COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	6	6	4	1	1

COMPANY NAME

iPeople, inc. and Subsidiaries

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

3rd Floor, Grepalife Building,
219 Sen. Gil J. Puyat Avenue,
Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vicrafael@ipeople.com.ph	8253-3637	09985843110

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,006	July 30	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Victor V. Rafael	vicrafael@ipeople.com.ph	8253-3637	09985843110

CONTACT PERSON's ADDRESS

3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat 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*

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE REVISED SECURITIES ACT AND SECTION 141
OF CORPORATION CODE OF THE PHILIPPINES

1. For the year ended: **December 31, 2021**

2. SEC Identification Number: **166411** 3. BIR Tax Identification No.: **000-187-926-000**

4. Exact Name of registrant as specified in its charter: **iPeople, inc.**

5. **Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **3rd Flr., Grepalife Bldg, 219 Sen. Gil J. Puyat Avenue, Makati City** **1200**
Address of principal office Postal Code

8. **(632) 8253-3637**
Registrant's telephone number, including area code

9. **Not Applicable**
Former address, and former fiscal year, if changed since last report

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

Title of Each Class	Authorized	Number of Shares Outstanding
Common, P1.00 par value	2,000,000,000 shares	1,044,263,197

Total Debt Outstanding as of December 31 – No debt registered pursuant to Sections 4 and 8 of the RSA

11. Are any or all of these securities listed on the Philippine Stock Exchange. **Yes/Common**

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, 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 [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days.
Yes [x] No [ ]

13. As of March 29, 2022, within 60 days prior to the filing of SEC17-A, the aggregate market value of the voting stock held by the public is equivalent to Pesos (₱1,146,972,557) or (158,640,741) shares at ₱ 7.23/share.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference:

(a) 2021 Audited Consolidated Financial Statements

TABLE OF CONTENTS

PART 1	**BUSINESS AND GENERAL INFORMATION**	
Item 1	Business	1
Item 2	Properties	9
Item 3	Legal Proceedings	10
Item 4	Submission of Matters to a Vote of Security Holders	10
PART II	**OPERATIONAL AND FINANCIAL INFORMATION**	
Item 5	Market for Issuer's Common Equity and Related Stockholder Matters	11
Item 6	Management's Discussion and Analysis of Operations	12
Item 7	Financial Statements and Supplementary Schedules	18
Item 8	Information on Independent Accountant and Other Related Matters	18
PART III	**CONTROL AND COMPENSATION INFORMATION**	
Item 9	Directors and Executive Officers of the Issuer	20
Item 10	Executive Compensation	26
Item 11	Security Ownership of Certain Beneficial Owners and Management	26
Item 12	Certain Relationships and Related Transactions	27
PART IV	**CORPORATE GOVERNANCE**	
Item 13	Annual Corporate Governance Report	28
PART V	**EXHIBITS AND SCHEDULES**	
Item 14	Exhibits and Reports on SEC Form 17-C	29
	SIGNATURES	
	INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	
	INDEX TO EXHIBITS	

PART 1 – BUSINESS AND GENERAL INFORMATION

Item 1: Description of Business

iPeople, inc. (‘iPeople”, “IPO” or “the Company”) is the holding and management company under House of Investments, Inc. and the Yuchengco Group of Companies (“YGC”) that drives investments in the education sector. The Company is a publicly listed company in the Philippine Stock Exchange (PSE:IPO).

Its main operating subsidiaries are the Malayan Education System, Inc. (Operating under the name of Mapúa University) (“Mapúa University” or “MESI”), National Teachers College (doing business under the name The National Teachers College) (“NTC”), University of Nueva Caceres (“UNC”) and Affordable Private Education Center, Inc. (doing business under the name of APEC Schools) (“APEC”).

Mapúa University also has three main wholly owned subsidiaries, the Malayan Colleges Laguna, Inc. A Mapúa School (“MCL”), Malayan High School of Science, Inc. (“MHSS”) and Malayan Colleges Mindanao, Inc. A Mapúa School (“MCM”). MCM is Mapúa University’s newest incorporated school. MCM opened its doors to senior high school and college students in July 2, 2018.

