,342
Interest expense on lease liabilities (see Note 22)	**35,529,424**	9,581,130	40,823,195
Expenses relating to short-term leases (see Notes 23 and 25)	**32,324,847**	8,899,010	45,706,139
Variable lease payments (see Notes 23 and 25)	**1,181,467**	7,317	861,921
Total amount recognized in the consolidated statements of comprehensive income	**₱146,326,554**	₱39,397,994	₱168,853,597

As a consequence of the COVID-19 pandemic, some lessors of the Group provided rent concessions for the year ended June 30, 2021 (none for the three-month period ended June 30, 2020 and the year ended March 31, 2020) such as discounts ranging from 25.0% to 50.0% of rental payments, waiver of rent for a certain month, or deferral of rental over six to twelve months, among others. The Group applied the practical expedient provided by the amendments to PFRS 16 for rent concessions granted to the Group that meet the aforementioned criteria resulting in recognition of income from rent concessions aggregating to ₱39.7 million recognized under "Other income - net" in the June 30, 2021 consolidated statement of comprehensive income (see Note 2).

For the year ended June 30, 2021, the Group exercised termination option for some operating leases resulting in the reversal of the ROU assets and lease liabilities amounting to ₱22.8 million and ₱24.0 million, respectively. The net effect of the reversal amounting to ₱1.2 million was recognized as other income under "Other income - net" in the June 30, 2021 consolidated statement of comprehensive income.

The rollforward analysis of lease liabilities as at June 30, 2021 and 2020 are as follows:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)
Balance at beginning of year	**₱552,590,291**	₱562,803,960
Additions (see Note 10)	**34,994,849**	–
Lease terminations	**(23,969,027)**	–
Rent concessions (see Note 2)	**(39,727,038)**	–
Interest expense (see Note 22)	**34,841,143**	9,581,130
Payments	**(73,912,834)**	(19,794,799)
Balance at end of year	**484,817,384**	552,590,291
Less current portion	**75,745,111**	90,805,276
Non-current portion	**₱409,072,273**	₱461,785,015

Shown below is the maturity analysis of the undiscounted lease payments:

	June 30, 2021	June 30, 2020
Within one year	**₱100,353,952**	₱100,891,956
After one year but not more than five years	**306,447,270**	305,463,610
More than five years	**270,698,292**	246,970,206
Total	**₱677,499,514**	₱653,325,772

29. Income Tax

All domestic subsidiaries qualifying as private educational institutions are subject to tax under RA No. 8424, "An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes" which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporations - Sec 27(B) of the said Act defines and provides that: a "Proprietary Educational Institution" is any private school maintained and administered by private individuals or groups with an issued permit to operate from DepEd, CHED, or TESDA, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of ten percent (10.0%) on its taxable income.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill was signed by President Rodrigo Duterte on March 26, 2021 as RA No. 11534 and was published in Business Mirror on March 27, 2021 and took effect 15 days after its complete publication on April 11, 2021. CREATE Law introduces reforms to the corporate income tax and incentives systems to attract more investments and maintain fiscal prudence and stability in the Philippines.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Preferential income tax rate for proprietary educational institutions which is reduced from 10.0% to 1.0% effective July 1, 2020 to June 30, 2023.

- Corporate income tax rate is reduced from 30.0% to 20.0% for domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million. All other domestic corporations and resident foreign corporations are subject to 25.0% income tax. Said reductions are effective July 1, 2020.

- MCIT rate is reduced from 2.0% to 1.0% effective July 1, 2020 to June 30, 2023.

- Exemption from the determination of gain or loss from any exchange of property for stocks in corporations under certain conditions amending Section 40, Subsection C of the National Internal Revenue Code of 1997 which includes among others the merger and consolidation.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

The enactment of the CREATE Act resulted in lower provision for current income tax of the Group by ₱4.1 million for the year ended June 30, 2021. The Group likewise remeasured its deferred tax assets and liabilities. This resulted in reduction of net deferred tax assets and net deferred tax liabilities by ₱24.8 million and ₱4.4 million, respectively, for the year ended June 30, 2021.

The components of recognized net deferred tax assets and net deferred tax liabilities are as follows:

	June 30, 2021	June 30, 2020
Deferred tax assets:		
Lease liabilities	**₱38,069,525**	₱52,380,915
NOLCO	**13,449,469**	16,201,040
Pension liabilities (see Note 27)	**6,629,626**	11,526,438
Allowance for expected credit losses (see Note 6)	**6,202,256**	23,143,340
Excess of cost over net realizable value of inventories (see Note 7)	**1,649,612**	1,646,017
Unearned tuition and other school fees	**875,486**	14,841,679
Unamortized loan premium	**430,114**	–
Advance rent	**107,609**	6,275,376
	67,413,697	126,014,805
Deferred tax liabilities:		
Right-of-use assets (see Note 10)	**(28,550,847)**	(42,214,861)
Intangible assets (see Note 15)	**(2,762,187)**	(2,762,187)
Unamortized debt issue costs (see Note 17)	**(967,465)**	(1,849,562)

(Forward)

	June 30, 2021	June 30, 2020
Excess of rental under operating lease computed on a straight-line basis	**(₱283,640)**	(₱1,697,159)
Unamortized deposit discount	**(39,785)**	(39,785)
Accrued rent income under PFRS 16	**(21,292)**	–
Unrealized foreign exchange gain	**(6,800)**	–
	(32,632,016)	(48,563,554)
Net deferred tax assets	**₱34,781,681**	₱77,451,251

	June 30, 2021	June 30, 2020
Deferred tax liabilities:		
Excess of fair values over carrying values of net assets acquired in business combination	**(₱120,957,403)**	(₱123,126,255)
Excess of fair value over dacion price	–	(110,861,700)
Right-of-use assets (see Note 10)	–	(1,856,523)
Deferred tax assets:		
Allowance for expected credit losses (see Note 7)	**5,063,933**	–
Pension liabilities (see Note 27)	**492,354**	–
Unamortized past service cost (see Note 27)	**452,330**	–
Unearned tuition and other school fees	**27,419**	–
Lease liabilities (see Note 28)	–	2,173,382
Net deferred tax liabilities	**(₱114,921,367)**	(₱233,671,096)

Certain deferred tax assets of the Group were not recognized as at June 30, 2021 and 2020 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:

	June 30, 2021	June 30, 2020
NOLCO	**₱241,894,762**	₱119,689,714
Allowance for impairment of advances to associates (see Note 10)	**48,134,540**	37,868,986
MCIT	**1,103,962**	1,285,521
Pension liabilities (see Note 27)	–	201,600
	₱291,133,264	₱159,045,821

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at June 30, 2021 and 2020, the Group did not recognize any deferred tax asset on the provision for impairment on investment in an associate because management does not expect to generate enough capital gains against which these capital losses can be offset. The Group, likewise, did not recognize any deferred tax asset on the provision for impairment losses on advances to associates and joint ventures since no deduction is expected to be claimed upon actual write-off of these advances in the future.

The Group has incurred NOLCO before the taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years as follows:

Year	Availment Period	Amount	Applied	Expired	Amount
2020	2021-2023	₱46,189,820	–	–	₱46,189,820
2019	2020-2022	49,525,901	–	–	49,525,901
2018	2019-2021	23,470,776	–	(23,470,776)	–
		₱119,186,497	₱–	(₱23,470,776)	₱95,715,721

The Parent Company's MCIT which can be claimed as deduction from future regular income tax due follows:

Year Incurred	Expiry Date	Amount
2021	2024	₱196,696
2020	2023	99,300
2020	2023	405,841
2019	2022	402,125
		₱1,103,962

The Group has incurred NOLCO for the year ended June 30, 2021 and the three-month ended June 30, 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Period	Availment Period	Amount	Applied	Expired	Amount
2021	2022-2026	₱241,421,689	₱–	₱–	₱241,421,689
April-June 2020	2021-2025	146,855,667	(1,739,772)	–	145,115,895
		₱388,277,356	(₱1,739,772)	₱–	₱386,537,584

As at June 30, 2021 and 2020, the Group also did not recognize any deferred tax assets on the provision for impairment losses on investment in associate because management does not expect to generate enough capital gains against which these capital losses can be offset.

The reconciliation of the provision for (benefit from) income tax on income (loss) before income tax computed at the effect of the applicable statutory income tax rate to the provision for (benefit from) income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year)
Provision for (benefit from) income tax at statutory income tax rate	**₱6,213,223**	(₱71,340,923)	(₱36,965,729)
Income tax effects of:			
Nondeductible expenses	**7,268,238**	108,609	89,457,177
Gain on sale of noncurrent asset held for sale	**(3,865,200)**	–	–

(Forward)

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year)
Interest income already subjected to final tax	**(₱1,422,927)**	(₱479,521)	(₱3,674,151)
Equity in net losses (earnings) of associates and joint ventures	**1,150,898**	943,316	(220,039)
Difference in income tax rates and others	**(86,221,812)**	54,408,191	(24,273,418)
Provision for (benefit from) income tax	**(₱76,877,580)**	(₱16,360,328)	₱24,323,840

Others include income tax effect of change in unrecognized deferred tax assets and expired NOLCO and MCIT.

30. Related Party Transactions

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

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

	Amount of Transactions during the Period			Outstanding Receivable (Payable)			
Related Party	**June 30, 2021 (One Year)**	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)	**June 30, 2021**	June 30, 2020	**Terms**	**Conditions**
Associates							
STI Accent							
Reimbursement for various expenses and other charges	**₱10,265,554**	₱–	₱–	**₱48,134,540**	₱37,868,986	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for ECL
GROW							
Rental income and other charges	**1,099,024**	150,123	585,110	**4,285,040**	8,141,842	30 days upon receipt of billings	Unsecured; no impairment
STI Alabang							
Educational services and sale of educational materials and supplies	**8,817,268**	1,510,534	12,283,237	**13,775,359**	7,251,613	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Marikina							
Educational services and sale of educational materials and supplies	**7,892,475**	1,333,914	12,116,812	**230,760**	147,455	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividends received	–	–	1,171,260	–	–	Due and demandable; noninterest-bearing	Unsecured; no impairment

(Forward)

Related Party	Amount of Transactions during the Period: June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)	Outstanding Receivable (Payable): June 30, 2021	June 30, 2020	Terms	Conditions
Affiliates*							
PhilCare							
Facility sharing and other charges	**₱11,089,313**	₱3,364,512	₱9,983,938	**₱4,177,665**	₱38,338	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
HMO coverage	**14,423,473**	3,780,532	6,943,344	**(760,690)**	–	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	**80,715**	–	–	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Phil First Insurance Co., Inc.							
Utilities and other charges	**224,924**	–	–	**255,596**	37,112	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental and other charges	**4,455,441**	1,085,027	4,321,084	**–**	(270,900)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Insurance	**18,681,237**	2,632,610	8,808,123	**(9,170)**	(213,103)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Philippines First Condominium Corporation							
Association dues and other charges	**8,860,618**	2,854,461	10,648,261	**(3,454)**	(2,861,758)	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilLife							
Facility sharing, utilities and other charges	**12,854,647**	5,067,737	10,797,071	**1,181,571**	5,719,642	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Insurance	**542,444**	–	171,387	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Officers and employees							
Advances for various expenses	**16,003,768**	4,070,013	30,963,493	**20,875,796**	29,644,333	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
Others							
Facility sharing and other charges	**300,000**	75,000	345,087	**1,449,223**	1,746,187	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Advertising and promotion charges	**626,116**	100,000	400,000	–	(200,000)	30 days upon receipt of billings; noninterest-bearing	Unsecured
				₱91,771,252	₱85,228,763		

**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:

	June 30, 2021	June 30, 2020
Advances to associates and joint ventures (see Note 12)	**₱48,134,540**	₱37,868,986
Advances to officers and employees (see Note 6)	**20,875,796**	29,644,333
Educational services (see Note 6)	**14,006,119**	7,399,068
Rent, utilities and other related receivables (see Note 6)	**11,349,095**	15,683,121
Accounts payable (see Note 16)	**(2,594,298)**	(5,366,745)
	₱91,771,252	₱85,228,763

Outstanding balances of transactions with subsidiaries which were eliminated at the consolidated financial statements follow:

	Amount of Transactions during the Period			**Outstanding Receivable (Payable)**			
Category	**June 30, 2021 (One Year)**	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)	**June 30, 2021**	June 30, 2020	**Terms**	**Conditions**
Subsidiaries							
STI ESG							
Advisory fee	**₱14,400,000**	₱3,600,000	₱14,400,000	**₱–**	₱1,200,000	30 days upon receipt of billings; Noninterest-bearing	Unsecured; no impairment
Reimbursements	**16,938**	–	770,363	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Dividends paid	**1,851,602**	–	10,008,658	**–**	–	Due and demandable; noninterest-bearing	Unsecured
Dividend received	**39,464,558**	–	182,437,383	**–**	–	Due and demandable; noninterest-bearing	Unsecured
STI WNU							
Advisory fee	**3,600,000**	900,000	3,600,000	**–**	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
AHC							
Payable to AHC	**–**	–	–	**(63,778,000)**	(63,778,000)	Payable upon demand; noninterest-bearing	Unsecured
Subscription payable	**–**	–	–	**(64,000,000)**	(64,000,000)	Noninterest-bearing	Unsecured
iACADEMY							
Advisory fee	**722,500**	255,000	1,020,000	**–**	–	30 days upon receipt of billings; Noninterest-bearing	Unsecured

The Parent Company executed Surety Agreements in relation to its subsidiaries' loan facilities with China Bank and LandBank (see Notes 17 and 33).

Compensation and Benefits of Key Management Personnel

Compensation and benefits of key management personnel of the Group are as follows:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Short-term employee benefits	**₱63,364,230**	₱15,096,413	₱66,046,902
Post-employment benefits	**3,992,478**	1,286,325	3,675,429
	₱67,356,708	₱16,382,738	₱69,722,331

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.

31. 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 year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020:

	June 30, 2021 (One Year)	June 30, 2020 (Three Months - see Note 2)	March 31, 2020 (One Year - see Note 2)
Net income (loss) attributable to equity holders of STI Holdings	**₱102,820,252**	(₱220,359,761)	(₱135,956,820)
Common shares outstanding at beginning and end of period (see Note 20)	**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	**₱0.010**	(₱0.022)	(₱0.014)

The basic and diluted earnings (losses) per share are the same for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 as there are no dilutive potential common shares.

32. STI Gift of Knowledge Certificates (GOKs)

On December 9, 2002, the BOD of STI ESG approved the offer for sale and issue of up to ₱2.0 billion worth of GOKs.

The STI GOKs are noninterest-bearing certificates that entitle the holders or any designated scholars to redeem academic units in any member of the STI Group or equivalent academic units in any STI school on certain designated redemption dates or, to require STI ESG to pay in cash the par value of the outstanding STI GOKs on designated graduation dates. The redemption dates range from the SY 2004-2005 to six years from date of issue of the STI GOKs. The graduation dates range from four to ten years from issue date. A total offer size of 2,409,600 academic units for the entire STI Group or its equivalent units in any STI school will be offered at serial redemption dates at their corresponding par values.

In 2003, the SEC issued an Order of Registration and a Certificate of Permit to Sell Securities for the said STI GOKs.

STI ESG is planning to amend the terms of the GOKs to conform with future business strategies. As at October 7, 2021, there has been no sale nor issuance of GOKs. Hence, pursuant to Section 17.2 (a) of the Securities Regulation Code (SRC), STI ESG is not required to file the reports required under Section 17 of the SRC.

33. Contingencies and Commitments

<u>Contingencies</u>

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 Notes 9 and 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.

The Parent Company and AHC filed two (2) Motions 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.

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.

After the Plaintiffs filed an appeal to said adverse decision, the Court of Appeals-Cagayan de Oro affirmed the aforementioned findings by the Trial Court in its Decision dated August 17, 2018.

After filing a Petition for Review before the Supreme Court, 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.

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

With the issuance of the Entry of Judgement, 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, EHT, the Parent Company, Mr. Alfredo Abelardo B. Benitez ("ABB") and AHC (collectively, the "Respondents") submit the alleged dispute over the settlement of the loan obligations of PWU and Unlad as provided in the arbitration clause of the Joint Venture Agreement and Omnibus Agreement (the "Loan Documents").

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

After receiving the Notice of Arbitration and being informed that the required fees have not been paid by the Claimant, the Parent Company, AHC, and EHT filed an Entry of Appearance with Manifestation ("Manifestation"). In the Manifestation, they informed the PDRCI that the Claimant should be compelled to pay said fees before the arbitration proceedings can proceed.

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.

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

As at October 7, 2021, 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.

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

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

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.

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.

As at October 7, 2021, 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's College of Davao, Inc. involving Unlad's Davao Property.* On March 11, 2019, the Parent Company filed the Complaint for Unlawful Detainer against Philippine Women's College of Davao, Inc. ("PWC-Davao"), initially filed against Philippine Women's University of Davao, to recover possession of a portion of the parcel of land covered by Transfer Certificate of Title (TCT) No. T-129545 registered under the name of the former situated along University Ave and Richardo, Matina, Davao City being used as a parking area (the "Subject Premises") by the latter.

The Subject Premises formed part of the 40,184 sq.m., more or less, (the "Property") parcel of land formerly registered under the name of "Unlad". After Unlad transferred ownership of the Property to the Parent Company, the Parent Company demanded from PWC-Davao to vacate the Subject Premises.

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

On May 28, 2019, the Parent Company received the Answer with Compulsory Counterclaim dated May 14, 2019. 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 scheduled the case for pre-trial on October 22, 2021.

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

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

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

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

While the Parent Company filed a Motion for Reconsideration Ex Abudanti Ad Cautelam on the Summary Judgment, the Agustin family filed a motion to execute the judgment by the Trial Court.

Both Motion(s) were denied by the Trial Court in its Order dated August 6, 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) on the said Summary Judgment

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

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

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

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

The following are the related cases filed by the parties before the Court of Appeals – Cebu (collectively, the "CA Cases"):

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

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 the parties filed their respective Brief(s), the Court of Appeals issued the *Decision* dated May 26, 2021. In the *Decision,* the Court of Appeals denied the appeal on the ground that the Parent Company failed to expressly plead in its *Answer* as one of its affirmative defenses, that there was failure of the written agreement to express true intent of the parties" in order to invoke parole evidence. Consequently, the Court of Appeals determined that the price provided in the *Share Purchase Agreement* and *Deed of Absolute Sale* shall governed the transaction.

On July 21, 2021, the Parent Company filed its *Motion for Reconsideration* wherein it cited the pertinent portions of the *Answer* showing that it raised as a defense that there was failure of the written agreement to express true intent of the parties. In the said *Motion,* the Parent Company sought to reverse the *Decision* dated May 26, 2021 or in the alternative remand the case for further proceedings in relation to the introduction of parole evidence.

The Agustin family may file a Comment to the Motion for Reconsideration within the period to be granted by the Court of Appeals.

(ii) Petition for Certiorari filed by the Agustin family (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.

After the parties filed their responsive pleadings, the Court of Appeals issued the Decision dated July 26, 2021, which denied the Petition, and upheld the suspension of the execution of the Summary Judgement pending appeal.

While the aforesaid CA Cases were pending, the parties decided to amicably settle and terminated said cases by executing in counterparts the Compromise Agreement dated September 6, 2021 and September 10, 2021 and filing a *Joint Motion for Judgment Based on Compromise Agreement* dated September 20, 2021. In the Compromise Agreement, the Parent Company agreed to pay the Agustin family the amount of ₱25.0 million as final and full settlement of the latter's claim against the former in the aforementioned cases (see Notes 16 and 40).

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

As of October 7, 2021, the parties are still waiting for the Court of Appeals to issue the appropriate *Resolution(s)*, which will approve the Compromise Agreement and/or will terminate the CA Cases.

c. *Labor Cases.*

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

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

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

Pursuant to STI ESG's computation of said award, it paid total amount of ₱4.2 million, exclusive of withholding taxes, to the former employee. Based on said payment, STI ESG moved for the Labor Arbiter to issue a resolution that STI ESG has fully paid the judgment award of the former employee. While the former employee admitted receiving the aforesaid amount, she manifested that the same was only partial payment of the judgment award.

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

On September 9, 2020, the Labor Arbiter issued the Order, wherein he affirmed that the former employee's refusal to report to work in October 2006 interrupted the running of backwages. Consequently, the former employee was entitled to receive backwages from May 2004 until October 2006. The Labor Arbiter further determined that the attorney's fees of 10% should be computed from the total monetary award of the former employee, including the separation pay in lieu of reinstatement.

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

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

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

On November 25, 2020, STI ESG received a verified petition under Rule XII of the NLRC Rules ("Petition") filed by the former employee to question the Order of the Labor Arbiter treating her appeal as "noted without action". In the Petition, the former employee sought for the NLRC to consider/allow her erroneous appeal as a Petition filed under Rule XII of the NLRC Rules in resolving the correct computation on the monetary award of the former employee.

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

On May 14, 2021, STI ESG received a Petition for Certiorari filed by the former employee with the Court of Appeals.

As at October 7, 2021, the Court of Appeals has not issued any Resolution requiring STI ESG to file its Comment to the Petition for a Certiorari.

(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 itis 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.

On July 2, 2019, STI ESG sent a demand letter to recover the amount previously awarded to complainant. As at October 7, 2021, STI ESG is preparing the necessary motion for the recovery of the ₱0.5 million.

(iii) 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 thatComplainants 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.

In a Resolution dated January 31, 2021, the Supreme Court dismissed the Petition for Certiorari filed by the complainants for being filed out of time.

On April 7, 2021, STI ESG received a copy of the Motion for Reconsideration filed by one of the complainants. On May 5, 2021, STI ESG filed its comment on the Motion for Reconsideration. In a Resolution dated July 12, 2021, the Special Second Division of the Supreme Court denied the Motion for Reconsideration filed by one of the complainants and directed the issuance of Entry of Final Judgement.

As at October 7, 2021, STI ESG is yet to receive the Entry of Final Judgement.

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

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

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

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

   However, the Trial Court determined that Defendant Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages ("Damages"). The Trial Court determined that the actions of STI ESG's Finance Officer insofar as (a) receipt of the earnest money, (b) lack of written authority from STI ESG during the negotiation and (c) continued assurances to the Plaintiffs in relation to the BIR ruling on the tax-free exchange and then sudden withdrawal from the transaction constitute bad faith.

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

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

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

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

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

On January 25, 2021, STI ESG received the Appellant's Brief filed by the Plaintiffs.

On March 11, 2021, STI ESG filed its Appellee's Brief.

On May 6, 2021, STI ESG received the Reply Brief filed by the Plaintiffs.

Unless the Court of Appeals require additional pleadings, the appeal filed by the Plaintiffs is submitted for resolution.

e. *Complaint for Damages filed by GATE (formerly STI-College Santiago, Inc.).* Global Academy of Technology and Entrepreneurship, Inc. (GATE) filed a complaint for Damages against STI ESG for its non-renewal of the Licensing Agreement despite the former's alleged compliance of the latter's audit recommendations. On the basis of such alleged invalid non-renewal of the Licensing Agreement, GATE seeks for (a) moral damages in the amount of ₱0.5 million, (b) exemplary damages in the amount of ₱0.5 million and (c) attorney's fees in the amount of 15% of the amount to be awarded and ₱3.0 thousand per court appearance.

On June 9, 2017, STI ESG filed its Answer to the Complaint. In the Answer, STI ESG reiterated its position that GATE has no cause of action against it because its decision not to renew the Licensing Agreement is in accordance with contractual stipulations therein that its renewal is upon mutual agreement of both parties. Considering the effectivity period of the Licensing Agreement expired on March 31, 2016 without being renewed by both parties, GATE cannot claim any damages for STI ESG's lawful exercise of its rights under the Licensing Agreement.

After the parties completed the presentation of their respective evidence, STI ESG received the Decision of the Trial Court on February 4, 2020.

In the Decision dated January 16, 2020, the Trial Court dismissed the instant case because the Plaintiffs failed to establish that STI ESG acted in abuse of rights when it refused to renew the Licensing Agreement with the Plaintiffs. The Trial Court confirmed that said Agreement clearly provided that the same can only be renewed by mutual agreement of the parties.

The Trial Court also ordered the payment by the Plaintiffs of STI ESG's counterclaim in the amount of ₱0.3 million as attorney's fees plus cost of suit.

Despite filing a Motion for Reconsideration, the Trial Court affirmed its dismissal of the Plaintiff's claim and the award of litigation cost in favor of STI ESG in an Order dated July 6, 2020.

On August 3, 2020, STI ESG received the Notice of Appeal filed by the Plaintiff.

On April 19, 2021, STI ESG received the Notice from the Court of Appeals, which required the Plaintiff to file its Appellant's Brief within forty-five (45) days from receipt thereof. STI ESG will have the same period to file its Appellee's Brief counted from its receipt of the Appellant's Brief.

On June 4, 2021, STI ESG received the Appellant's Brief.

On July 29, 2021, STI ESG filed its Appellee's Brief.

Unless the Court of Appeals require the parties to file other pleadings, the case is deemed submitted for resolution.

f. *Criminal Case.* A complaint for qualified theft was filed by STI ESG against its former school accounting supervisor and acting school accountant (former supervisor/accountant). In the complaint, STI ESG alleged that said former supervisor/accountant manipulated the payroll registers of STI College Global City by including the name of a former faculty member of STI College Global City in the payroll registers and placing a corresponding salary and 13th month pay beside said faculty member's name. The salary of said former faculty member was deposited in a bank account belonging to the former supervisor/accountant. The total amount deposited to the bank account of the former supervisor/accountant through this scheme amounted to ₱0.2 million.

   The complaint for qualified theft was filed with 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 October 7, 2021, the Office of the City Prosecutor of Taguig City has yet to issue a resolution in the instant case.

g. *Breach of Contract.* STI ESG engaged the services of Mobeelity Innovations, Inc. (MOBEELITY) to deploy its digital classroom pilot, also known as e-Learning Management System (eLMS) and MOBEELITY committed to provide the necessary applications suite of the intended learning management system of STI ESG.

MOBEELITY undertook to provide STI ESG with access to the EDU 2.0 LMS (now known as NEO) and iMEET virtual classroom. MOBEELITY committed to provide STI ESG with online and on-site technical support for the implementation of the EDU 2.0 LMS and iMEET virtual classroom. Furthermore, MOBEELITY committed to provide STI ESG with all updates and modifications to EDU 2.0 LMS and iMEET virtual classroom free of charge. Out of these 2 platforms, STI ESG was only able to avail of and utilize the EDU 2.0 LMS under the agreement.

MOBEELITY provided STI ESG access to the EDU 2.0 LMS. EDU 2.0 LMS is a product of Cypher Learning, and MOBEELITY was an authorized reseller of this product. In accordance with the terms of the Agreement, STI ESG paid MOBEELITY the sum of ₱3.3 million as downpayment for services to be rendered by MOBEELITY for the First Semester of SY 2016-2017 or from June to November 2016.

On June 12, 2016, it came to the attention of STI ESG that Cypher Learning had terminated its relationship with MOBEELITY due to the fraudulent acts committed by MOBEELITY against Cypher Learning.

Pursuant to the arbitration clause of the Memorandum dated September 8, 2014 (Memorandum) executed by STI ESG and MOBEELITY, STI ESG initiated the instant ad hoc arbitration to settle a dispute involving the reimbursement of ₱3.3 million by MOBEELITY due to a breach of its obligations under the Memorandum.

After due proceedings, the Arbitral Tribunal issued the arbitral award dated August 9, 2018 wherein MOBEELITY is required to pay STI ESG the amount of ₱3.3 million and arbitration cost of ₱0.9 million.

STI ESG, through counsel, will file the appropriate petition before the Regional Trial Court of Makati City for the execution of the aforesaid arbitral award as required by law. However, STI ESG needs to identify any assets of MOBEELITY in order for the motion for execution to be effective.

The Group recognized a provision for impairment of the receivable from MOBEELITY amounting to ₱3.5 million for the year ended June 30, 2021 (see Note 25).

h. *Syndicated Estafa.* This is a complaint filed against STI ESG and its director by the president of a franchisee of STI ESG with the Provincial Prosecution Office of Rizal.

In the complaint, said officer alleged that STI ESG illegally took over the operations of STI Tanay, and used the tuition fees it collected for its benefit. Based on his estimation, said alleged tuition fees was around ₱12.0 million.

On December 29, 2020, STI ESG, through its representative, filed its Counter-Affidavit and presented evidence/documents showing that STI ESG managed STI Tanay (a) when said officer initially allowed the same while there was an ongoing negotiation for the purchase of STI Tanay, and (b) the take-over provisions of the Licensing Agreement triggered by the violations committed by the franchisee on said agreement.

Moreover, STI ESG further asserted that the complaint should be dismissed because the aforesaid president failed to attach/present a written authority from STI Tanay, which allowed him to file the complaint, and represent said corporation in the proceedings.

Lastly, said president included as a respondent a director who was not involved in the operations and management of STI Tanay during the take-over of STI ESG.

On September 28, 2021, STI ESG received the Resolution dated February 4, 2021 which dismissed the complaint.

The complainant may file a Motion for Reconsideration on the aforesaid dismissal within fifteen (15) days from his receipt of the Resolution.

i. *Extra-Judicial Foreclosure*

   i. STI ESG filed two (2) Petition(s) for Extra-Judicial Foreclosure of Real Estate Mortgage under Act No. 3135, as amended (Petitions) over properties located in (a) Pasig and (b) Morong, Rizal.

   On November 4, 2019, DBP and STI ESG executed a Deed of Assignment, wherein the latter acquired all rights and obligations arising from the following:

   a. Term Loan Agreement dated February 10, 2014 between DBP and STI Tanay for a loan amounting to ₱51.0 million, which is supported by four (4) Promissory Notes (Subject Loan);
   b. Term Loan Agreement dated April 5, 2016 between DBP and STI Tanay for a loan amounting to ₱24.5 million, which is supported by five (5) Promissory Notes (Subject Loan);
   c. Credit Line Agreement dated June 7, 2018 wherein DBP extended a credit line to STI Tanay up to a maximum amount of ₱6.0 million (Credit Line);
   d. Real Estate Mortgage dated May 5, 2014 executed by STI Tanay in favor of DBP over a parcel of land and improvements with an area of 5,502 sq.m. located in Tanay, Rizal, which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage); and
   e. Additional Real Estate Mortgage dated April 8, 2016 executed by STI Tanay, and Alejandro J. Bernardo married to Loretta Jabson Bernardo (Third Party Mortgagor) in favor of DBP over a parcel of land with an area of 567 sq.m. located in Pasig City (Subject Property), which contains a provision allowing the foreclosure of mortgage extrajudicially in accordance with Act No. 3135 (Mortgage).

   Said Deed of Assignment includes other loans obtained by STI Tanay from DBP (collectively, the "Loans").

   Due to STI Tanay's failure to pay the Loans, STI ESG sent a Notice of Default dated February 14, 2020 to STI Tanay and Third Party Mortgagor. In the said Notice, STI ESG declared that the loans of STI Tanay amounting to ₱80.3 million as of December 31, 2019 to be immediately due and demandable, and STI ESG demanded full payment thereof.

   Due to STI Tanay's failure to pay said Loans, STI ESG filed the instant Petition to foreclose the property covered by the Mortgage for the satisfaction of the former's outstanding obligation in the subject Loan and Credit Line amounting to ₱99.0 million as of November 30, 2020.

With respect to the Pasig Property, the same was foreclosed, and STI ESG was declared as the winning bidder. A Certificate of Sale was annotated on the title on August 5, 2021. Consequently, the one (1) year redemption period started to run on said date of annotation on the title.

With respect to the Morong Property, STI ESG is complying with certain requirements of the Clerk of Court of Rizal for the foreclosure proceedings.

ii. This is a Complaint for annulment of Extrajudicial Foreclosure Proceedings with application for 72-hour and 20-day Temporary Restraining Order ("TRO") and/or Writ of Preliminary Injunction (Complaint) filed by STI Tanay and Spouses Alejandro J. Bernardo and Loretta Jabson Bernardo (Mortgagors) (collectively, the "Plaintiffs") against the named Defendants.

On June 22, 2021, STI ESG received the Complaint.

Based on the Complaint, the Plaintiffs alleged that STI ESG, as the assignee of the loan of STI Tanay with DBP, foreclosed on the Mortgagors' parcel of land with an area of 567 sq.m. located in Pasig City (Subject Property).

While the Complaint did not allege any procedural and/or substantive defects on the foreclosure proceedings, the Plaintiffs attempted to use the alleged illegal take-over of the operations of STI Tanay to support the instant case.

Based on the said allegations in the Complaint, the Plaintiffs sought for the issuance of restraining orders to enjoin the registration of the Certificate of Sale and the alleged take-over of STI Tanay.

After the due proceedings on the TRO, the Trial Court denied the issuance of the TRO and/or Writ of Preliminary Injunction on July 12, 2021.

Considering the issuance of Supreme Court's Circulars which ordered the physical closure of courts and suspension of filing of any pleading, STI ESG has yet to file its Answer to the Complaint.

j. *Criminal Case.* On January 30, 2020, iACADEMY filed a complaint against its former Cashier for qualified theft for the total amount of ₱1.7 million for the period of January 24, 2018 until July 2, 2019 from the cash collections of iACADEMY.

Based on the complaint, the former Cashier manipulated the Daily Cash Collection Summary Reports submitted to iACADEMY by tampering (a) deposit slips; (b) official receipts and (c) other documents and making it appear that the payments received for rental payments on the use of iACADEMY's Auditorium were from other collections of iACADEMY, which she received as its Cashier. Considering said rental payments should have been recorded as part of the collection, the cash collection from other transactions reported by the former Cashier to have been received and deposited in the bank accounts of iACADEMY, is understated. Through this scheme, the former Cashier stole the corresponding amount appearing in the said tampered documents from the cash collection, which should have been deposited in iACADEMY's bank accounts.

Despite receipt of summons, the former Cashier failed to appear at the preliminary investigation hearings.

After due proceedings, an Information for twenty-seven (27) counts of qualified theft was filed by the City Prosecutor of Makati City against the former Cashier before the Regional Trial Court of Makati City.

During arraignment on June 18, 2021, the former Cashier pleaded “not guilty” of the charges. While the case was scheduled for pre-trial by the Trial Court on August 4, 2021, the same was cancelled due to declaration of placing the National Capital Region (NCR) under Enhanced Community Quarantine, and the physical closure of all courts in areas under ECQ as provided in Supreme Court’s Circular No. 56-2021.

As of October 7, 2021, the Trial Court has yet to issue a Notice to all the parties on the new schedule for pre-trial.

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

Commitments

a. Financial Commitments

STI ESG. The ₱250.0 million Term Loan/Rediscounting Line Facility approved for STI ESG is secured by a Comprehensive Surety issued by the Parent Company in favor of LandBank executed on September 16, 2020. As at June 30, 2021, STI ESG has drawn from its Term Loan/Rediscounting Line Facility an aggregate amount of ₱22.1 million, of which ₱9.5 million is due within the next twelve months.

STI ESG has a ₱115.0 million domestic bills purchase lines from various local banks as at June 30, 2021, 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.

STI WNU. On November 25, 2014, the BOD of the Parent Company approved and authorized the execution, delivery and performance of the Surety Agreement with China Bank as security for the following obligations of STI WNU: (a) a credit line of ₱5.0 million; (b) a long-term loan in the principal amount of ₱300.0 million; and (c) bridge financing in the amount of ₱20.0 million.

As at June 30, 2020, STI WNU’s outstanding long-term loan amounted to ₱39.4 million. The loan was fully settled on January 31, 2021. The ₱5.0 million credit line has never been availed and has not been renewed.

b. Capital Commitments

As at June 30, 2021, STI ESG has contractual commitments and obligations for the construction of STI Legazpi with an aggregate project cost of ₱251.8 million of which ₱238.3 million and ₱170.5 million have been paid as at June 30, 2021 and 2020, respectively.

STI WNU likewise has contractual commitments and obligations for the construction of school buildings and upgrade of its facilities aggregating to ₱7.1 million and ₱16.7 million as at June 30, 2021 and 2020, respectively. Of these, ₱5.4 million and ₱13.7 million have been paid as at June 30, 2021 and 2020, respectively.

iACADEMY has contractual commitments and obligations for the construction of its Yakal Campus totaling ₱1,059.6 million as at June 30, 2021 and 2020. Of these, ₱982.9 million have been paid as at June 30, 2021 and 2020.

c. Others

i. On April 21, 2017, STI ESG, Mr. Tony Tan Caktiong (TTC), STI Tanauan, and Injap Investments, Inc. (Injap), referred collectively as the Joint Venture Parties, entered into an agreement to transform STI Tanauan into a Joint Venture Company which shall operate a farm-to-table school that offers courses ranging from farm production to food services.

The Joint Venture Parties also agreed to increase STI Tanauan's authorized capital stock to an amount that will be agreed by the Joint Venture Parties in a separate agreement. As agreed by the Joint Venture Parties, the increase in the authorized capital stock will be made through STI Tanauan's declaration of stock dividends to STI ESG based on STI Tanauan's unrestricted retained earnings as of March 31, 2017 and cash payments by the Joint Venture Parties.

The equity sharing in the Joint Venture Company would be 60.0%, 25.0% and 15.0% for STI ESG, TTC and Injap, respectively.

On June 21, 2017, in separate meetings, the stockholders and the BOD of STI Tanauan approved the increase in the authorized capital stock of the corporation from ₱1.0 million divided into 10,000 shares with a par value of ₱100 to ₱75.0 million divided into 750,000 shares with a par value of ₱100. The increase will be funded through the declaration of stock dividends and cash subscriptions by the shareholders. In the same meeting, the stockholders and the BOD approved the declaration of 150,000 shares as stock dividends with an aggregate par value of ₱15.0 million to be distributed to stockholders of record as of March 31, 2017 based on the unrestricted retained earnings of STI Tanauan as shown in its audited financial statements as of March 31, 2017.

On January 24, 2018, STI ESG subscribed to and fully paid for 35,000 shares at a subscription price of ₱495 per share for a total of ₱17.3 million.

On February 26, 2018, STI Tanauan applied with the SEC to increase its authorized capital stock from ₱1.0 million to ₱75.0 million.

On March 2, 2018, the SEC approved the increase and issued the Certificate of Approval on Increase of Capital Stock.

On March 3, 2018, STI Tanauan issued to STI ESG stock dividends of 150,000 shares and 35,000 shares as subscribed by the latter.

Considering the pandemic and its effects in the economy, the parties decided to hold the project in abeyance. In the meantime, STI Tanauan remains as a wholly-owned subsidiary of STI ESG and is continuing its operations.

ii. On December 17, 2018, the CHED, Unified Student Financial Assistance System for Tertiary Education Board (UniFAST) and STI ESG signed a memorandum of agreement to avail of the Tertiary Education Subsidy (TES) and Student Loan Program (SLP) for its students under the "Universal Access to Quality Tertiary Education Act (UAQTEA)" and its Implementing Rules and Regulations (IRR). The RA No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of private HEIs. Accordingly, the TES and the SLP shall be administered by the UniFAST Board. The annual TES for students, subject to guidelines and implementing rules and regulations on the release of TES, enrolled in SUCs or CHED recognized LUCs is ₱40.0 thousand. Students enrolled in select HEIs 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 this TES Program, CHED pays directly the schools where these students enrolled.

iii. On October 21, 2019, STI ESG, acting on its own and in behalf of NAMEI Polytechnic Institute Inc. (collectively referred to as "STI") and Raft Shore People, Inc. (RAFT), entered into a Cooperation Agreement (the "Agreement") to work together to ensure that the seafarers of the Philippines continue to be the preferred employees of international shipping companies. In summary, the parties agree as follows:

a. Establish a culinary school offering modular culinary courses which shall prepare the students to work on board cruise vessels and to jointly oversee the preparation and implementation of modular culinary and catering courses.

b. To jointly oversee the preparation and implementation of the curriculum for courses such as Bachelor of Science in Marine Transportation, Bachelor of Science in Marine Engineering, Senior High School Maritime track and Maritime Information Technology Programs. The parties likewise endeavor to enhance the curriculum with electives or additional modular courses in keeping with the requirements of the international shipping industry and the International Convention on 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 50.0% payable upon signing of the agreement while the remaining 50.0% will be payable within calendar year 2020. Additionally, and as compensation for jointly overseeing and providing academic governance, selection and management of faculty, as well as curriculum and courseware preparation and implementation for the courses agreed upon, STI shall pay RAFT the sum of US$10,000 per month beginning January 2020. The parties also agreed that a variable compensation of 5.00% of the tuition fee shall be paid to RAFT when the student population reaches 2,000 plus an additional 1.00% variable compensation for every 1,000 enrollees while RAFT shall receive 5.00% of tuition fee for the culinary/hospitality programs upon reaching a student population of 2,000 plus 1.00% variable compensation for every 1,000 enrollees. Said variable compensation may be increased from year to year at the discretion of the governing board.

In light of the effects of the pandemic in the operation of schools and in the economy as a whole, the parties agreed to hold the implementation of the agreements stated in the foregoing paragraph in abeyance.

34. **Financial Risk Management Objectives and Policies**

The principal financial instruments of the Group comprise cash and cash equivalents and interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's school operations. The Group has various other financial assets and liabilities such as receivables, accounts payable and other current liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The 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 thirty (30) days.

As at June 30, 2021 and 2020, the Group's current assets amounted to ₱3,249.6 million and ₱2,022.1 million, respectively, while current liabilities amounted to ₱1,193.4 million and ₱1,429.9 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. DSCR as at June 30, 2021 and 2020 is 1.50:1.00 and 1.72:1.00, respectively (see Notes 17 and 18).

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.

	June 30, 2021					
	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	**₱1,470,503,591**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,470,503,591**
Receivables*	**76,612,040**	**–**	**142,695,422**	**118,784,664**	**127,282,974**	**465,375,100**
Deposits (included as part of "Prepaid expenses and other current assets" and "Goodwill, intangible and other noncurrent assets" accounts)	**–**	**–**	**62,720**	**1,057,575**	**36,004,867**	**37,125,162**
Equity investments designated at FVOCI	**–**	**–**	**–**	**–**	**69,147,732**	**69,147,732**
	₱1,547,115,631	**₱–**	**₱142,758,142**	**₱119,842,239**	**₱232,435,573**	**₱2,042,151,585**
Financial Liabilities						
Other financial liabilities:						
Accounts payable and other current liabilities**	**₱606,321,260**	**₱–**	**₱22,441,871**	**₱80,763,592**	**₱–**	**₱709,526,723**
Nontrade payable	**67,000,000**	**–**	**–**	**–**	**–**	**67,000,000**
Bonds payable:						
Principal	**–**	**–**	**–**	**–**	**3,000,000,000**	**3,000,000,000**
Interest	**–**	**–**	**–**	**178,905,220**	**514,650,200**	**693,555,420**
Interest-bearing loans and borrowings:						
Principal	**–**	**–**	**39,267,918**	**169,544,753**	**1,773,177,007**	**1,981,989,678**
Interest	**–**	**–**	**45,495,747**	**50,155,467**	**241,452,156**	**337,103,370**
Lease liabilities	**–**	**–**	**23,099,090**	**69,297,269**	**577,145,562**	**669,541,921**
Other noncurrent liabilities***	**–**	**–**	**–**	**–**	**7,248,762**	**7,248,762**
	₱673,321,260	**₱–**	**₱130,304,626**	**₱548,666,301**	**₱6,113,673,687**	**₱7,465,965,874**

	June 30, 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	₱836,213,825	₱–	₱–	₱–	₱–	₱836,213,825
Receivables*	206,867,143	–	37,493,836	53,816,070	227,148,001	525,325,050
Deposits (included as part of "Prepaid expenses and other current assets" and "Goodwill, intangible and other noncurrent assets" accounts)	–	–	–	792,775	38,944,422	39,737,197
Equity investments designated at FVOCI	–	–	–	–	67,978,508	67,978,508
	₱1,043,080,968	₱–	₱37,493,836	₱54,608,845	₱334,070,931	₱1,469,254,580
Financial Liabilities						
Other financial liabilities:						
Accounts payable and other current liabilities**	₱650,912,021	₱84,000	₱12,431,525	₱40,035,228	₱37,228,359	₱740,691,133
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	–	–	–	358,566,076	1,440,833,924	1,799,400,000
Interest	–	–		56,889,431	135,235,903	192,125,334
Lease liabilities	–	–	23,253,391	69,760,172	552,433,816	645,447,379
Other noncurrent liabilities***	–	–	–	–	45,203,767	45,203,767
	₱717,912,021	₱84,000	₱35,684,916	₱704,156,127	₱5,904,491,189	₱7,362,328,253

**Excluding advances to officers and employees amounting to ₱20.9 million and ₱29.6 million as at June 30, 2021 and 2020, respectively.*
*** Excluding taxes payable, SSS, Philhealth, Pag-ibig benefits payable and advance rent amounting to ₱30.5 million and ₱46.8 million as at June 30, 2021 and 2020, respectively.*
****Excluding advance rent, deferred lease liability and deferred output VAT amounting to ₱5.7 million and ₱48.3 million as at June 30, 2021 and 2020, respectively..*

As at June 30, 2021 and 2020, the Group's current ratios are as follows:

	June 30, 2021	June 30, 2020
Current assets	**₱3,249,627,165**	₱2,022,063,770
Current liabilities	**1,193,439,529**	1,429,863,682
Current ratios	**2.72:1.00**	1.41:1.00

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from students, franchisees or other counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring expenses in relation to such limits.

It is the Group's policy to require the students to pay all their tuition and other school fees before they can get their report cards and other credentials. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and equity instruments at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As at June 30, 2021 and 2020, 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:

	June 30, 2021		June 30, 2020	
	Gross Maximum Exposure(1)	**Net Maximum Exposure(2)**	Gross Maximum Exposure(1)	Net Maximum Exposure(2)
Financial Assets				
Loans and receivables:				
Cash and cash equivalents (excluding cash on hand)	**₱1,469,235,742**	**₱1,443,987,688**	₱834,849,112	₱809,172,405
Receivables*	**465,375,100**	**465,057,001**	525,325,050	525,325,050
Rental deposits (included as part of the "Goodwill, intangible and other noncurrent assets" account)	**37,125,162**	**37,125,162**	39,733,197	39,733,197
	₱1,971,736,004	**₱1,946,169,851**	₱1,399,907,359	₱1,374,230,652

* *Excluding advances to officers and employees amounting to ₱20.9 million and ₱29.6 million as at June 30, 2021 and 2020, respectively.*

(1) *Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.*

(2) *Gross financial assets after taking into account any collateral held or other credit enhancements or offsetting arrangements or insurance in case of bank deposits.*

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on the Group's credit rating system as at June 30, 2021 and 2020:

	June 30, 2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**
Class A	**₱1,620,662,348**	**₱365,687,253**	**₱–**	**₱1,986,349,601**
Class B	**–**	**121,759,900**	**–**	**121,759,900**
Class C	**–**	**116,662,322**	**6,369,483**	**123,031,805**
Gross carrying amount	**1,620,662,348**	**604,109,475**	**6,369,483**	**2,231,141,306**
ECL	**1,220,931**	**201,902,316**	**6,369,483**	**209,492,730**
Carrying amount	**₱1,619,441,417**	**₱402,207,159**	**₱–**	**₱2,021,648,576**

	June 30, 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Class A	₱1,022,736,639	₱216,227,660	₱–	₱1,238,964,299
Class B	–	206,942,726	–	206,942,726
Class C	–	155,588,234	4,168,791	159,757,025
Gross carrying amount	1,022,736,639	578,758,620	4,168,791	1,605,664,050
ECL	–	227,264,607	4,168,791	231,433,398
Carrying amount	₱1,022,736,639	₱351,494,013	₱–	₱1,374,230,652

The following credit quality categories of financial assets are managed by the Group as internal credit ratings. The credit quality of the financial assets was determined as follows:

- Class A – *Cash and cash equivalent* and *Rental and utility deposits* are classified as "Class A" based on the good credit standing or rating of the counterparty. *Receivables* classified as "Class A" are those with high probability of collection and/or customer or counterparties who possess strong to very strong capacity to meet its obligations.

- Class B – *Receivables* from customers who settle their obligations within tolerable delays.

- Class C – *Receivables* from customers with payment behavior normally extending beyond the credit terms and have a high probability of becoming impaired.

The table below shows the aging analysis of receivables from students on which the amount of allowance was based on lifetime expected credit loss:

	Current	**Within the Semester**	**After the Semester but within the School Year**	**After the School Year**	**ECL**	**Total**
June 30, 2021	**₱230,314,817**	**₱63,513,953**	**₱5,074,879**	**₱178,311,827**	**(₱201,902,317)**	**₱275,313,159**
June 30, 2020	₱220,905,243	₱34,157,706	₱1,512,512	₱61,459,524	(₱227,264,607)	₱90,770,378

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing loans and bonds. While the Group's long term debt has a floating interest rate, the Group elected to have the interest rate repriced every year, thus minimizing the exposure to market changes in interest rates. The interest rates for the STI ESG's bonds are, however, fixed for the 7-year and the 10-year tenors.

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

The following table demonstrates the sensitivity, to a reasonably possible change in interest rates, with all other variables held constant, of the consolidated statements of comprehensive income and statements of changes in equity for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020:

	Effect on Income Before Income Tax		
Increase/decrease in Basis Points (bps)	**June 30, 2021 (One Year)**	June 30, 2020 (Three months)	March 31, 2020 (One Year)
+100 bps/+300 bps	**(₱46,282,060)**	(₱12,227,722)	(₱56,180,000)
-100 bps/+300 bps	**46,282,060**	12,227,722	56,180,000

Capital Risk Management Policy
The Group aims to achieve an optimal capital structure to reduce its cost of capital in pursuit of its business objectives, which include maintaining healthy capital ratios and strong credit ratings, maximizing shareholder value and providing benefits to other stakeholders. The Group likewise aims to ensure that cash is available to support its operations and all other projects undertaken by the Group and to maintain funds on a long-term basis.

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

The Group monitors capital using the debt-to-equity ratio which is computed as the total of current and noncurrent liabilities, net of unearned tuition and other school fees, divided by total equity. The Group monitors its debt-to-equity ratio to keep it at a level acceptable to the Group, the lender bank and the STI ESG bondholders. The Group's policy is to keep the debt-to-equity ratio at a level not exceeding 1.50:1.00.

The Group considers its equity contributed by stockholders, net of cost of shares held by a subsidiary, as capital.

	June 30, 2021	June 30, 2020
Capital stock	**₱4,952,403,462**	₱4,952,403,462
Additional paid-in capital	**1,119,127,301**	1,119,127,301
Cost of shares held by a subsidiary	**(498,142,921)**	(498,142,921)
Retained earnings	**4,165,349,454**	4,006,680,084
	₱9,738,737,296	₱9,580,067,926

The Group's debt-to-equity ratios are as follows:

	June 30, 2021	June 30, 2020
Total liabilities*	**₱6,478,565,318**	₱6,614,678,039
Total equity	**8,181,159,938**	8,097,951,069
Debt-to-equity ratio	**0.79:1.00**	0.82:1.00

**Excluding unearned tuition and other school fees of ₱101.8 million and ₱117.7 million as at June 30, 2021 and 2020, respectively.*

The Group's asset-to-equity ratios are as follows:

	June 30, 2021	June 30, 2020
Total assets	**₱14,761,480,093**	₱14,830,315,630
Total equity	**8,181,159,938**	8,097,951,069
Asset-to-equity ratio	**1.80:1.00**	1.83:1.00

No changes were made in the objectives, policies or processes for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020.

35. 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. 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 June 30, 2021 and 2020.

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.

	June 30, 2021				
	Carrying Amount	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets					
At amortized cost -					
Rental and utility deposits	**₱37,125,162**	**₱37,298,468**	**₱–**	**₱–**	**₱37,298,468**
Equity instruments designated at FVOCI	**69,147,732**	**69,147,732**	**5,285,174**	**53,488,420**	**10,374,138**
	₱106,272,894	**₱106,446,200**	**₱5,285,174**	**₱53,488,420**	**₱47,672,606**
Financial Liabilities					
Other financial liabilities at amortized cost -					
Refundable deposits	**₱10,522,702**	**₱10,522,702**	**₱–**	**₱–**	**₱10,522,702**

	June 30, 2020				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
At amortized cost -					
Rental and utility deposits	₱39,737,197	₱39,127,642	₱–	₱–	₱39,127,642
Equity instruments designated at FVOCI	67,978,508	67,978,508	4,422,419	53,135,500	10,420,589
	₱107,715,705	₱107,106,150	₱4,422,419	₱53,135,500	₱49,548,231
Financial Liabilities					
Other financial liabilities at amortized cost -					
Refundable deposits	₱37,032,026	₱37,805,758	₱–	₱–	₱37,805,758

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

Cash and Cash Equivalents, Receivables and Accounts Payable and Other Current Liabilities. Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as of financial reporting date.

Rental and Utility Deposits. The fair values of these instruments are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates ranging from 1.61% to 4.97% and 5.71% to 6.08% as at June 30, 2021 and 2020, respectively that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Equity Instruments at FVOCI. The fair values of publicly-traded equity instruments designated at FVOCI, classified under Level 1, are determined by reference to market bid quotes as at financial reporting date. The fair values of unquoted shares under are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument which is substantially the same.

Interest-bearing Loans and Borrowings. The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows was 5.68% as of June 30, 2021 and ranged from 5.68% to 7.89% as at June 30, 2020.

Refundable Deposits. The fair values of the refundable deposits are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates ranging from 1.26% to 2.66% and 1.51% to 2.34% as at June 30, 2021 and 2020, respectively adjusted for 2% credit spread rate that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

In June 30, 2021 and 2020, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

36. 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 ₱37.8 million and ₱62.2 million for the years ended June 30, 2021 and March 31, 2020, respectively (nil for the three-month period ended June 30, 2020) (see Note 10).

b. Unpaid progress billing for construction-in-progress amounting to ₱16.9 million, ₱59.3 million and ₱71.0 million as at June 30, 2021, June 30, 2020 and March 31, 2020, respectively (see Note 16).

c. Uncollected dividends from DLSMC amounting to ₱0.8 million as at June 30, 2021 (nil as at June 30, 2020 and March 31, 2020) (see Note 6).

37. Changes in Liabilities Arising from Financing Activities

			Noncash Movements									
	July 1, 2020	**Cash flows**	**Unamortized loan premium**	**Income on rent concessions**	**Reclassified as current** (Notes 17 and 28)	**Reclassified as noncurrent**	**Lease termination** (Notes 2 and 10)	**New leases** (Note 28)	**Capitalized borrowing cost** (Note 10)	**Interest expense** (Note 22)	**Dividends declared**	**June 30, 2021**
Current portion of interest-bearing loans and borrowings	**₱358,566,076**	**(₱229,855,247)**	**₱–**	**₱–**	**₱319,276,921**	**(₱240,000,000)**	**₱–**	**₱–**	**₱–**	**₱824,921**	**₱–**	**₱208,812,671**
Bonds payable	**2,966,097,772**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,985,103**	**–**	**2,973,082,875**
Interest-bearing loans and borrowings - net of current portion	**1,432,045,165**	**409,426,874**	**8,298,502**	**–**	**(319,276,921)**	**240,000,000**	**–**	**–**	**2,776,224**	**(1,836,569)**	**–**	**1,771,433,275**
Lease liabilities	**552,590,291**	**(73,912,834)**	**–**	**(39,727,038)**	**–**	**–**	**(23,969,027)**	**34,994,849**	**–**	**34,841,143**	**–**	**484,817,384**
Dividends payable	**25,930,201**	**(35,327,186)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**35,331,626**	**25,934,641**
Interest payable	**35,221,629**	**(297,967,414)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**296,251,316**	**–**	**33,505,531**
Total liabilities from financing activities	**₱5,370,451,134**	**(₱227,635,807)**	**₱8,298,502**	**(₱39,727,038)**	**₱–**	**₱–**	**(₱23,969,027)**	**₱34,994,849**	**₱2,776,224**	**₱337,065,914**	**₱35,331,626**	**₱5,497,586,377**

			Noncash Movements									
	April 1, 2020	Cash flows	Unamortized loan premium	Income on rent concessions	Reclassified as current (Notes 17 and 28)	Reclassified as noncurrent	Lease termination (Notes 2 and 10)	New leases (Note 28)	Capitalized borrowing cost (Note 10)	Interest expense (Note 22)	Dividends declared	June 30, 2020
Current portion of interest-bearing loans and borrowings	₱358,550,269	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱15,807	₱–	₱358,566,076
Bonds payable	2,964,418,162	–	–	–	–	–			–	1,679,610	–	2,966,097,772
Interest-bearing loans and borrowings - net of current portion	1,431,473,032	–	–	–	–	–	–	–	13,769	558,364	–	1,432,045,165
Lease liabilities	562,803,960	(19,794,799)	–	–	–	–	–	–	–	9,581,130	–	552,590,291
Dividends payable	25,934,637	(4,436)	–	–	–	–	–	–	–	–	–	25,930,201
Interest payable	9,330,735	(46,547,477)	–	–	–	–	–	–	–	72,438,371	–	35,221,629
Total liabilities from financing activities	₱5,352,510,795	(₱66,346,712)	₱–	₱–	₱–	₱–	₱–	₱–	₱13,769	₱84,273,282	₱–	₱5,370,451,134

			Noncash Movements									
	April 1, 2019	Cash flows	Unamortized loan premium	Income on rent concessions	Reclassified as current (Notes 17 and 28)	Reclassified as noncurrent	Lease termination (Notes 2 and 10)	New leases (Note 28)	Capitalized borrowing cost (Note 10)	Interest expense (Note 22)	Dividends declared	March 31, 2020
Current portion of interest-bearing loans and borrowings	₱299,600,000	(₱519,600,000)	₱–	₱–	₱578,550,269	₱–	₱–	₱–	₱–	₱–	₱–	₱358,550,269
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
Lease liabilities	568,653,034	(107,361,024)	–	–	–	–	–	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	₱5,076,873,088	(₱321,890,020)	₱–	₱–	₱–	₱–	₱–	₱60,688,756	₱8,066,216	₱338,210,027	₱190,562,728	₱5,352,510,795

38. **Business Combinations and Net Assets Disposal**

STI Calbayog and STI Dumaguete. On December 3, 2020, STI ESG acquired the net assets of STI Calbayog and STI Dumaguete, which were owned and operated by the former franchisees, for ₱2.7 million and ₱2.3 million, respectively. The transactions were accounted for as business combinations. The purchase price consideration was allocated to the net assets based on provisional fair values at the date of acquisition resulting in excess of consideration aggregating to ₱1.9 million. The Group is likewise assessing the value of the intangible assets acquired.

The following are the identifiable assets and liabilities as at the date of acquisition:

STI Calbayog

Assets	
Receivables	₱589,782
Inventories	21,508
Property and equipment (see Note 10)	798,020
Other noncurrent asset	190,000
	1,599,310
Liabilities	
Accounts payable and other current liabilities	225,031
Total identifiable net assets at provisional fair values	1,374,279
Purchase consideration transferred	2,700,000
Goodwill (see Note 15)	₱1,325,721

STI Dumaguete

Assets	
Receivables	₱1,482,130
Prepaid expenses	12,835
Inventories	38,891
Property and equipment (see Note 10)	264,872
	1,798,728
Liabilities	
Accounts payable and other current liabilities	102,965
Total identifiable net assets at provisional fair values	1,695,763
Purchase consideration transferred	2,300,000
Goodwill (see Note 15)	₱604,237

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 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 became 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 and 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 an intangible asset with fair value of ₱27.6 million. Deferred tax liability amounting to ₱2.8 million was calculated based on the fair value of the intangible asset using 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.

Assets	
Cash and cash equivalents	₱52,938
Receivables	8,173,081
Inventories	158,769
Prepaid expenses	51,000
Intangible assets (see Note 15)	27,621,874
Property and equipment (see Note 10)	12,630,327
	48,687,989
Liabilities	
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 (see Note 15)	₱21,231,234

NAMEI Polytechnic Institute of Mandaluyong, Inc.

Assets	
Cash and cash equivalents	₱1,390,786
Receivables	1,479,628
Inventories	19,563
Prepaid expenses	220,529
Property and equipment-net (see Note 10)	3,511,803
	6,622,309
Liabilities	
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
Goodwill	₱–

Analysis of cash flow on acquisition is as follows:

Cash paid	₱70,040,228
Cash acquired from the subsidiary	1,443,724
Net cash outflow on acquisition	₱68,596,504

Goodwill represents the fair value of expected synergies arising from the acquisitions. This is presented under "Goodwill, intangible and other noncurrent assets" in the consolidated statements of the financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

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 a sum of ₱7.0 million which was received in full in 2019. The sale is effective on April 1, 2019. The transaction resulted in 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.

39. Voluntary Presentation of Comparative Statements of Comprehensive Income

As discussed in Note 2, the amounts reflected in the June 30, 2020 consolidated statement of comprehensive income are for a three-month period only and the amounts reflected in the March 31, 2020 consolidated statement of comprehensive income are based on the Group's previous fiscal year-end. Accordingly, they are not comparable with the amounts in the June 30, 2021 consolidated statement of comprehensive income.

Set out below is a voluntary disclosure of consolidated statements of comprehensive income for the years ended June 30, 2020 and 2019 for the purpose of comparability.

	June 30	
	2020	2019
REVENUES		
Sale of services:		
Tuition and other school fees	₱2,257,562,504	₱2,249,650,197
Educational services	121,820,529	162,327,653
Royalty fees	11,518,869	15,410,209
Others	59,722,935	58,049,512
Sale of goods:		
Sale of educational materials and supplies	76,309,179	150,799,676
	2,526,934,016	2,636,237,247
COSTS AND EXPENSES		
Cost of educational services [(a)]	918,178,053	951,214,002
Cost of educational materials and supplies sold	55,931,934	112,523,515
General and administrative expenses [(b)]	1,214,085,457	1,299,200,377
	2,188,195,444	2,362,937,894
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX *(Carried Forward)*	338,738,572	273,299,353

	June 30	
	2020	2019
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX *(Brought Forward)*	₱338,738,572	₱273,299,353
OTHER INCOME (EXPENSES)		
Interest expense	(341,541,030)	(255,144,290)
Provision for impairment of noncurrent asset held for sale	(297,470,664)	–
Rental income	197,399,878	128,290,859
Interest income	10,764,580	15,973,273
Dividend income	1,780,301	5,221,830
Equity in net earnings (losses) of associates and joint ventures	(169,650)	4,162,056
Foreign exchange loss	(630)	–
Gain on:		
Recovery of written-off accounts	–	198,060
Sale of property and equipment	–	842,429
Disposal of net assets	–	4,365,123
	(429,237,215)	(96,090,660)
INCOME (LOSS) BEFORE INCOME TAX	(90,498,643)	177,208,693
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	41,048,681	25,879,687
Deferred	(14,068,843)	9,756,130
	26,979,838	35,635,817
NET INCOME (LOSS)	(117,478,481)	141,572,876
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss in subsequent years:		
Remeasurement loss in pension liability	(17,225,685)	(62,138,981)
Income tax effect	1,732,821	6,076,700
Unrealized fair value adjustment on equity instruments designated at FVOCI	7,601,130	(282,150)
Share in associates':		
Remeasurement gain on pension liability	–	105,778
Fair value adjustment on equity instruments designated at FVOCI	–	2,139
OTHER COMPREHENSIVE LOSS, NET OF TAX	(7,891,734)	(56,236,514)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱125,370,215)	₱85,336,362
Net Income (Loss) Attributable To		
Equity holders of the Parent Company	(₱107,252,556)	₱142,261,349
Non-controlling interests	(10,225,925)	(688,473)
	(₱117,478,481)	₱141,572,876

	June 30	
	2020	2019
Total Comprehensive Income (Loss) Attributable To		
Equity holders of the Parent Company	(₱115,029,091)	₱86,987,580
Non-controlling interests	(10,341,124)	(1,651,218)
	(₱125,370,215)	₱85,336,362
Basic/Diluted Earnings (Loss) Per Share (EPS) on Net Income (Loss) Attributable to Equity Holders of the Parent Company	(₱0.011)	₱0.014

(a) The cost of educational services account consists of:

	2020	2019
Depreciation and amortization	₱397,447,224	₱314,036,137
Faculty salaries and benefits	348,494,060	352,660,384
Student activities and programs and connectivity expenses	95,477,119	147,998,938
Rental	22,694,267	89,817,177
Software maintenance	19,786,105	14,580,857
School materials and supplies	13,936,662	14,832,096
Courseware development costs	11,223,921	2,172,105
Others	9,118,695	15,116,308
	₱918,178,053	₱951,214,002

(b) The general and administrative expenses account consists of:

	2020	2019
Salaries, wages and benefits	₱352,238,109	₱341,753,570
Depreciation and amortization	248,430,695	200,667,047
Light and water	120,954,874	144,246,681
Outside services	118,785,953	123,473,505
Professional fees	85,001,937	74,908,275
Provision for:		
Expected credit losses	54,662,958	52,940,431
Inventory obsolescence	4,805,445	43,403
Impairment of investments in advances to subsidiaries, associates and joint ventures	–	17,035,240
Taxes and licenses	38,278,071	45,204,546
Transportation	29,789,469	32,300,857
Advertising and promotions	27,744,878	72,756,719
Repairs and maintenance	22,091,982	24,401,207
Meetings and conferences	18,304,489	22,480,831
Insurance	17,957,028	15,674,197
Entertainment, amusement and recreation	14,693,767	16,671,964
Office supplies	13,810,161	20,936,968
Rental	13,255,654	56,185,293

(Forward)

	2020	2019
Communication	₱12,284,709	₱13,533,818
Software maintenance	2,988,585	2,983,901
Association dues	1,416,567	1,637,812
Others	16,590,126	19,364,112
	₱1,214,085,457	₱1,299,200,377

40. **Events after Reporting Period and Other Matters**

a. On August 4, 2021, the shareholders of DLS-STI College and STI ESG entered into deeds of absolute sale wherein STI ESG purchased shares aggregating to 480,000, representing 48.0% of issued and outstanding capital stock of DLS-STI College, for a total consideration of ₱16.0 million.

b. The Parent Company and the Agustin family decided to amicably settle ₱50.0 million of the nontrade payable by (a) executing in counterparts the Compromise Agreement dated September 6, 2021 and September 10, 2021 and (b) filing a *Joint Motion for Judgment Based on Compromise Agreement* dated September 20, 2021. In the Compromise Agreement, the Parent Company agreed to pay the Agustin family the amount of ₱25.0 million as final and full settlement of the ₱50.0 million, which is the subject of the cases filed by the Agustin family (see Notes 16 and 33). On September 14, 2021, the Parent Company paid ₱25.0 million to the Agustin family.

c. In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the NCR effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed ECQ throughout the island of Luzon starting March 17, 2020 until April 12, 2020, which was subsequently extended to May 15, 2020 in the NCR and other areas. The Office of the President issued several directives for the classification of each cities and municipalities in different levels of community quarantine from March 13, 2020 to date.

   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 June 30, 2021 and for the three-month period ended June 30, 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.

SyCip Gorres Velayo & Co.
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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
STI Education Systems Holdings, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Systems Holdings, Inc. and its subsidiaries as at June 30, 2021 and 2020 and for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, included in this Form 17-A, and have issued our report thereon dated October 7, 2021. 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

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1539-AR-1 (Group A)
March 26, 2019, valid until March 25, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2019, January 28, 2019, valid until January 27, 2022
PTR No. 8534383, January 4, 2021, Makati City

October 7, 2021

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**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
STI Education Systems Holdings, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Systems Holdings, Inc. and its subsidiaries as at June 30, 2021 and 2020 and for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020, included in this Form 17-A, and have issued our report thereon dated October 7, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at June 30, 2021 and 2020 and for the year ended June 30, 2021, the three-month period ended June 30, 2020 and the year ended March 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
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BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 8534383, January 4, 2021, Makati City

October 7, 2021

STI EDUCATION SYSTEMS HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021

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
June 30, 2021
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at End of Reporting Period	Income Received and Accrued

The Group has no financial assets at Fair Value through Profit or Loss as at June 30, 2021

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
June 30, 2021
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at End of Period

The Group does not have receivables from individual directors, officers, employees and principal stockholders aggregating above One Million Pesos (P1 Million) or 1% of total assets, whichever is less, as at June 30, 2021.

SCHEDULE C – AMOUNTS RECEIVABLE FROM/PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
June 30, 2021
(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	Amounts Written off	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	1,200,000	14,400,000	15,600,000	-	-	-	-	Advisory fees
Receivable of STI Holdings from iACADEMY	-	722,500	722,500	-	-	-	-	Advisory fees
Receivable of STI ESG from STI WNU	1,123,185	4,843,315	4,442,978	-	1,523,522	-	1,523,522	Advances
Receivable of STI ESG from STI WNU	4,860,439	12,766,209	8,203,865	-	9,422,783	-	9,422,783	Educational services, school materials sold, other charges
Receivable of STI Holdings from STI WNU	-	3,600,000	3,600,000	-	-	-	-	Advisory fees

SCHEDULE D – LONG-TERM DEBT
June 30, 2021
(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 portioin" in related Statement of Financial Position
China Banking Corporation - Corporate Notes Maturity Date / Interest Rate September 19, 2026 / 5.56% to 6.58% *	3,000,000,000	-	248,144,353
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	-	2,973,082,875
China Banking Corporation - Term Loan: Maturity Date / Interest Rate September 19, 2026 / 5.56% to 6.31% **	1,200,000,000	120,000,000	1,072,768,945
LandBank ACADEME Program: Maturity Date / Interest Rate August 2022 and January 2023 / 3% **	22,139,710	9,544,753	12,444,925
China Banking Corporation - Term Loan Maturity Date / Interest Rate September 29, 2027 / 3.3727%**	800,000,000	79,267,918	438,075,052
China Banking Corporation - Corporate Notes Maturity Date / Interest Rate January 31, 2021 / 4.36% ***	300,000,000	-	-

**Presented inclusive of unamortized premium on corporate notes of ₱8.1 million in the June 30, 2021 Consolidated Statement of Financial Position*

***Presented net of bond issue costs / transactions costs in the June 30, 2021 Consolidated Statement of Financial Position*

**** Fully paid on January 31, 2021*

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
June 30, 2021
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

The Group has no long-term loans from related parties as at June 30, 2021

SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
June 30, 2021
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is filed	Nature of Guarantee

The Group does not have guarantees of securities of other issuing entities as at June 30, 2021

SCHEDULE G – CAPITAL STOCK
June 30, 2021
(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 Financual 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	-	4,977,966,748*	1,863,227,570**	3,063,612,606

*Related Parties	
Prudent Resources, Inc.	1,619,599,964
Biolim Holdings and Management Corp. (Formerly: Rescom Developers, Inc.)	795,918,934
Eujo Philippines, Inc.	806,157,130
Tantivy Holdings, Inc. (Formerly, Insurance Builders, Inc.	629,776,992
STI Education Services Group	500,432,895
Eximious Holdings, Inc. (Formerly, Capital Managers and Advisors, Inc.)	306,890,332
Philippines First Insurance Co., Inc.	65,262,000
First Optima Realty Corporation	29,014,752
Prime Power Holdings Corp.	189,666,667
Amina Inc.	35,247,082
T O T A L	4,977,966,748

**Directors, Officers, and Employees:	
Eusebio H.Tanco	1,636,389,444
Monico V. Jacob	33,784,057
Maria Vanessa Rose L. Tanco	21,058,001
Joseph Augustin L. Tanco	2,000,001
Martin K. Tanco	78,357,100
Paolo Martin O. Bautista	3,250,000
Rainerio M. Borja	1,000,000
Jesli A. Lapus	6,000,000
Robert G. Vergara	1,000
Ma. Leonora V. De Jesus	1,000
Raymond N. Alimurung	1,000
Yolanda M. Bautista	5,000,001
Arsenio C. Cabrera, Jr.	6,500,000
STI Employees Retirement Plan	69,885,966
T O T A L	1,863,227,570

**** Number of Shares held by Others decreased by 9% as of June 30, 2021 from the last Statement of Financial Position as of June 30, 2020.*

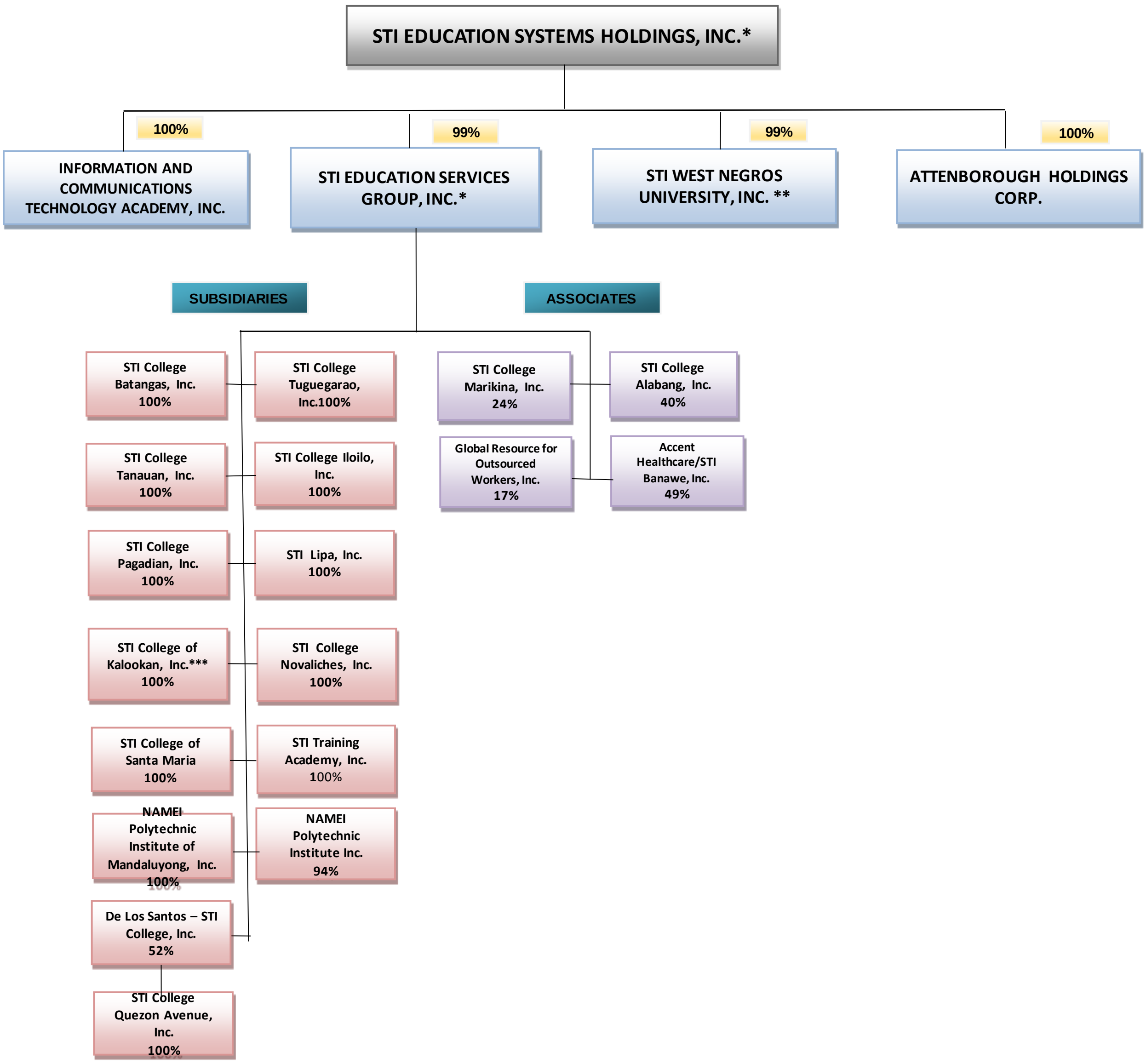
SCHEDULE H – RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
June 30, 2021
(Amount in Pesos)

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Unappropriated Retained Earnings, beginning of the year			**1,613,502,798**
Adjustments: Effect of merger of subsidiaries in 2019			**(182,954,744)**
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year, as reported			**1,430,548,054**
Add:	**Net income actually earned/realized during the period**		
	Net income (loss) during the period closed to Retained Earnings	136,063,458	
Less:	**Non-actual/unrealized income net of tax**	-	
	Equity in net income of associate/joint venture	-	
	Unrealized foreign exchange gain - (after tax except those attributable to Cash and Cash equivalents)	-	
	Unrealized actuarial gain	-	
	Fair value adjustment (mark-to-market gains)	-	
	Fair value adjustment of Investment Property resulting to gain	-	
	Adjustment due to deviation from PFRS - gain	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
	Sub-total	-	
Add:	**Non-actual losses**		
	Depreciation on revaluation increment (after tax)	-	
	Adjustment due to deviation from PFRS - loss	-	
	Loss on fair value adjustment of Investment property (after tax)	-	
	Sub-total	-	
Net income actually earned/realized during the period			**136,063,458**
Add (Less):			
	Dividend declarations during the period	(36,647,786)	
	Appropriation of Retained Earnings during the period	-	
	Reversals of appropriations	-	
	Effects of prior period adjustments	-	
	Treasury shares	-	
	Sub-total		(36,647,786)
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION			**1,529,963,726**

SCHEDULE I – MAP OF RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, AND ASSOCIATES
June 30, 2021

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City



* *STI Education Services Group, Inc. owns 5% equity interest in STI Holdings as at June 30, 2021*
** *Formerly West Negros University Corp.*
*** *A subsidiary through a management contract.*

SCHEDULE J – SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
June 30, 2021

STI EDUCATION SYSTEMS HOLDINGS, INC.
7/F STI Holdings Center
6764 Ayala Avenue
Makati City

Ratio	Formula	June 30, 2021	June 30, 2020
Current ratio	Current assets / Current liabilities	2.72	1.41
Acid test ratio	Current assets less inventories, prepayments & noncurrent asset held for sale / Current liabilities	1.64	0.97
Solvency ratios			
Debt-to-equity ratio	Total liabilities less unearned tuition & other school fees / Total equity	0.79	0.82
Asset-to-equity ratio	Total assets / Total equity	1.80	1.83
Interest rate coverage ratio	Net income excluding interest expense and provision for income tax / Interest expense	1.07	(1.82)
Return on equity	Annualized net income (loss) attributable to equity holders of the parent company / Average equity attributable to equity holders of the parent company	1%	-11%
Return on assets	Annualized net income (loss) / Average total assets	1%	-6%
Net profit margin *(8)*	Net income (loss) after provision for income tax / Total revenues	5%	-112%
Other ratios			
EBITDA margin	EBITDA * / Total revenues	39%	-13%
Debt service cover ratio	EBITDA for the last twelve months / Total principal and interest due for the next twelve months	1.50	1.72

** 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 sale of noncurrent asset held for sale (net of capital gains tax), income on rent concessions, loss on loan modification, gain on sale on disposal of net assets, and gain on foreign exchange differences. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.*

Sustainability Report 2021

MOVING FORWARD TO A BRIGHTER FUTURE

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NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that present the Group's view of its risks and opportunities subject to the trends, projections, plans, and other information available as of the writing of the report. Statements describing the Group's outlook are meant to address the uncertainties posed by the ongoing and evolving COVID-19 pandemic and related regulations, but these do not present or guarantee the Group's future performance. While the Group believes that the disclosures are reasonable, risks and uncertainties beyond the Group's control may impact the Group's performance and outcomes may differ materially from those expressed or implied in this report. The Group does not assume any obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors which may affect these statements.

GRI 102-48, 102-50, 102-52, 102-53, 102-54

ABOUT THIS REPORT

STI Education Systems Holdings, Inc. (STI Holdings or the Parent Company), through its subsidiaries STI Education Services Group, Inc. (STI ESG), STI West Negros University, Inc. (STI WNU), and Information and Communications Technology Academy, Inc. (iACADEMY), collectively referred to as "Group," has established its place as one of the leading institutions in innovative and relevant education that nurtures individuals to become competent and responsible members of society. Guided by its core values, the Group continuously improves the delivery of education to its students in pursuit of sustainable development.

This year's report focuses on the Group's commitment to provide a bright future to its students even with the unforeseen and unparalleled disruptions faced by educational institutions. Despite the environmental, economic, and societal challenges brought by the global health crisis, the Group displayed tremendous resilience and remained steadfast in empowering and equipping the youth with essential knowledge and skills.

Moreover, this report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option, covering the periods of April 1, 2020 to June 30, 2020 and July 1, 2020 to June 30, 2021.

The Group adjusted the school calendar of STI schools nationwide to align its academic cycle with the calendars of public colleges and universities as well as other private Higher Education Institutions (HEIs) not only in the Philippines but in the ASEAN region as well. In line with this, STI Holdings, STI ESG, STI WNU, and iACADEMY adopted a new accounting period from a fiscal year beginning April 1 of each year and ending on March 31 of the following year to a fiscal year beginning July 1 of each year and ending on June 30 of the following year.

Both the Philippine Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR) approved the change in the accounting period.

There is no restatement of the information contained in this Sustainability Report despite the Group's adoption of a new accounting period. The disclosures in this report do not cover franchise schools and include only STI ESG branches and subsidiaries, STI WNU, and iACADEMY, unless otherwise stated.

To better understand the Group's sustainability plans, all stakeholders are encouraged to read this publication in conjunction with STI Holdings' annual report as of and for the year ended June 30, 2021, which is available on the website **www.stiholdings.com**. Readers may also email **info@stiholdings.com.ph** for feedback and queries about this report.

GRI 102-14

MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT

Dear Fellow Stakeholders,

In March 2020, STI Holdings and its subsidiaries saw the start of a health crisis that continues to grip not just the nation but the rest of the world.

The COVID-19 pandemic consequently and quickly changed the educational landscape in the country. With this backdrop, STI Holdings and its subsidiaries (the Group) assessed the sustainability topics that would be material to their stakeholders. The Group likewise measured its performance to establish its contribution to the United Nations Sustainability Development Goals (SDGs) during the reporting period.

The Group's quick and effective adaptation to the significant changes in its operations serves as a testament to its pursuit of innovation in the field of education over the years. School Year 2020-2021 witnessed the Group reinforce its commitment to nation-building by delivering quality education to its network of more than 70,000 students while prioritizing the welfare of the Group's 2,200-strong workforce. It has thus contributed to the achievement of priority SDGs such as Quality Education and Good Health and Well-being, among others. It had invested in online learning platforms as early as six years ago, a move which proved to be instrumental in ensuring a seamless transition to a fully remote mode of learning. Recognizing the unprecedented challenges experienced by the Filipino youth and their families, it also forged partnerships and launched programs to provide students with digital connectivity assistance, counseling services, and financial aid. The Group also reached out to other stakeholders, including parents and guardians, whose vital role in the attainment of students' academic and life goals is even more pronounced today.

Understanding that the educational institutions will be required to be agile as events surrounding the global pandemic continue to develop, the schools have established initiatives that aim to address the varying needs of their communities. The Group offered not only learning tools and materials but also programs or activities celebrating community milestones, providing academic or wellness-related support, and creating environmental awareness for online platforms. Students participated in various online competitions and faculty members presented research papers virtually as well. The Group harnessed industry partnerships to provide new courses that are relevant to today's increasingly digital economy. It also worked with various organizations to pave the way for students to make positive social contributions and maintained membership with notable associations.

The evolving nature of the pandemic paints a demanding year ahead but we believe that the future is bright and that we must continue moving forward. We are pleased to see that the youth appear to be embracing this same outlook with early enrollment figures for the new school year already reaching more than 83,000 students, indicating a robust increase of 18% compared to 70,223 in SY 2020-2021. Furthermore, enrollment in programs regulated by the Commission on Higher Education is registering an impressive 41% increase compared to enrollment in SY 2020-2021 at more than 56,000 students which is notably even better than pre-pandemic levels.

Though the future is never certain, we hope for a gradual transition to a "new normal" — a flexible blended learning mode that is a mix of online and face-to-face classes and hands-on learning activities — in the coming years. Until then, we will persist in the path of innovation to continually deliver relevant education that emboldens the youth to become truly productive and compassionate members of society.

EUSEBIO H. TANCO
Chairman, STI Holdings

MONICO V. JACOB
President and Chief Executive Officer, 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 is a leading education and investment corporation in the Philippines. It is recognized as one of the largest networks of schools in the country today. Its registered address and principal place of business is at the 7th Floor STI Holdings Center, 6764 Ayala Avenue, Makati City.

STI Holdings began in 1928 when Theo H. Davies and Co., a Hawaiian corporation, established a branch office in the Philippines. In 1946, Jardine-Matheson group reincorporated the entity as a Philippine company. It was listed on the Philippine Stock Exchange on October 12, 1976. In March 2010, it became part of the Tanco Group of Companies. It is the holding company within the Tanco Group that drives investment in its education business. Today, it has investments in three large educational institutions — STI ESG, STI WNU, and iACADEMY — and is also the owner of Attenborough Holdings Corporation (AHC).

STI EDUCATION SERVICES GROUP, INC. (STI ESG)

STI ESG is the largest subsidiary of STI Holdings. It was incorporated on June 2, 1983 and is involved in setting up, maintaining, and operating educational institutions to provide pre-elementary, elementary, secondary, and tertiary as well as post-graduate courses, post-secondary and lower tertiary non-degree programs.

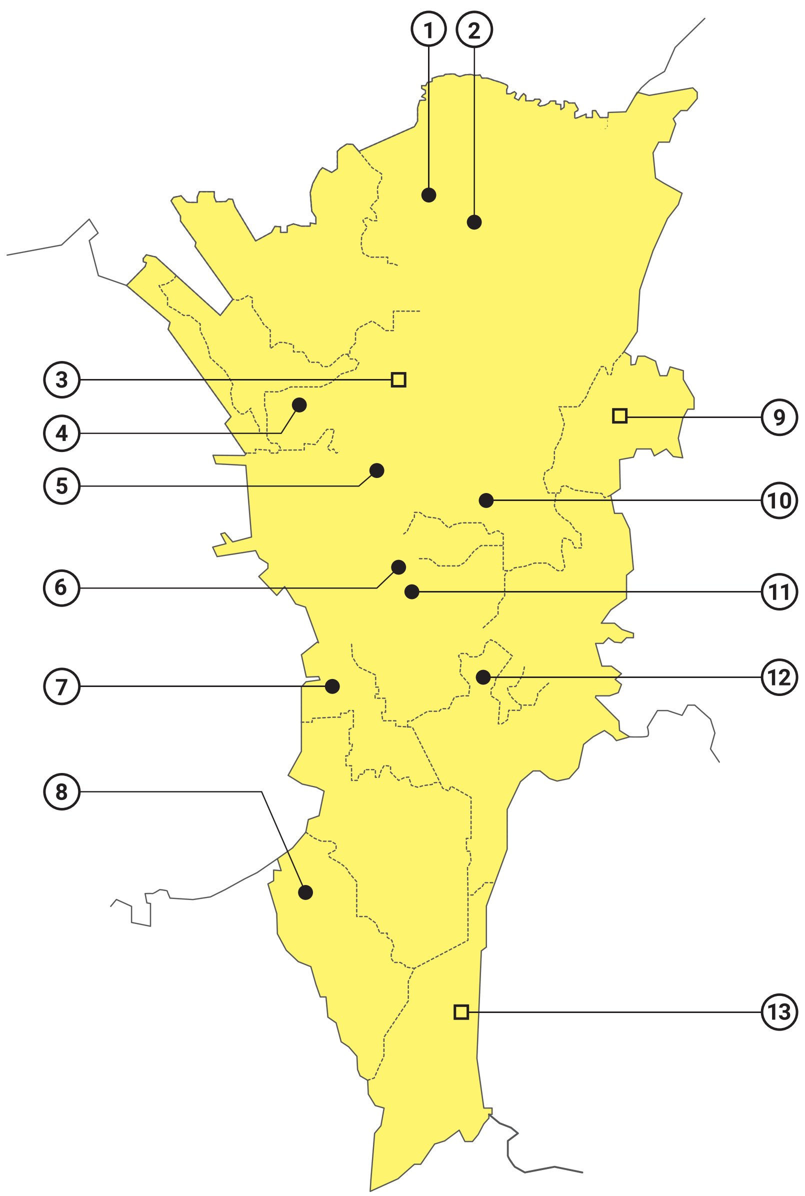
STI ESG began with the goal of training as many Filipinos as possible in computer programming and addressing the information technology (IT) education needs of the Philippines.

At present, STI ESG offers secondary and tertiary programs as well as post-graduate and associate programs. The colleges of STI ESG grant Associate Degrees and Baccalaureate Degrees and offer Technical Courses, and Vocational Courses in the fields of Information and Communications Technology (ICT), Business and Management, Hospitality Management, Tourism Management, Arts and Sciences, Engineering, and Education. These programs are accredited by the Commission on Higher Education (CHED) and/or the Technical Education and Skills Development Authority (TESDA). Also accredited by TESDA, the education centers of STI ESG offer technical/vocational courses for computer programming, computer technology, multimedia arts, and office administration, among others. In addition, all schools in the STI ESG network have been granted permit by the Department of Education (DepEd) to offer Senior High School (SHS).

Starting School Year (SY) 2020-2021, select schools in the Group were given government permits to offer Bachelor of Science in Retail Technology and Consumer Science Program (BSRTCS) and government recognition to offer a 2-year Associate in Retail Technology Program (ART). ART has a ladderized curriculum preparatory for the BSRTCS and graduates of ART will receive a diploma upon completion of the program.

STI ESG, whose head office is located in Cainta, Rizal, has a network of sixty-four (64) schools spread across Luzon, Visayas, and Mindanao. It is comprised of sixty (60) STI-Branded Colleges and four (4) STI-Branded Education Centers. Likewise, of these sixty-four (64) schools, thirty-four (34) colleges and one (1) education center are wholly owned while twenty-six (26) colleges and three (3) education centers are operated by franchisees.

Map 1: STI Campuses in Metro Manila



Metro Manila

1. Novaliches
2. Fairview
3. Muñoz-EDSA
4. Caloocan
5. Quezon Avenue
6. Sta. Mesa
7. Pasay-EDSA
8. Las Piñas
9. Marikina
10. Cubao
11. NAMEI
12. Global City
13. Alabang

Northern Luzon

14. Laoag
15. Vigan
16. Cauayan
17. La Union
18. Baguio
19. Alaminos
20. Dagupan
21. San Jose
22. Tarlac
23. Malolos
24. Balagtas
25. Meycauayan
26. Angeles
27. San Fernando
28. Baliuag
29. Sta. Maria
30. San Jose Del Monte

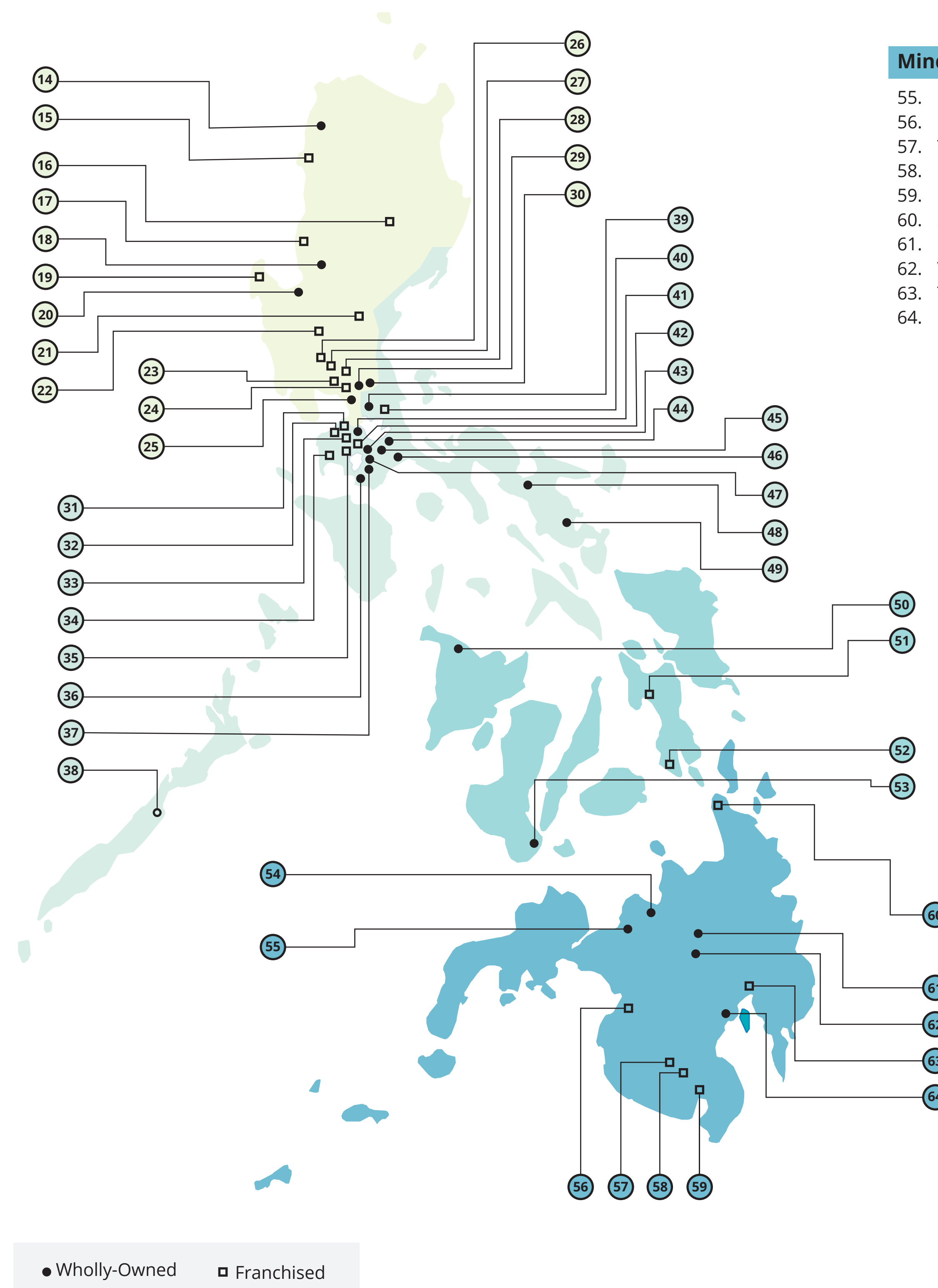
Southern Luzon

31. Bacoor
32. Rosario
33. Dasmariñas
34. Balayan
35. Tagaytay
36. Batangas
37. Lipa
38. Puerto Princesa
39. Ortigas-Cainta
40. Tanay
41. Carmona
42. Santa Rosa
43. Calamba
44. Sta. Cruz
45. San Pablo
46. Lucena
47. San Pablo
48. Naga
49. Legazpi

Visayas

50. Kalibo
51. Ormoc
52. Maasin
53. Dumaguete
54. Cagayan de Oro

Map 2: STI Campuses in Northern & Central Luzon, Southern Luzon, Visayas, and Mindanao



Mindanao

55. Iligan
56. Cotabato
57. Tacurong
58. Koronadal
59. General Santos
60. Surigao
61. Malaybalay
62. Valencia
63. Tagum
64. 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, 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 February 14, 1948 when the city was still reeling from the aftermath of the Second World War. The school, then West Negros College, first operated as a sectarian educational institution offering six undergraduate programs that attracted 710 students handled by 33 faculty members. It has since gone through years of providing education that is responsive to the needs of the community and was granted the University Status by CHED in June 2008.

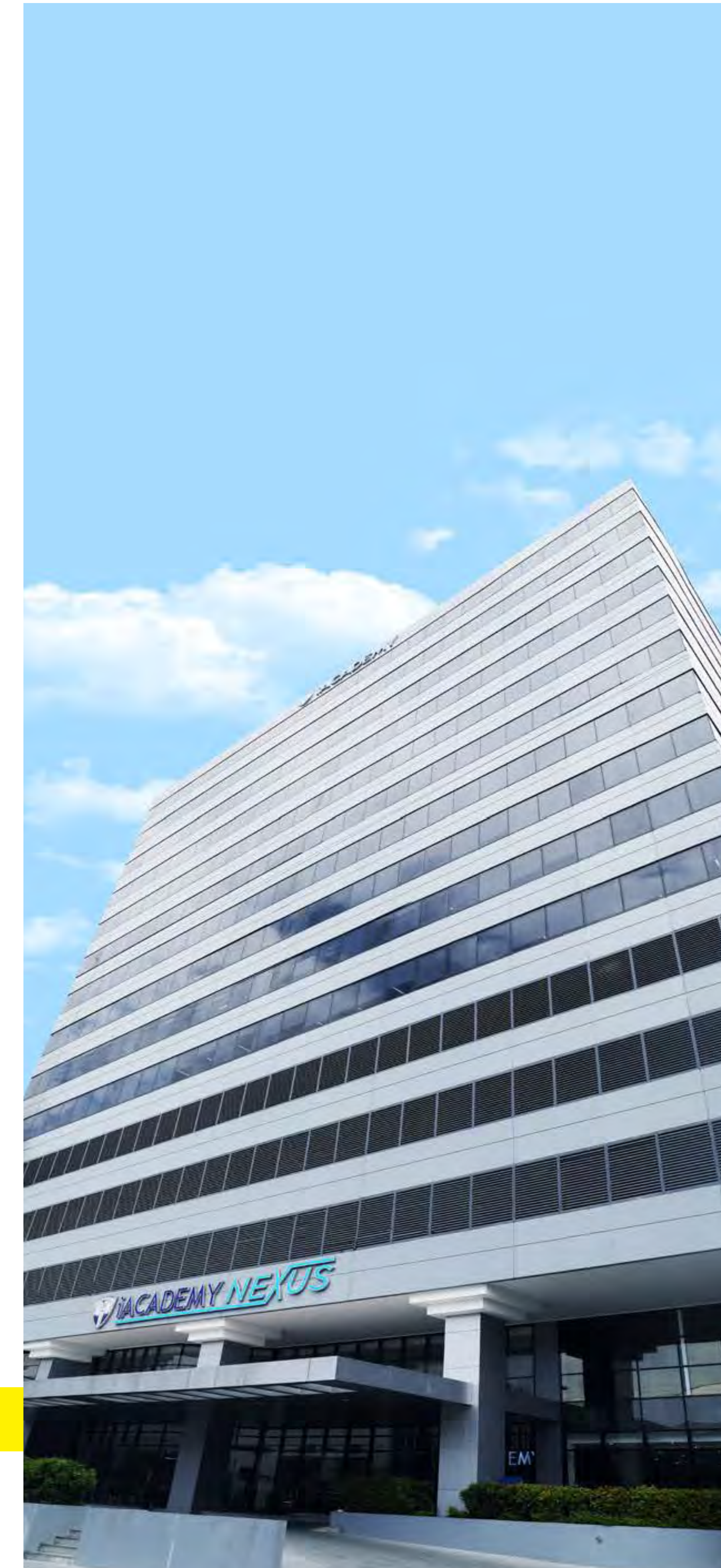
In October 2013, the Parent Company acquired majority ownership interest in STI WNU. Since then, STI WNU's facilities have been continuously upgraded, catering to more than 6,000 students.

INFORMATION AND COMMUNICATIONS TECHNOLOGY ACADEMY, INC. (iACADEMY)

iACADEMY is a premier school that offers specialized courses centered on Computing, Business and Design such as software engineering, game development, real estate, animation, multimedia arts, fashion design, film and visual effects. iACADEMY introduced two new programs starting SY 2020-2021, namely: Bachelor of Science in Computer Science major in Data Science and, in partnership with AWS, Bachelor of Science in Computer Science major in Cloud Computing. It has also been given a government permit to offer Bachelor of Science in Accountancy starting SY 2020-2021. It also offers Senior High School.

Recognized as the most innovative school in the Philippines by the Global Brands Awards for the second year in a row, iACADEMY has been providing 19 years of non-traditional, Game Changing education, pioneering specialized programs that are technology-focused, innovative, and industry-relevant.

iACADEMY was established in 2002 as a wholly-owned subsidiary of STI ESG and through acquisition by STI Holdings became its wholly-owned subsidiary on September 30, 2016. iACADEMY's Nexus building is located along Yakal St. in Makati City.



GRI 102-16

EDUCATIONAL PHILOSOPHY

The Group strongly promotes the learner-centered approach as its paradigm for teaching and learning. Hence, every student is nurtured holistically through technology-enhanced, student-centered active learning. The Group strives to provide innovative and relevant education that nurtures students to become competent and responsible members of the society.

GRI 102-40, 102-42, 102-43, 102-44

STAKEHOLDER ENGAGEMENT

The following stakeholders were identified based on influence, representation, contribution, responsibility, and dependency of the entities within the Group. For SY 2020-2021, engagement with stakeholders was primarily through different online platforms, especially with respect to changes in the learning delivery system and school operations.

STAKEHOLDER GROUP	FREQUENCY OF ENGAGEMENT	MODE OF ENGAGEMENT	KEY TOPICS RAISED	THE GROUP'S RESPONSE (REPORT REFERENCE)
Students	Regular basis	Online orientation program, eLearning Management System (eLMS), webinars, social media	Programs or courses, school facilities, campus life, teaching, tuition fees, safety	Quality and Affordable Education, Curriculum Development and Implementation, Student Affairs & Services, Academic Research, Inclusive Education, Customer Data & Privacy, COVID-19 Response
Faculty and Staff	Regular basis	Orientation program, online trainings, social media	Working arrangement, trainings, career advancement, salary and benefits, health & safety	Academic Research, Employment, Learning & Development, Customer Data & Privacy, Diversity & Inclusion, COVID-19 Response
Parents	Regular basis	Online orientation program, eLMS, webinars, website, media articles, social media	Quality of education, school facilities, teaching, grades, tuition fees, safety	Quality and Affordable Education, Curriculum Development and Implementation, Student Affairs & Services, Academic Research, Inclusive Education, Customer Data & Privacy, COVID-19 Response
Alumni	Annual or as required	Workshops, webinars, website, social media	Employment	Student Affairs & Services, Community Relations & Strategic Partnerships, Customer Data & Privacy
Board of Directors	Quarterly or as needed	Board meetings	Plans and strategies, risks, results of operations	Economic Performance, Governance, Diversity & Inclusion, COVID-19 Response
Stockholders and Investors	Quarterly, Annual, or as needed	Annual stockholders' meeting, reports, website, media articles, social media	Overall performance of STI Holdings, results of operations, company updates	Economic Performance, Governance, COVID-19 Response
Industry Partners	As required	Meetings, webinars, trainings, website, media articles, social media	Collaboration opportunities, curriculum design, graduates, employment, virtual on-the-job training	Community Relations & Strategic Partnerships, COVID-19 Response
Regulators	Monthly or as needed	Meetings, online workshops, online seminars	Collaboration opportunities, access to education, curriculum, compliance requirements	Quality and Affordable Education, Curriculum Development and Implementation, Economic Performance, Governance, Energy & Emissions, Customer Data & Privacy, COVID-19 Response
Suppliers and Service Providers	As needed	Bidding process, meetings, email	Quotation and estimates, production and delivery, progress, completion	Supply Chain, COVID-19 Response
Local Community	As required	Website, media articles, social media	Community engagement, safety	Climate Change, Community Relations & Strategic Partnerships, COVID-19 Response

The Group collaborates with various stakeholders for compliance, strategy, information, and involvement. Stakeholders are engaged through a variety of ways, including direct dialogue, surveys, meetings or forums, social media, and sharing of information. The frequency and nature of the engagement likewise vary depending on the need and/or issues encountered.

GRI 102-46, 102-47

MATERIALITY

The Group aims to address all stakeholder concerns and attend to areas of its operations where it has the most material impacts. Following the guidelines and principles set by the SEC, GRI Standards, and the Sustainability Accounting Standards Board (SASB) Standards, the Group conducted its materiality assessment this year by examining external trends and global issues, in addition to addressing the key topics raised by its stakeholders. It considered the prevalent issues within the education sector by benchmarking against its peers, scanned media mentions related to the Group, and checked advocacies of global non-governmental organizations to inform its materiality assessment process.

The Group carefully assessed the results and determined to include **COVID-19 Response** and **Diversity and Inclusion** among its material sustainability topics. The material economic, environmental, social, and governance topics covered in this report are listed below.

System-wide Development

- Quality and Affordable Education
- Curriculum Development and Implementation
- Student Affairs and Services
- Inclusive Education
- Academic Research

Social Commitment

- COVID-19 Response
- Customer Data Privacy and Security
- Diversity and Inclusion
- Community Relations and Strategic Partnerships
- Learning and Development
- Employment

Environmental Initiatives
- Energy and Emissions
- Climate Change

Economic Value and Governance
- Economic Performance

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The SDGs highlight the extent of today's social, economic, environmental, and governance issues and have set clear goals that governments, private sectors, and civil societies should strive to achieve by 2030. Educational institutions, in this regard, play a vital role as they educate the youth on the importance of delivering these goals and values to the society, and eventually achieve a better and more sustainable future for all.

The Group supports the principles of the SDGs and strives to maximize its contribution through the following activities, measures, and strategies aligned with the various SDGs.

SDG 3: Good Health and Well-being
- Health insurance policy covering teachers and full-time administrative staff
- To protect the students, faculty, and other personnel's health and safety, the Group implemented measures to mitigate transmission of COVID-19 such as but not limited to the implementation of flexible learning models, disinfection of facilities, provision of sanitizers/ alcohol within the premises, deployment of a skeleton workforce, and adoption of work-from-home arrangements.

SDG 4: Quality Education
- Scholarships or alternative form of financial assistance for over 21,000 students within the whole STI network
- Senior High School Qualified Voucher Recipients and beneficiaries of the Tertiary Education Subsidy aggregating to over 29,000 students
- Competitive program offerings that are industry and market-driven
- Career orientation and internship programs for senior high school and college students
- Centralized courseware development to ensure the standard delivery of courses across its network of schools
- Continuity of education amidst community quarantine and implementation of full remote learning using digital tools and online technology
- For SY 2020-2021, the Group provided discounts and rebates in partnership with banks and other institutions to help students have access to quality education amidst the COVID-19 pandemic
- The Group provided trainings and webinars to its employees, with each receiving an average of 31 training hours

SDG 5: Gender Equality
- The Group's workforce consisted of 46% male and 54% female, wherein 53% are under 30 years old, 38% are 30 to 50 years old, and 9% are over 50 years old
- Equal employment opportunity

SDG 8: Decent Work and Economic Growth
- PhP595M paid to employees in the form of wages and benefits
- PhP96M paid in taxes to the government
- 97.5% of purchases paid to local suppliers
- 426 new employee hires within the Group
- Over 17,000 skilled graduates contributing to the supply of human capital, not just across the country but also to the global industry

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 substantiated complaints nor complaints and no leak or loss of customer data were received from regulatory bodies, students, employees, and/or other stakeholders.

GRI 102-10

COVID-19 RESPONSE

In a move to contain the Coronavirus Disease 2019 (COVID-19) outbreak, the National Capital Region and other parts of the country were subjected to stringent social distancing measures, including but not limited to suspension of classes, prohibition of mass gatherings, and imposition of community quarantine, among others. The present COVID-19 pandemic has brought challenges and has affected the global economy. Measures to mitigate its impact have resulted in a global economic recession, travel restrictions, and loss of jobs, among others.

Similarly, the COVID-19 pandemic has affected the education sector. Educational institutions have suspended face-to-face classes to contain the spread of the virus and reduce infections. As such, the Group enhanced its online learning platforms to ensure continued learning during the pandemic.

SUSPENSION AND CLOSURE OF SCHOOLS

In September 2020, STI ESG announced the suspension of the operations of some of its owned schools namely: STI Cebu, STI Iloilo, STI Quezon Avenue, and STI Tuguegarao for SY 2020-2021, and cessation of the operations of STI Pagadian effective SY 2020-2021. Similarly, STI ESG announced the cessation of operations of some of its franchised schools, namely: STI College Bohol, Inc. (STI Bohol), STI College Recto, Inc. (STI Recto), Sungold Technologies, Inc. (STI Zamboanga), STI College Pasay, Inc. (STI Pasay), STI College Dipolog, Inc. (STI Dipolog), STI College San Francisco, Inc. (STI San Francisco), and suspension of operations of STI College Parañaque, Inc. (STI Parañaque) effective SY 2020-2021. STI ESG determined that continuing the operations of these schools was no longer viable due to low enrollment turnout and/or the high cost of rental of facilities.

As at June 30, 2021, STI ESG has a network of 64 schools comprising of 60 colleges and 4 education centers. Of the total, STI ESG owns 35 schools while franchisees operate 29 schools.

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

ENROLLMENT

Private schools reported a dip in enrollment for SY 2020-2021 due to the impact of the COVID-19 pandemic. A survey conducted by STI ESG disclosed that a number of students did not pursue education for SY 2020-2021 because of the financial difficulties experienced by their respective families/ benefactors during the year.

Despite this, the Group registered an enrollment of

over 70,000 students

in SY 2020-2021.

CONTINUITY OF EDUCATION AMIDST COMMUNITY QUARANTINE

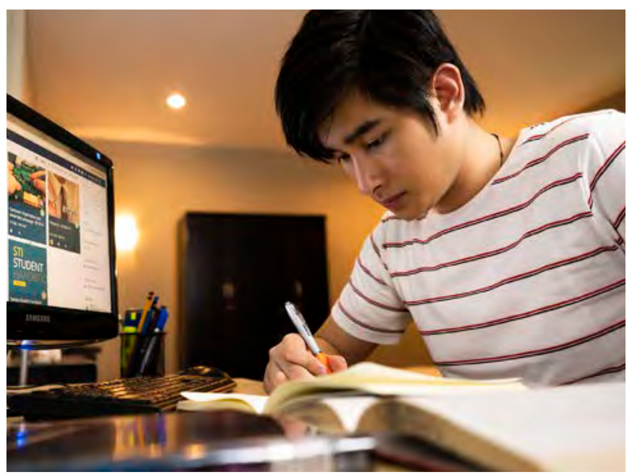
For SY 2019-2020, the school calendars of STI ESG and STI WNU for SHS and tertiary students covered the months of June 2019 to March 2020 and July 2019 to April 2020, respectively. With the imposition of the Enhanced Community Quarantine (ECQ) throughout Luzon, classes in all levels were suspended on March 17, 2020. Classes of SHS students of STI ESG and STI WNU were completed by the end of March 2020 while classes in the tertiary level were suspended in all campuses nationwide to ensure the safety and welfare of the students.

The tertiary students were given three options to finish the second semester of SY 2019-2020, namely: (1) online learning where those who are willing to and can go online may finish all their lessons via the eLearning Management System (eLMS); (2) offline learning for those who are willing to continue and finish all their lessons but cannot go online, in which case handouts were provided to the students; or (3) face-to-face for those who cannot go online and opt to wait until STI ESG and STI WNU could resume classes under the "new normal" operations with face-to-face classes combined with applicable learning modes. Classes of students who opted for online and offline studies resumed in the third week of May 2020 and were completed as at July 30, 2020, while those who opted for face-to-face classes, later took their classes online and completed the same during the first term of SY 2020-2021.

For iACADEMY, the school calendars for SY 2019-2020 of SHS and tertiary enrollees were 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 the ECQ in March 2020. SHS modular classes of those who opted for online and offline studies 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, online classes resumed on April 15, 2020 and the school year was completed on July 15, 2020.

For SY 2020-2021, classes for both SHS and tertiary students under the STI network started in September 2020, while classes for SHS and tertiary students of iACADEMY started on August 24, 2020 and August 28, 2020, respectively. Face-to-face classes remain suspended and thus the Group has continued to conduct classes online as of June 30, 2021.

IMPLEMENTATION OF FULL REMOTE LEARNING



STI ESG and STI WNU introduced the ONline and ONsite Education at STI (ONE STI) Learning Model while iACADEMY introduced the Guided Online Autonomous Learning (GOAL) in SY 2020-2021 as these institutions transitioned to full online learning. These models use 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. In this setup, all activities or modules are delivered 100% online through eLearning Management System (eLMS), Google Meet, and/or Microsoft Teams.

The Group employs eLMS, a world-class and award-winning learning management system used by schools and universities across the globe. This cloud-based eLearning tool gives teachers and students a two-way platform where they can collaborate, assign and submit homework, take assessments, and track learning progress, among others. The concept of online learning is not new to the Group, as the schools in the network have already implemented a blended learning model for the past six years. This model allows the students to continue their studies at home uninterrupted despite physical classroom disruptions.

Moreover, STI ESG and STI WNU provided internet connectivity assistance to the students through a monthly data plan of up to 34GB to help them get connected with their online classes.

HEALTH AND SAFETY PROTOCOLS

In the continuous battle against the coronavirus disease, the Group strongly prioritizes the health and safety of the students, faculty members, other school personnel, and visitors in the campus. The Group complies with the health and safety protocols mandated by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), Department of Health (DOH), Commission on Higher Education (CHED), Department of Education (DepEd), and other local government agencies.

The following measures to mitigate transmission of COVID-19 were implemented to protect the health and safety of students, faculty, and other personnel:

- Implementation of flexible learning model
- Regular disinfection of facilities
- Provision of sanitizers/alcohol within the premises
- Deployment only of skeleton workforce in the schools and offices
- Implementation of work-from-home arrangements to the furthest extent possible
- Wearing of face shield/face mask at all times
- Regular temperature check before entering the office/school premises and during office hours
- Launch of communication campaign about the institution's health and campus safety protocols and information dissemination on COVID-19 facts through social media
- Issuance of operations advisories regarding COVID-19
- Use of the StaySafe application or contact tracing form to track entry of employees or guests into the school and/or the office
- Close monitoring of employees who have been vaccinated
- Provision of designated holding area for those who are unwell or suspected with COVID-19

GRI 413-1

COMMUNITY SERVICES

The STI ESG community demonstrated the *Bayanihan* spirit as the students, faculty members, and school personnel all worked together to extend a helping hand to their respective communities during this time of a global pandemic. Activities such as face mask donations to local government units, food provision for frontliners, distribution of hygiene kits, and setting up of community pantries, among others were organized by various STI campuses nationwide. STI College Ortigas-Cainta also opened its dormitory facilities and provided daily meals to the healthcare workers of Cainta Municipal Hospital, while some STI students and school personnel volunteered as frontliners in their communities.

STI College San Jose Del Monte

STI WNU community pantry

STI College Vigan

Frontliners from Cainta Municipal Hospital

STUDENT FINANCIAL AID PROGRAMS

As part of the Group's ongoing efforts to support more Filipino youth in gaining access to quality education amid the unprecedented situation caused by the economic impact of the COVID-19 pandemic, the Group partnered with banks and other institutions and provided rebates and discounts to students through different programs including the following:

LandBank ACADEME Program

LandBank approved a PhP250.0 million Term Loan/Rediscounting Line Facility on July 22, 2020, under its Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Lending Program in favor of STI ESG. The ACADEME Lending Program provides credit support to private high schools, private technical and vocational education training institutions, as well as Higher Education Institutions (HEIs) such as colleges and universities, to aid students, through their parents or benefactors, in continuing their education, under a "'study now, pay later'" program.

The school can borrow up to 70% of the sub-promissory notes on a per semester basis, and subject further to a maximum amount based on the school's net borrowing capacity, with a very low fixed interest rate of 3% per annum that is payable up to the maturity of the sub-promissory notes, but not to exceed a period of three years.

Under the LandBank-STI Student Loan Program, incoming and existing college students for SY 2020-2021 were able to borrow up to PhP15,000 per term, which was credited directly to the STI campus they were enrolled in. The loan amount defrayed the cost of tuition and other school fees for a given term. To further ease the financial burden of the students, STI ESG absorbed the 3% interest rate, thus making the student loan program available to the students at no interest and with easy application process.

PAG-IBIG – STI Educational Assistance Program

STI ESG and STI WNU strengthened their partnership with Pag-IBIG Fund to ensure that students from all walks of life will have the opportunity to receive quality education. Through the Pag-IBIG – STI Educational Assistance Program, Pag-IBIG Loyalty and Loyalty Plus cardholders, and their qualified dependents within the second degree of consanguinity and/or affinity, availed of a 10% partial scholarship grant on tuition fees (excluding miscellaneous and other school fees). Furthermore, an additional 10% scholarship grant was offered to student applicants during SY 2020-2021. Qualified applicants were entitled to an aggregate of 20% scholarship grant on tuition fees in any STI campus nationwide.

DBP RISE

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

Reduction of Other School Fees and/or Miscellaneous Fee

As part of STI ESG and STI WNU's continuous efforts to further support the students and parents in relation to the impact of the COVID-19 pandemic, select students enrolled in certain programs enjoyed a refund and/or a tuition fee credit. Both reduced the laboratory fees by up to 35% and other school or miscellaneous fees of both tertiary and senior high school students for SY 2020-2021. iACADEMY gave discounts of as much as 31% and 6% on its regular Other School Fees and Tuition Fees, respectively, for Senior High School students, resulting in a considerable (10%) reduction on their total fees in SY 2020-2021. For the same cause, iACADEMY also gave 50% and 33% discounts on its regular Laboratory Fees and Other School Fees, respectively, for college students.

EXPECTED IMPACT OF COVID-19 PANDEMIC ON FUTURE OPERATIONS

As the health crisis continues to unfold, the Group continues to strengthen its digital learning delivery as a response to the changing educational landscape. Fortunately, the Group has been at the forefront of education over the years, as it started to explore online education in 2015 with senior high school students and in 2017 with tertiary students. The Group likewise continues to nurture and develop a strong Academics team that keeps a keen eye out on the latest trends in the workforce and skills that would be needed in the future and that will mold critical-thinking graduates who are competent and responsible members of society. The Group remains persistent in taking steps to be at the forefront of this global shift in the educational landscape.

The Group expects that the IATF, CHED, and DepEd will continue to implement measures mitigating the varied effects of the pandemic as deemed necessary. The Group recognizes that the nature of the pandemic continues to evolve and will cause economic disruptions and other consequences. In this light, the Group will continue to prioritize the health and well-being of its students, employees, and other personnel as it pursues innovative and efficient ways to ensure the delivery of quality education.

SYSTEM-WIDE DEVELOPMENT

The educational entities in the Group endeavor to transform lives through education, empower the students to reach their full potential, provide opportunities for social inclusion, and look forward to a society where individuals can use their abilities, experience, and talents to make a positive difference.

QUALITY AND AFFORDABLE EDUCATION

The Group firmly believes that education is the best investment that a student can make for his or her future and therefore remains committed to providing quality and affordable education to its students, so that they can be competitive in the global economy. The Group has delivered the following contributions for SY 2020-2021:

70,223
students*

17,343
graduates*

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 Senior High School Qualified Voucher Recipients. These scholarship grants and subsidies assist students in financing their educational journey. Also, to further support its students in these challenging times, the Group partnered with banks and other institutions and provided rebates and discounts to students for SY 2020-2021.

21,400+
Number of students with scholarship/ financial assistance

31%
Percentage of scholars across the network

24,600+
DepEd Vouchers

4,900+
UniFAST Grants

across the network

GRI 102-12

CURRICULUM DEVELOPMENT AND IMPLEMENTATION

The Group stays true to its commitment of providing the students with real-life education by strengthening its curriculum and equipping the students with the right knowledge and training. The Group likewise remains responsive to the industry's changes and trends learned through regular market studies and frequent discussions with industry partners. Programs are also constantly reviewed and updated to meet the government regulatory requirements.

To further streamline its program curricula, STI ESG adopts a centralized courseware development process and ensures the standard delivery of courses across its network of campuses. The standardized curriculum and courseware materials lead to economies of scale for schools within the STI ESG network, including STI WNU, as a single course could reach thousands of students.

For SY 2020-2021, STI ESG updated the courseware materials to suit the online modality and, at the same time, ensured that the materials are also Outcome-Based Education (OBE)-aligned with assessment tools, rubric, and performance tasks. The Group has likewise sustained its thrust to strengthen ties with leaders in different industries and global brands like Huawei, SAP, Junior Achievement Philippines, Gatessoft, Amadeus, Rajah Travel Corporation, Linux Professional Institute, Python Institute, Dolby Atmos, Avid, Alibaba Business School, and other companies. These industry partners share the Group's vision of infusing learning content and in-demand trends and technology from the industry, and blending such with the online classes, training programs, workshops, seminars for students and faculty members, and online on-the-job trainings of students nationwide.

The establishment, operation, administration, and management of schools within the Group are subject to the existing laws, rules, and regulations, policies, and standards of appropriate regulatory bodies – DepEd , TESDA, and CHED.

STI ESG Programs

Basic Education
- Junior High School (Grades 7 to 10)*

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

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

Tertiary
- BS in Information Systems
- BS in Computer Science
- BS in Information Technology
- BS in 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**

**Junior High School is available only at NAMEI Institute of Mandaluyong, Inc.*
***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
- Science, Technology, Engineering, and Mathematics
- General Academic Strand

Technical-Vocational Livelihood Track
- Maritime Specialization Strand
- ICT Strand
- Home Economics Strand

Sports Track

Arts and Design Track

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

Tertiary
- BS in Hospitality Management
- BS in Tourism Management
- BS in Criminology
- BS in Information Technology
- BS in Information System
- BS in Computer Science
- BS in Accountancy
- BS in Business Administration
- BS in Management Accounting
- BS in Retail Technology and Consumer Science
- Bachelor of Early Childhood Education
- Bachelor of Physical Education
- Bachelor of Secondary Education major in Mathematics, English, Filipino and Values Education
- Bachelor of Elementary Education - General Education BS in Psychology
- BS in Mathematics
- BA in Communication
- BA in English Language
- Teacher Certificate Program
- BS in Electrical Engineering
- BS in Civil Engineering
- BS in Chemical Engineering
- BS in Electronics Engineering
- BS in 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
- Computer Programming (Software Development)
- Animation
- Fashion Design
- Graphic Illustration

Academic Track
- Media and Visual Arts (Multimedia Arts)
- Audio Production

Tertiary
- BS in Computer Science (Software Engineering)
- BS in Computer Science (Cloud Computing)
- BS in Computer Science (Data Science)
- BS in Entertainment and Multimedia Computing (Game Development)
- BS in Information Technology (Web Development)
- BS in Business Administration major in Marketing Management
- BS in Business Administration major in Financial Management
- BS in Real Estate Management
- AB in Psychology
- BS in Accountancy
- BS in Animation
- AB in Multimedia Arts and Design
- AB in Fashion Design and Technology
- AB in Film and Visual Effects

Accreditations

STI ESG's Learning Delivery System (LDS) was awarded by the ISO certifying body TÜV Rheinland Philippines, Inc. with the ISO 9001:2008 certification on February 5, 2015 and the ISO 9001:2015 certification on February 5, 2018. The LDS was then recertified for ISO 9001:2015 on February 5, 2021.

The LDS covers courseware development, faculty training and certification, student development program, and job placement assistance. The ISO certification ensures that STI ESG's LDS is relevant, responsive, and learner-centered with a strong focus on continual improvement and quality assurance.

STI WNU has accredited programs duly certified by various accrediting agencies. 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 counseling on mental health and career pathing, and get involved with various advocacies.

Due to government restrictions brought by the pandemic, on-campus activities with large gatherings were strictly prohibited during SY 2020-2021. Student-related activities were then implemented online, mostly on social media platforms.

STUDENT SERVICES

Guidance and Counseling Services

The Guidance and Counseling Office of STI ESG assists the students in making the best out of their school life. Through the Guidance Office, online individual and group counseling services were extended during SY 2020-2021 to help students deal with various personal, emotional, career and school-related concerns, especially those related to their mental health and struggles in adjusting to online learning. Students may reach out to their Guidance Counselor through MS Teams, Outlook, eLMS, Facebook Messenger, or phone. They may also be referred by their professors, peers, school physician, or even their parents.

Telehealth Consultation

iACADEMY implemented steps to make its clinic available to all of its students and employees for non-emergency consultations. These consultations are conducted over Google Meet so that a visual assessment can be performed. The sessions are not recorded but notes are kept as part of a student's medical record.

Digipeer ONCOL

Launched on October 16, 2020, this program was initiated by the Guidance and Counseling Office of iACADEMY to provide a channel for students to destress during examination periods.

Job Placement Assistance Services

STI ESG's Job Placement Assistance Services group conducts employment preparation activities and presents employment opportunities to graduating students and alumni. STI ESG launched the STI Virtual Career Fair (VCF) and National Job Placement Month (NJPM) 2.0 in collaboration with industry partners during SY 2020-2021. Both the VCF and NJPM 2.0 featured online employment preparation webinars and virtual recruitment activities wherein the graduating students were prepped on how the "new normal" changed the recruitment practice.

STI Virtual Career Fair

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.

Student Handbook Development

The Student Handbook Development Committee is tasked to create a mechanism that will continually develop and update the handbook for student use. It aims to make the handbook available in accessible formats (such as but not limited to electronic and print media) for dissemination, information, and guidance of students and stakeholders.

Student Personal Accident Insurance

One of the top concerns of the Group is the safety and well-being of its students. Despite the absence of face-to-face classes and on-campus activities, STI ESG continued to provide student insurance coverage to its students to ensure their welfare amidst the global health crisis.

Career Planning Program (CPP)

CPP is a six-stage program comprised of a series of activities intended to help STI ESG's Senior High School students explore and evaluate a variety of career options and guide them in making a well-informed educational and career decision. For SY 2020-2021, all activities including the one-on-one career planning consultation were conducted online via MS Teams.

STUDENT CO-CURRICULAR ACTIVITIES

Commencement Exercises

For SY 2020-2021, the commencement exercises for graduating senior high school and tertiary students were streamed live on the official Facebook Fan Pages of STI ESG campuses, STI WNU, and iACADEMY. In addition to Facebook, iACADEMY also posted its graduation ceremonies on its YouTube account.

SOAR: Emergence - Game On! (SHS SOAR 2020) and Emergence - The Next Level (College SOAR 2020)

The annual Student Orientation and Registration (SOAR) for incoming Grade 11 and Freshmen College students of iACADEMY was conducted on a virtual platform. The event is composed of an Academic and Student Life and Services orientation followed by games and activities for each team. Lastly, a ceremonial welcome party is held for the new Game Changers. SOAR, a three-part event, was composed of the following: The Creed – a module-type orientation via Coursebank (August 10 to 20, 2020), The Hunt – an online game for grouped sections/ programs (August 22, 2020), and The Champion's Chest – an online concert featuring local bands and performers (August 24, 2020).

iACADEMY Org Drive 2020

This event, held from September 14 to 18, 2020, was composed of online activities intended to provide a welcoming atmosphere for students as they get acquainted with the accredited student organizations. It also serves as a venue for member recruitment and possible networking of future activities, workshops and events.

KASADYAHAN

Kasadyahan, an annual showcase of "Sinadya," is held at the end of every school year to celebrate the students' hard work. Over the years, Kasadyahan has become a symbol of camaraderie and fellowship in the STI WNU community. In December 2020, STI WNU launched the Virtual Kasadyahan composed of various online activities to carry on with the spirit of this festivity despite the pandemic.

Year End Party: THRIVE- iACADEMY Year End Party and Game Changer Awards Night - Deepen Your Root and Bloom Forth!

The Year End Party was held on June 16, 2021 to cap off the academic year with a celebration of memorable and meaningful moments of iACADEMY student organizations despite an online setup. This event which hopes to inspire other student organizations to strive for excellence in the new school year also included the pre-recorded Game Changer of the Year Awards that was filmed on June 7, 2021. The Year End Party included performances from student performers Octave, Rhythm, CTRL, and several bands from the Audio Production strand.

SUPPORT WEBINARS

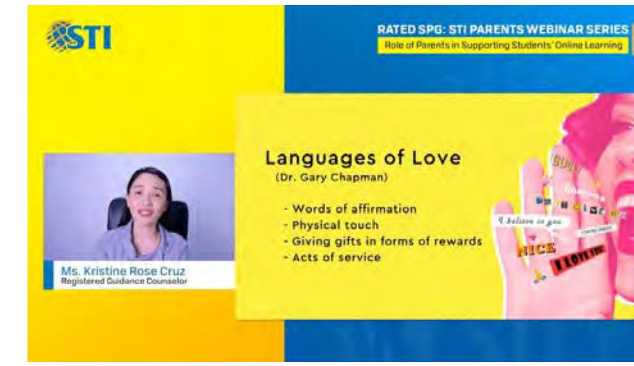
Rated PG: Parents Webinars

Parents and guardians play a significant role in helping their children meet and thrive amid the challenges of online learning. These webinars intend to support, empower, and recognize their continuous effort in helping STI students be the best that they can be.

The webinar series kicked off on November 23, 2020 with the episode "Role of Parents in Supporting Students' Online Learning." STI Guidance Counselor Kristine Rose Cruz talked about the implications of distance learning on parenting and the parents' roles in supporting their child's psychological well-being. Streamed on the STI Official Facebook Fan Page, the episode registered almost 8,000 total engagement, 84,000 visibility, and 98,000 impressions.

This was soon followed by the second episode titled "Protecting Your Child's Data Privacy" that was streamed on the STI Official Facebook Fan Page on December 19, 2020. In this episode, STI Associate School Legal Manager Atty. Kathlyn Catapang highlighted the importance of data for educators and shared inputs that would help parents and guardians protect the child's data privacy. This episode reached more than 3,000 total engagement, visibility to 53,000 and 59,000 impressions.

The third episode, "Dear Parents," was a roundtable discussion featuring select STI School Administrators and Academic Heads who provided an overview of online education based on their varied perspectives. They also shared tips for parents and guardians on how they can further help their child with their educational journey. Interviews with select STI students who shared their online learning experiences were also shown. STI College Bacoor School Administrator Jobim Monico Zabala, STI College Caloocan School Administrator Marife Ibarra, STI West



Parents Webinar: Role of Parents in Supporting Students' Online Learning

8.000	84.000	98.000
engagement*	visibility*	impressions*

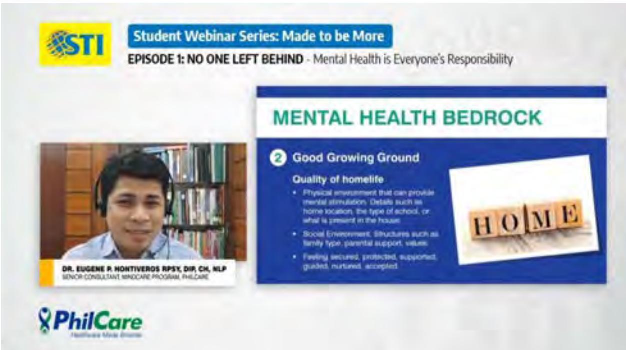
**approximately*

Negros University EVP/University Administrator Mark Molina, STI College Global City Academic Head Renia Matira, and STI College Cotabato Academic Head Dr. Alfred Taboada served as panelists during the discussion.

Student Webinars

This series of webinars aim to assist the students in dealing with the different challenges they face in online learning and the impact of COVID-19 in their daily lives. For SY 2020-2021, webinars focusing on mental stress were streamed on the STI Official Facebook Fan Page.

The first episode titled "No One Left Behind – Mental Health is Everyone's Responsibility" was discussed by Dr. Eugene Hontiveros, RPsy, DIP CH, NLP, a senior consultant for the MindCare Program of PhilCare. The webinar encouraged everyone to keep moving forward despite the difficult times they experience and emphasized that taking care of one's own



Student Webinar: No One Left Behind – Mental Health is Everyone's Responsibility

16.000 engagement*

74.000 visibility*

76.000 impressions*

**approximately*

mental well-being as well as that of the family and loved ones is everyone's responsibility. This episode, streamed on March 12, 2021, exceeded 16,000 total engagement, and achieved visibility to 74,000 and 76,000 impressions.

Meanwhile, the second episode "Thinking Ahead – Tips to Avoid Academic Stress" was posted on May 21, 2021. MyGolana Philippines, Inc.'s Supervising Counselor Dra. Lucia Ramos and STI ESG's Faculty Development Head Ms. Loida Dumaguin talked about anxiety and stress, shared tips on how students can avoid stressors, and emphasized the importance of maintaining student life balance. This episode registered more than 10,000 total engagement, visibility to 29,000, and 29,000 impressions.

Wellness Webinars

These are webinars designed to meet the different needs of the students and employees concerning their mental health and the many different ways to cope with stress. Most webinars are programs developed by the guidance counselors while in some, subject matter experts are invited as guest speakers.

CHED Webinars

The webinar titled "Agubay: A webinar towards a Responsive and Accessible Student Affairs and Services Amidst the COVID-19 Pandemic" was conducted by CHED Region 6 on June 6, 2020. In this webinar, staff of Student Affairs and Services were urged to implement practices that are fresh, innovative and creative to be able to provide quality services despite the pandemic.

Another webinar from CHED Region 6, "Ang Pagpadayon: A Talk on Mental Health Preparedness Relative to the Limited Face-to-Face Classes in Higher Education" was conducted in support of the national initiatives related to the safe and gradual re-opening of campuses of higher education institutions and aimed to help students prepare and cope with the new normal of learning.

STUDENT-LED ACTIVITIES

iMOVE - iACADEMY Mobilizing One Vision to Empower

As a call to action for areas that were affected by Typhoon Ulysses in November 2020, student organizations came together to initiate a fund and donation drive. Through this event, monetary donations were collected and subsequently turned over to kidsforkidsph and Tanging Yaman Foundation, Inc. Donations in kind such as bottled water, canned goods, and soap, among others were also collected in iACADEMY and turned over to kidsforkidsph and other non-profit organizations that aimed to help the survivors of Typhoon Ulysses. Activities such as pre-recorded dance lessons for a cause and a tournament for a cause allowed the Game Changers to share their skills in the service of a greater purpose.

Octave Sulyap: Project Cloud

SULYAP: Project Cloud is a spin-off of iACADEMY's Octave's annual talent showcase. This school year, the organization decided to combine the event with its Valentine's Day activity in February 2021 and work with other selected organizations to serenade fellow students.

Battle League

Battle League is an esports competition that is open to both current and incoming students. This also showcases the Game Development program of iACADEMY. Winners of the Battle League, which was held from November 27 to 29, 2020, donated proceeds of their winnings to their chosen charitable organization. Sixteen teams composed of 5 members each participated in this event.

ICON 2021: The Search for the Ultimate Game Changer

Previously called Mr. and Ms. iACADEMY, this pageant was conducted online in January 2021. The pageant celebrates the individuality of iACADEMY students as it aims to look at candidates from a holistic perspective as they are required to lead the advancement of society through their chosen advocacies. This event also cultivates healthy competition among the College Student Organizations as representative/s are nominated by the organizations.

QUATRO: The BiTIW Carol Fest

QUATRO: THE BiTIW Carol Fest is the official Audiovisual Performance Conclusion of the Basic Integrated Theatre Initiation Workshop of iACADEMY's BiTAG. It is a theater production series that showcases each group that underwent the online theater workshop and training. Through this activity, members of BiTAg enhance their skills in their

respective departments, learn how to collaborate with other members in other departments and create a Christmas-theme production.

Lead On: Symbiosis

While the previous iACADEMY Leadership Empowerment and Development (iLEAD) program was an annual 2-day student leadership training and workshop event, this year's program was called "Lead On" and was conducted entirely online through a month-long webinar consisting of individual assignments, group challenges, plenary sessions, and workshops. The program which was conducted in May 2021 aimed to hone the leadership abilities of iACADEMY student leaders and was attended by selected officers of the organizations, as well as student officers in the senior high school (recommended by their advisers) and chosen student leaders in the college level (recommended by their college professors).

STUDENT ACHIEVEMENTS AND RECOGNITIONS

Jenelyn Evangelista Castillo

Jennzey Gainn Dela Peña Eleda

Board Examination

Jenelyn Evangelista Castillo from NAMEI ranked second at the June 2021 Naval Architecture and Marine Engineering Licensure Exams with an 88.40% rating, while Jennzey Gainn Dela Peña Eleda placed 10th with an 83.50% rating. NAMEI was also recognized as one of the top 3 best performing schools as it achieved a 42.31% passing rate.

International Conference

Tourism students from STI College General Santos and STI College Tagum proudly participated as speakers in an international conference organized by the East Asia Institute of Management. With the theme, "Emerging Trends in Tourism: Impact on Tourism Education," the 4th China-ASEAN Tourism Education Alliance International Conference was successfully staged virtually on January 16, 2021. From STI College General Santos, Dianne Acosta talked about Transforming Traditional Community to Actors of Tourism Industry 4.0, Shiela Mae Halasan discussed the Social Media Marketing of Tourism, while Kythe Ante presented the Opportunity and Challenges of Community-based Tourism. On the other hand, representing STI College Tagum, Jewel Mae Malone talked about Crisis and Disaster Management for Tourism and Anna Mae Panton enlightened the audience on Cultural and Heritage Tourism.

K-reate for a Cause

K-reate for a Cause is a national competition where the youth can express their creativity and raise funds for their chosen charity. The design competition is part of SMART's "Live Your Passion with Purpose" campaign. Leading front and center are the South Korean idols Bangtan Sonyeondan or BTS who are known for their powerful performances and top-charting hits. Over a hundred STI students from 38 campuses nationwide joined the competition and showcased their passion for the arts and for doing good. Out of the 51 winners nationwide, 26 were young student designers from various STI campuses who turned their original hallyu (Korean wave) and BTS inspired artworks into goods.

Huawei ICT Academy

STI ESG and Huawei ICT Academy partnered to equip Filipino students with the needed knowledge and skills to prepare them for their future careers in the ICT industry. Through the partnership, STI delivered Huawei ICT technologies training and encouraged select students of BS Information Technology and BS Computer Engineering to get Huawei certification. Huawei also helped integrate in-demand ICT technologies into STI programs to better prepare the students for future certifications. STI ESG has so far produced almost 300 students who were certified in five technology domains: cloud computing, Big Data, artificial intelligence, routing and switching, and storage.

Student participants of the Huawei ICT Academy

An industry certification validates the skills and readiness of the students to join the ICT workforce. Every certification is valid for three years, and the students' names appear on Huawei's online database as Huawei Certified ICT Associates (HCIA). Being recognized as an HCIA vastly improves the students' competitiveness in the job market as well as the school's employment rate.

Blockchain Exellerator Program

Amidst the COVID-19 pandemic, select 4th year college students from various STI campuses completed the UnionBank Blockchain Exellerator Program on July 20, 2020. The program was an eight-week intensive course for developers who want to strengthen their knowledge about blockchain, a public ledger that records not only the assets but also the transactions of a business.

The participants were grouped into teams and tasked to create a blockchain application based on a business model. Through a five-minute elevator pitch to a panel of experts, the teams virtually presented the working prototype of their application. At the end of the presentation, seven students from the BS Information Technology and BS Computer Engineering courses were certified as blockchain experts.

Local Competitions

The group of Christian Daniel Perez, Roberto II Asistores, and Jovilyra Cabigao Micael from STI College Meycauayan was hailed as the Grand Winner in the Application Development Contest (AppCon) 2020 on April 17, 2020. Their group received a cash prize of PhP100,000 on top of the plaque of recognition and gold medals. Meanwhile, the STI College Bacoor group composed of Rica Mae Enriquez, Jaybert Ranmel Bautista, John Daniel Cumigad, Sean Carlos Fronda, Christian John Borjal, and Jenzen Paul Diaz was given the Excellence Award and received a cash prize of PhP50,000, silver medals, and plaque of recognition. AppCon 2020 is a competition about developing a web or mobile-based application that aims to resolve social issues in the country.

Ernest Carlo Ramilo Guiuntab from STI College Vigan also earned recognition for his school as he won first place in the tertiary category of the National Statistics Month Provincial Essay Writing Contest on October 19, 2020.

Another student from STI College Vigan, Joshua Alegre bagged the third place and Most Informative Award in the Tarlac Cultural Heritage Vlogging Contest on March 7, 2021. The competition was part of the Kanlahi Festival 2021. Alegre's vlog featured the rich cultural heritage of the town Anao.

Liofer Pinatacan, 2nd year Hotel and Restaurant Administration student from STI College Iligan, was named the Big Winner of ABS-CBN's reality competition Pinoy Big Brother: Connect on

March 14, 2021. Dubbed as the "Dong Diskarte ng Zamboanga del Sur," Pinatacan garnered the highest number of public votes to win the competition and took home PhP1 million and new house and lot.

STI College Sta. Mesa's Grade 12 Science, Technology, Engineering, and Mathematics (STEM) student Royce Elwood Paragua won a bronze medal in the 2021 FAMMPSA (Federation of APPSAM-MAPESA-MAPRESA Private Schools Association, Inc.) Mathematics Olympiad Online Edition held from March 16 to 17, 2021. Paragua competed against 520 students from various schools in Metro Manila.

Third year BS Accountancy student Allison Bernardine Tabernilla from STI College Lucena topped the Auditing Level 3 in the Accounting Varsities Final Brawl of the Trident held from April 12 to 17, 2021. The competition was organized by the National Federation of Junior Philippine Institute of Accountants Region 4 Council.

Liofer Pinatacan, winner of Pinoy Big Brother: Connect

Animation Competitions

In June 2020, iACADEMY's outstanding alumnus Jethro Ian Lacson had his artworks showcasing LGBTQ+ characters recognized by Netflix.

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

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

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

In November 2020, 3rd year iACADEMY student Ruka Azuma won the Independent Achievement Award during the 10th International Film Festival Manhattan NYC for his film "Blue Room Feelings." Also in the same month, the photo artwork of Rex Joshua America, a 1st year iACADEMY Multimedia student, was featured in Vogue Italia, the Italian edition of the Vogue Magazine.

In May 2021, Ysha Cenzon, 1st year iACADEMY Multimedia student, published through Penlab "My Dear Ghost Family," a comic about a dispirited teenage boy who helped a family of ghosts move on to the afterlife with a birthday celebration.

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

Also in June 2021, 3rd year iACADEMY Multimedia student Chris Sante produced an 80s inspired mix that was featured by a multivitamin brand in its social media account.

Fashion Design Competition

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

Study with our Scholars

This program pertains to study sessions conducted by iACADEMY's scholars that aim to help students thrive in their classes. Study with our Scholars was initiated on November 27, 2020 by the Scholarship Office.

BS Business Administration Competitions

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

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

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

Information and Communications Technology (ICT) Applications

In coordination with the Provincial ICT Division, ICT scholars of the Provincial Government of Negros Occidental who are fourth year BS Information Technology students of STI WNU presented to Governor Eugenio Jose Lacson several conceptualized ICT applications on May 7, 2021.The outputs were designed to help boost the economic recovery of the province.

The scholars developed five systems namely Emergency Rescue and Response Operation System, Depot Procurement and Inventory System, Fire Alert Notification with Map Locator, Monitoring System of the Scholarship Program Division, and Document Tracking System of Negros Occidental. Of the five systems that were presented, the Emergency Rescue and Response Operation System was recognized as the best application for having useful features such as online registration, user management, online rescue and response operation module, locator, and emergency report management.

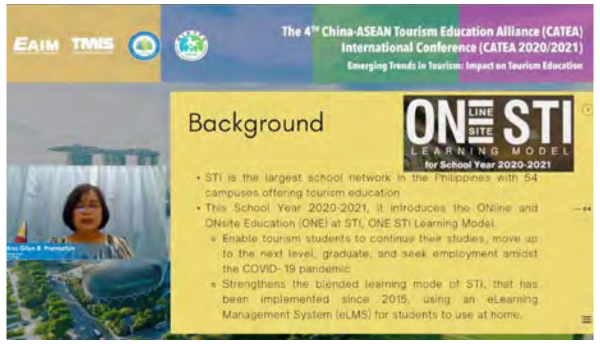
The ICT scholarship program of the Negros Occidental Scholarship Program Division was created to help deserving residents of the province finish their ICT courses at STI WNU.

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. This consequently leads to the development of new ideas, methods, or technology. The following are research papers from some of the faculty members of the Group as well as students, some of which were presented either in local or international conferences and seminars during the reporting period:

- "The Lived Experiences of Bangsamoro Women in Armed Conflict Situation Towards Resiliency and National Security" – STI College Cotabato's Social Work Department Program Head, Dr. Izriel Zeriah Kaliman-Kanda, presented her paper during the virtual conference of Philippine Association for Social Worker, Inc. Convention on November 26-28, 2020. Kanda's study focused on the lived experiences of the Bangsamoro women in armed conflict affected areas in Maguindanao. The results of the study intend to provide baseline data for possible intervention by addressing the issues and concerns raised by the Bangsamoro women.

- "Mahogany Sawdust Tannin as Ink Resource" – Dr. Mary Jonie Villanueva, a faculty member of the College of Engineering of STI WNU, presented this paper during the Virtual International Research Conference hosted by HCU of Thailand on June 25, 2021.



- "ONE STI Learning Model: Delivering Tourism Education Amidst COVID-19 Pandemic" – Ann Gilyn Premarion, Academic Head of STI College General Santos, presented her research study in the 4th China-ASEAN Tourism Education Alliance (CATEA) International Conference 2020/2021 on January 16, 2021 at the East Asia Institute of Management (EAIM) campus in Singapore. Premarion's research study focused on STI ESG's ONE STI Learning Model that enables the students to continue their studies, move up to the next level, graduate, and seek employment amidst the pandemic. After her successful presentation at the international conference, the Singapore Management Journal (SMJ) published Premarion's study in its May 2021 issue. SMJ is a peer-reviewed publication that publishes original articles relating to business and management.

- "Academic and On the Job Training Performance of Business Administration Students of STI West Negros University" – Dr. Mima Villanueva, STI WNU's Vice President for Academic Affairs and two faculty members from the College of Business Management and Accountancy, Dr. Salvador Sigaya, Jr. and Ms. Maricon Arca, presented this paper during the Virtual International Research Conference hosted by HCU of Thailand on June 25, 2021.

- "Rice Hull Ceiling Board" – Engr. Lalaine Rufin, a faculty member of the College of Engineering of STI WNU, conducted this developmental research that aimed to develop a Rice Hull Ceiling Board (RHCB) and presented the same during the Virtual International Research Conference hosted by HCU of Thailand on June 25, 2021.

- "A Phenomenological Study on the Observed Behavioral Changes and Adaptation of Filipino Young Adults during COVID-19 Pandemic" – iACADEMY students Timothy John Dy, Pamela Icee Loyola, and faculty member Paola Gonzales presented this study at the 1st Psychology Research Conference at Colegio de San Gabriel Arcangel, Inc. in San Jose del Monte, Bulacan on March 28, 2021.

STI WNU faculty during the 8th National and International Conference

- "Are we pre-judged? A qualitative study on Filipino Stereotypes" – iACADEMY students Jeanne Vernise Candelario, Fiona Coleen Gutierrez, and faculty member Paola Gonzales presented this study at the 1st Psychology Research Conference at Colegio de San Gabriel Arcangel, Inc. on March 28, 2021.
- "Design Schools in the Time of Pandemic: Education, Technology, Industry, and Empathy Post COVID" – iACADEMY faculty member Jon Cuyson completed this research paper in October 2020.

INCLUSIVE EDUCATION

The Group fosters a culture that values diversity and inclusion. 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, religion, ethnicity, sexual orientation, physical ability, and background will promote creativity, improve collaborations, and help students thrive in an exponentially diverse environment.

Moreover, 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 practices gender sensitivity in the academe by educating and informing various sectors of society on the need to recognize and respect the rights of individuals, regardless of gender.

STI ESG also promotes gender awareness by appointing the Guidance Counselors and Guidance Associates as the Gender and Development focal persons in each school to pursue and implement programs, projects, and activities that will contribute to the achievement of women empowerment and gender equality.

Meanwhile, the school facilities of the Group are provided with access for persons with disabilities (PWD) and learners with special needs. Ramps and railings, elevators, and PWD restrooms are available in various 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, there are six STI campuses offering ALS: STI College Ortigas-Cainta, STI College Batangas, STI College Lipa, STI College Muñoz-EDSA, STI College Rosario, and STI WNU. In SY 2020-2021, ALS classes were suspended in the aforementioned campuses due to the restrictions of conducting face-to-face classes among the students.

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.

Eusebio H. Tanco
Chairman of the Board

Monico V. Jacob
President and Chief Executive Officer

Paolo Martin O. Bautista
Vice President and
Chief Investment and Risk Officer

Rainerio M. Borja
Director

Joseph Augustin L. Tanco
Vice President, Investor Relations

Maria Vanessa Rose L. Tanco
Director

Jesli A. Lapus
Independent Director

Martin K. Tanco
Director

Ma. Leonora V. De Jesus
Independent Director

Robert G. Vergara
Independent Director

Raymond N. Alimurung
Independent Director

Atty. Arsenio C. Cabrera, Jr.
Corporate Secretary and
Corporate Information Officer

Yolanda M. Bautista
Treasurer and Chief Finance Officer

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 2020-2021, a significant portion was composed of employee wages and benefits and operating costs covering payments to local suppliers. Also, construction of the STI Academic Center Legazpi continued as part of the Group's commitment to constantly improve the delivery of education to its students by ensuring that its schools feature state-of-the-art facilities with expansive classrooms, top-of-the-line computer laboratories, and recreational spaces.

PhP2,318.25M
*Economic value generated

PhP2,294.57M
*Economic value distributed

PhP23.68M
*Economic value retained

PhP1,203.73M
*Operating costs

PhP595.11M
*Employee wages and benefits

PhP66.66M
*Payments to suppliers, other operating costs

PhP95.79M
*Taxes given to government

PhP333.29M
*Dividends given to stockholders and interest payments to loan providers

The ongoing COVID-19 pandemic has brought significant challenges and has affected not just the Group but the global economy. Similarly, the economic uncertainty and the adverse impact of the community quarantine have affected the education sector. 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

SUPPLY CHAIN

The Group 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 entities within the Group follow an accreditation program for its contractors and suppliers to ensure that their vendors are capable of delivering goods and/or services with technical, commercial, and financial capability, adequate equipment and facilities, good service performance, or any measure that will safeguard quality and reliability. Some goods and services are sourced within the locality, province, or region where the school is located.

The Group has cut down on its spending and deferred certain projects as part of the cost control measures that it has implemented in response to the impact of the COVID-19 pandemic.

April 1, 2020 to June 30, 2020

99.8%
of purchases paid to local suppliers

July 1, 2020 to June 30, 2021

97.5%
of purchases paid to local suppliers

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 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 including four independent directors. The Executive Committee consists of the Chairman, the President and Chief Executive Officer, the Treasurer, and two Board members.

The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of all documents, records and information essential to the conduct of his/her duties and responsibilities to the Parent Company as set out in the By-Laws.

The Parent Company exerts all efforts to further strengthen compliance to principles and practices of good corporate governance through the organization of corporate governance seminars and use of various assessment tools.

Risk Management

The Group adopts what it considers 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.

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Eusebio H. Tanco
Chairman of the Board

Monico V. Jacob
President and Chief Executive Officer

Joseph Augustin L. Tanco
Vice President, Investor Relations

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Ma. Leonora V. De Jesus
Independent Director

Raymond N. Alimurung
Independent Director

Atty. Arsenio C. Cabrera, Jr.
Corporate Secretary and Corporate Information Officer

Yolanda M. Bautista
Treasurer and Chief Finance Officer

The Board of Directors has the highest mandate in governance matters and in the management of the business of the Parent Company. It is the responsibility of the Board to foster the success of the Parent Company and secure its sustained competitiveness in a manner consistent with its fiduciary duty, and to promote and adhere to the principles and best practices of Corporate Governance.

EXECUTIVE COMMITTEE

Eusebio H. Tanco
Chairman

Monico V. Jacob
Yolanda M. Bautista
Martin K. Tanco
Rainerio M. Borja

The Executive Committee has and may exercise all the powers which may be lawfully delegated, subject to such limitations as may be provided by resolution of the Board.

AUDIT and RISK COMMITTEE

Jesli A. Lapus
Chairman

Robert G. Vergara
Martin K. Tanco
Ma. Leonora V. De Jesus
Raymond N. Alimurung

The Audit and Risk Committee assists the Board in overseeing the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations. It also ensures that there is an effective and integrated enterprise risk management (ERM) program in place.

CORPORATE GOVERNANCE COMMITTEE

Robert G. Vergara
Chairman

Jesli A. Lapus
Ma. Leonora V. De Jesus
Raymond N. Alimurung

The Corporate Governance Committee assists the Board of the Parent Company in the fulfillment of its corporate governance responsibilities in accordance with all applicable laws, rules and regulations.

RELATED PARTY TRANSACTIONS COMMITTEE

Ma. Leonora V. De Jesus
Chairwoman

Robert G. Vergara
Jesli A. Lapus
Raymond N. Alimurung

The Related Party Transactions Committee reviews all material related party transactions of the Parent Company and ensures that said transactions are conducted at arms' length.

ENVIRONMENTAL INITIATIVES

The Group acknowledges the need to contribute positively to the efforts made in addressing climate change, decreasing energy consumption, and reducing carbon emissions as it recognizes that its operations impact its surrounding communities and the environment.

CLIMATE CHANGE

The Group strives to educate the youth and increase their awareness of social and environmental issues arising from climate change.

In support of this, iACADEMY held a week-long Earth Day celebration titled "EARTH WEEK: Curet terrae! (Take Care of the Earth!)" featuring SHS and UG organizations uniting to raise awareness and ignite action to care for the Earth in April 2021. iACADEMY students advocate environmental preservation by spreading awareness on what individuals should and should not do in maintaining ecological balance. This event aims to encourage the youth to advocate for sustainability through different mediums and show the purpose and importance of collective climate action.

GRI 302-1, 305-1, 305-2

ENERGY AND EMISSIONS

The Group primarily relies on electricity for its energy requirements. The following table shows the Group's energy consumption and carbon footprint for the reporting period.

April 1, 2020 - June 30, 2020

Energy from fuel consumption	Electricity consumption	Total energy consumption
496 (GJ)[1]	694,111 kWh	2,995 (GJ)[2,3]

July 1, 2020 - June 30, 2021

Energy from fuel consumption	Electricity consumption	Total energy consumption
1,116 (GJ)[1]	4,332,945 kWh	16,715 (GJ)[2,3]

April 1, 2020 - June 30, 2020

Direct (Scope 1) GHG emissions	Indirect (Scope 2) GHG emissions	Total carbon footprint (Scope 1 + Scope 2)
35 tons of CO_2	496 tons of CO_2	531 (tons of CO_2)[4]

July 1, 2020 - June 30, 2021

Direct (Scope 1) GHG emissions	Indirect (Scope 2) GHG emissions	Total carbon footprint (Scope 1 + Scope 2)
78 tons of CO_2	3,097 tons of CO_2	3,175 (tons of CO_2)[4]

[1] Fuel consumption of the Group is driven primarily by the use of diesel, gasoline, and LPG to power its vehicles, generators, machineries, kitchen laboratories, and canteen stoves in STI ESG-owned campuses, STI WNU, and iACADEMY.

[2] Total of Scope 1 and Scope 2 energy consumption

[3] STI-ESG owned campuses not included in the scope for April 1, 2020 to June 30, 2020 are Carmona and San Jose Del Monte since electricity consumptions were included in succeeding billings. Whereas, Cebu, Iloilo, Quezon Avenue, Tuguegarao, and Pagadian campuses were not included in both reporting periods due to suspension/cessation of operations.

[4] Source of Emission Factors: US EPA Greenhouse Gas Inventory Guidance – Direct Emissions from Stationary Combustion Sources, IPCC 2006 Guidelines for National Greenhouse Inventories, and Department of Energy (DOE) National Grid Emission Factors
Source of Global Warming Potential: IPCC Sixth Assessment Report (AR6)
Source of Conversion Factors: US Energy Information Administration Energy conversion calculators, Elgas LPG conversions, Aqua-calc compound and materials volume calculator

SOCIAL COMMITMENT

The Group believes that the success and strength of a company lie in its employees' expertise, harmonious relationship with partners in the communities, and the desire to work for the creation of a sustainable future for all.

GRI 102-7, 102-8, 102-41, 401-1

EMPLOYMENT

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.

Despite the challenges of managing a large workforce based in different key urban cities nationwide, the Group remains steadfast in harnessing the talent and passion of each employee by developing a culture that is based on performance and empowerment. The Group firmly promotes equality, diversity, and health and well-being in its policies and practices.

Nationwide, the Group has 2,234 exceptional employees consisting of faculty, research, management, and support staff. Faculty members comprise 66% of the Group's entire workforce.

Total number of employees by employment contract and type, gender, and region

April 1, 2020 - June 30, 2020

	Male	Female	Total
Regular	379	580	959
On-probation	175	251	426
Full-time	554	831	1,385
Part-time	364	299	663

July 1, 2020 - June 30, 2021

	Male	Female	Total
Regular	343	517	860
On-probation	184	254	438
Full-time	527	771	1,298
Part-time	510	426	936

April 1, 2020 - June 30, 2020

	Luzon	Metro Manila	Visayas	Mindanao	Total
Regular	435	312	173	39	959
On-probation	217	176	14	19	426
Full-time	310	299	25	29	663
Part-time	762	787	212	87	2,048

July 1, 2020 - June 30, 2021

	Luzon	Metro Manila	Visayas	Mindanao	Total
Regular	380	296	149	35	860
On-probation	221	145	54	18	438
Full-time	349	432	122	42	936
Part-time	950	864	325	95	2,234

New Hires and Turnover

April 1, 2020 - June 30, 2020

	New Hires			Turnover		
	Male (1%)	Female (0%)	Total (1%)	Male (2%)	Female (3%)	Total (5%)
Under 30 years old	8	7	15	28	44	72
30-50 years old	4	2	6	10	14	24
Over 50 years old	0	0	0	4	7	11
Total	12	9	21	42	65	107

July 1, 2020 - June 30, 2021

	Male (9%)	Female (11%)	Total (19%)	Male (8%)	Female (10%)	Total (18%)
Under 30 years old	124	154	278	92	158	250
30-50 years old	63	72	135	58	53	111
Over 50 years old	4	9	13	24	9	33
Total	191	235	426	174	220	394

April 1, 2020 - June 30, 2020

	New Hires		Turnover	
Luzon	19	2%	42	4%
Metro Manila	0	0%	53	7%
Visayas	2	1%	8	4%
Mindanao	0	0%	4	5%
Total	21	1%	107	5%

July 1, 2020 - June 30, 2021

	New Hires		Turnover	
Luzon	173	18%	166	17%
Metro Manila	153	18%	174	20%
Visayas	36	11%	45	14%
Mindanao	64	67%	9	9%
Total	426	19%	394	18%

GRI 102-41

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, 25 employees or 20% of the total number of the University's regular employees are active members of the workers' union.

GRI 405-1

DIVERSITY AND INCLUSION

The Group recognizes the importance of promoting diversity and inclusion in the workplace to attract the most qualified applicants and, consequently, attain a diverse talent pool that will bring out varied perspectives and creative ideas and initiatives to the organization.

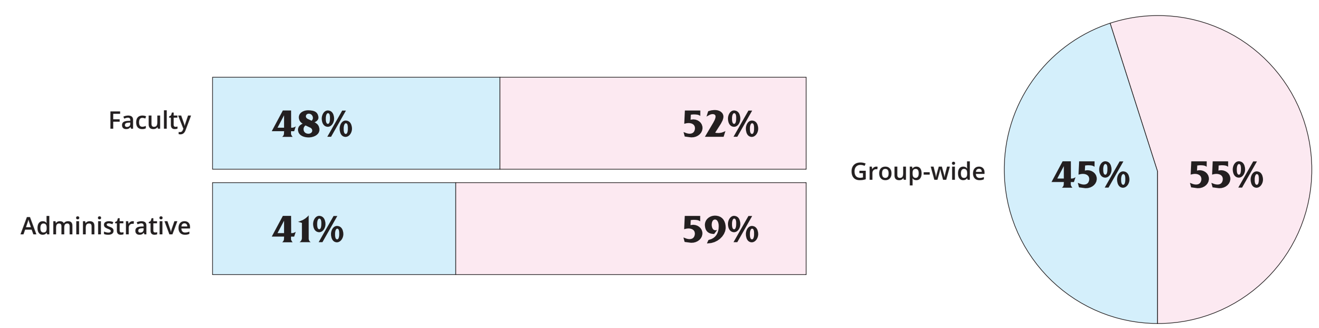
A diverse and inclusive work environment, regardless of ethnicity, gender, age, and religion, among others, also establishes a sense of belonging among employees that increases engagement and shows a higher level of productivity and notable improvement in work performance.

The Group's Board of Directors is composed of 82% males and 18% females, 27% of whom are between the ages of 30 and 50 years with the rest being over 50 years old as of the reporting period.

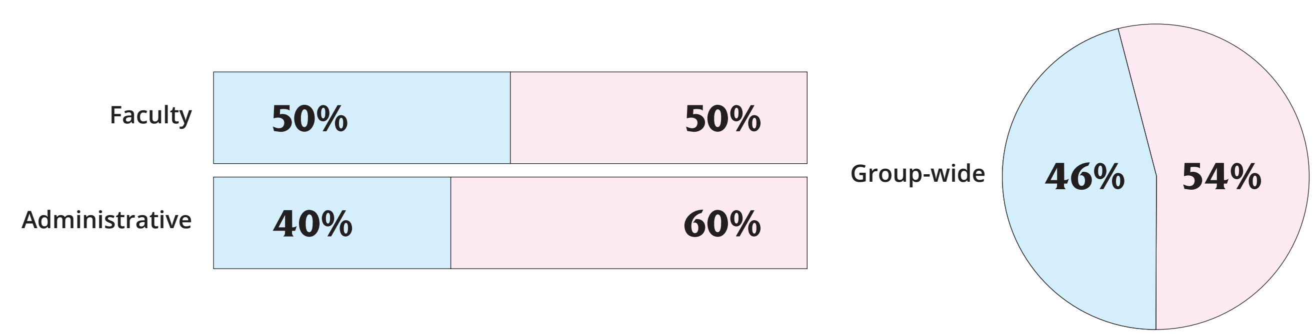
Diversity by gender

Male Female

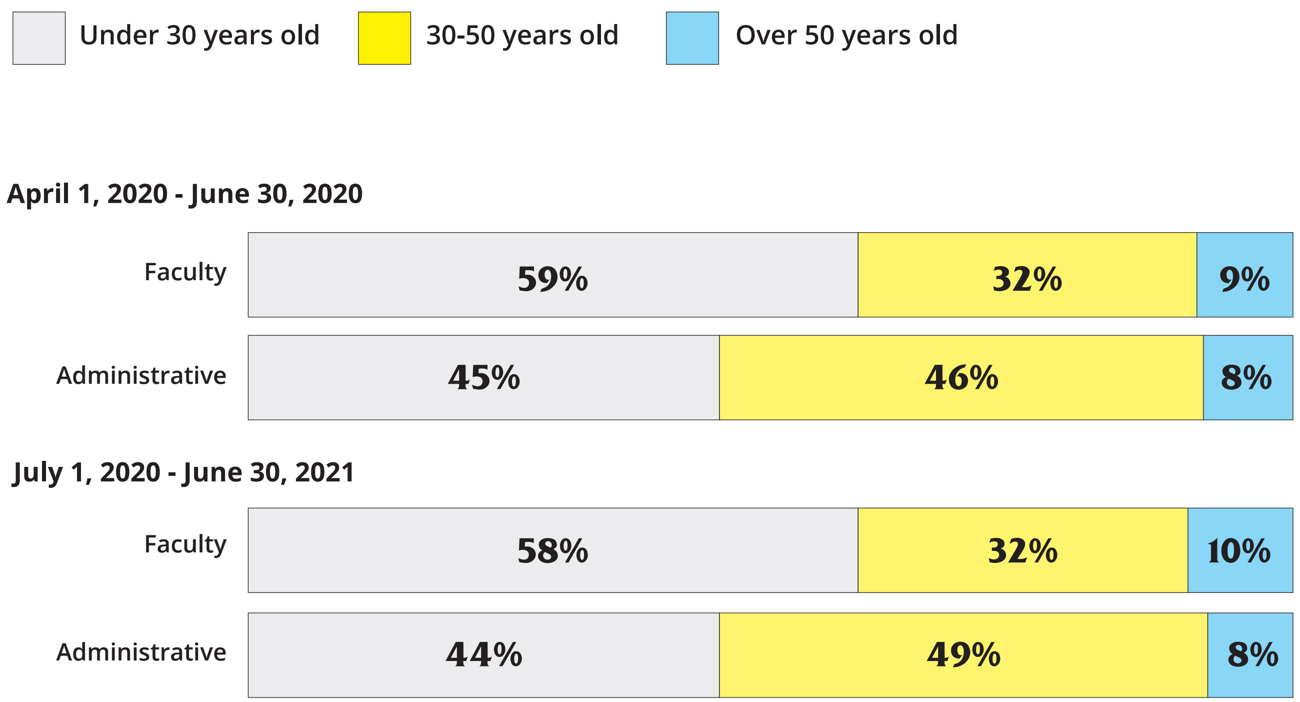
April 1, 2020 - June 30, 2020

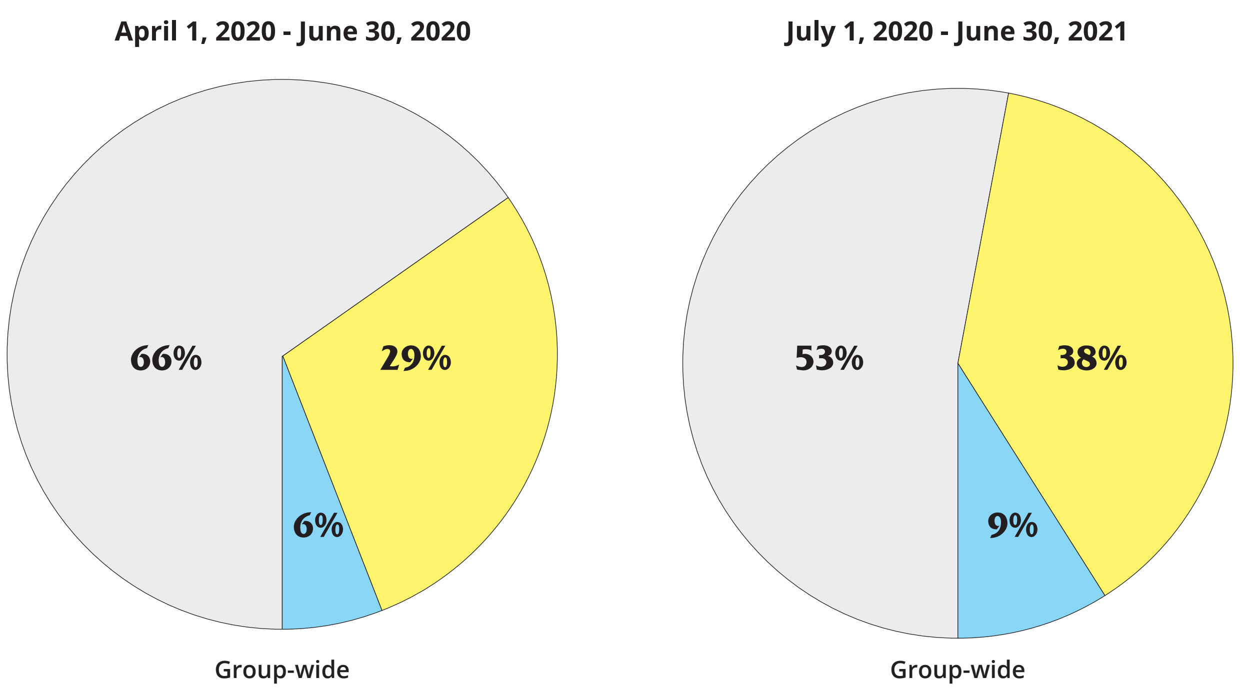


July 1, 2020 - June 30, 2021



Diversity by age group





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. 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.

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, STI ESG and STI WNU faculty members 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. Additionally, all faculty members and staff of STI ESG and STI WNU undergo regular performance evaluation ratings from superiors and peers.

iACADEMY 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.

The Group also recognized the need to transform the traditional in-classroom learning delivery to alternative modes and leveraged on online learning platforms, tools, and technologies given the current disruption caused by the global COVID-19 health crisis to the education sector. In this regard, faculty trainings during SY 2020-2021 were conducted online by utilizing eLMS and video conferencing tools such as MS Teams and Google Meet. For the April 1, 2020 to June 30, 2020 period, both male and female employees received an average of 0.2 training hour, while administrative employees received an average of 0.4 training hour.

Average training hours by gender

July 1, 2020 – June 30, 2021

Male
49

Female
19

Average training hours by employee category

July 1, 2020 – June 30, 2021

Faculty
23

Administrative
32

GRI 102-13, 413-1

COMMUNITY RELATIONS AND STRATEGIC PARTNERSHIPS

The Group continues to identify and explore opportunities for forging strategic partnerships and strong community relations through the creation of avenues for students to make positive contributions to society. Some of these programs include the following:

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

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

- **Fasttrack Solutions, Inc.**
  This partnership allows STI ESG to integrate SAP Business One on Cloud in the following programs: BS in Accountancy, BS in Management Accounting, BS in Accounting Information System, BS in Information Technology, and BS in Business Administration. In addition, SAP Business One on Cloud can be accessed by both students and teachers on various devices such as desktop computers, laptops, tablets, or mobile phones within the specified laboratory schedules.

- **Job's Café**
  Jobs Café is A Work for the Future Program wherein STI WNU partners with BPO companies that could provide part-time employment to qualified students to support their continued education in pursuit of a better future.

- **Twelve Teachers Thousand Lives Project**
  Twelve Teachers Thousand Lives Project aims to produce professional teachers who could inspire children and help elevate educational prestige in their own community and uplift family standard of living.

- **Celebrating DAPS**
  Launched in various barangays in Bacolod City, Celebrating DAPs (or Differently-Abled Persons) is a program that aims to assist DAP in securing an employment. This has become a pathway for various BPO companies to employ differently-abled persons.

- **Vegetable Urban Gardening**
  The Vegetable Urban Garden Project was launched to address food security concerns and income generating opportunities in the community.

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.

STI ESG is active in the following associations or has fostered partnerships with known industry leaders:

- Association of Administrators in Hotel/ Hospitality & Restaurant Management Educational Institutions (AAHRMEI)
- Institute of Computer Engineers of the Philippines (ICpEP)
- Internet and Mobile Marketing Association of the Philippines (IMMAP)
- Philippine Association of National Advertisers (PANA)
- Public Relations Society of the Philippines (PRSP)
- NCR School Registrar's Association (NASCRA)

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, TESOL Asia SITE Ltd Australia, Galuh University, Panasiatic Solutions, Focus Direct, Inc., Today English LTD Partnership (TELP), 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 (JPIChE)
- Philippine Institute of Civil Engineers (PICE)
- Institute of Integrated Electrical Engineers of the Philippines (IIEEP)

iACADEMY is a school partner for Python Institute and Linux Professional Institute (LPI). iACADEMY likewise forged a partnership with global leaders in audio and sound technology Dolby Atmos and Avid to teach its world-class AB Music Production and Sound Design program and is the first Philippine school chosen by Alibaba Business School's Global Digital Talent Program (GDT) and was named as Global eCommerce NeTwork (GET) to implement digital and e-commerce-driven business college courses.

GRI 418-1

CUSTOMER DATA AND PRIVACY

The Group believes in keeping personal data shared by its stakeholders safe and secure and ensuring that such are collected and processed by lawful means. The subsidiaries continue to adhere to the Data Privacy Act of 2012 (DPA) and its implementing rules and regulations. 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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STI EDUCATION SYSTEMS HOLDINGS