On October 1, 2018, the Board of Directors (BOD) of IPO (Parent Company) executed a memorandum of agreement (MOA) for a proposed Plan of Merger between iPeople and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (AC), with iPeople as the surviving entity and HI and AC controlling 48.18% and 33.5%, respectively. The merger would bring together the educational group of HI and AC and will enable accelerated growth and provide stronger academic offerings and career prospects for the students. The merger will also unlock synergies between iPeople and AEI to be able to deliver quality education, aimed not only at educating the Filipino youth but also at preparing their graduates to become major players in sustainable businesses driven by adaptive technology.

The proposed merger was subsequently approved by the Parent Company’s Stockholders on December 12, 2018 and was approved by the Philippine Competition Commission (PCC) on December 12, 2018. On April 24, 2019, the Company received from the Securities and Exchange Commission (SEC), the Certificate of Filing of the Articles and Plan of Merger approving the merger. On May 02, 2019, the merger by and between the Company and of AEI became effective with iPeople being the surviving entity, is deemed to have acquired all the assets and to have assumed all the liabilities of AEI. In exchange for the transfer of the net assets of AEI to iPeople, the Company issued to the shareholders of AEI an aggregate of 295,329,976 shares with a total par value of P295.3 million.

On May 09, 2019, the Company acquired 281,642 MESI common shares owned by HI. With the acquisition, iPeople now owns 100% of MESI.

In December 2019, the Company became the beneficial owners of an additional 2,743 shares of UNC common shares which represents 24.99% ownership in UNC which puts iPeople’s ownership of UNC to 83.62%.

The Holding Company

Executive management takes an active role in the business operations of the companies under its portfolio. Through participation in management and operations meetings and regular reviews, iPeople leads the planning and monitoring of achievement of goals.

In particular, management watches operating metrics very closely and how these impact the financial metrics. By monitoring operating metrics and financial metrics, executive management can always determine whether the capital deployed to various businesses within the portfolio is being used efficiently and generate returns that meet hurdle rates.

Executive management also engages in continuous business development programs. These business development activities range from assisting subsidiaries in developing growth opportunities within their respective businesses, developing expansion plans or at the holding company level, exploring new opportunities for portfolio diversification.

Risk Factors at the Holding Company Level

iPeople, inc. is a holding company with significant involvement in education through its subsidiaries, is exposed to risks that are particular to its nature of operations and the environment in which it operates. IPO believes that risk management is the responsibility of all stakeholders within the Group. As such, risk management is integrated into the businesses' organizational activities and processes, embedded into the regular functions and operational requirements to achieve the corporate goals.

The Board Risk Oversight Committee (BROC) assists the Board of Directors in fulfilling its corporate governance functions on risk management. The BROC is responsible for the oversight of the company's enterprise risk management system. The Chief Risk Officer reports to the BROC developments and matters relevant to risk management. Management, through the company's Risk Management Council, is accountable for managing the associated risks. The subsidiaries are responsible for managing their respective risk exposures and reports periodically to IPO.

During the year, IPO conducted a group-wide risk assessment. Following are the key risk factors that may impact the objectives of the Company.

Reputation

The inability of the Company to maintain and failure to protect its reputation may adversely affect its objective of creating and growing its value for its stakeholders. IPO communicates its vision, mission, core values, and objectives to all its stakeholders and ensures all stakeholders are mindful with certainty of the company DNA in accomplishing the corporate objectives. The IPO senior management participates in the Group's strategic planning, management, and operational meetings to ensure alignment with the holding company.

Market

The Philippine and Global economic condition may impact the Company's investment and growth commitments to its stakeholders. IPO is cognizant that pursuing business opportunities by expanding its footprint is critical to sustain its growth commitments. IPO considers investments anchored on the Company's management expertise and available resources and uses acceptable financial modelling and testing considering its investment commitments. Monitoring the market risks is imbedded in the normal course of business and necessary measures are implemented to counter the potential impact.

Regulation

The Company's business may be impacted by changes in laws and policies or the introduction of new laws or regulations which may affect its business operations and financial results. IPO, operating in a regulated industry, manages these risks by monitoring emerging laws and regulations and industry developments affecting or may affect its business. IPO takes the position of proactively participating in consultations and dialogues with pertinent regulatory agencies and organizations relevant to its operations strengthening its capability to anticipate and adapt to potential changes.

Talent

The probability that a critical role will become vacant and cannot be satisfactorily filled may negatively affect the Company's continuity of its strategic imperatives and/or products and services standards. IPO established programs in building key competencies and capability, as well as implementing succession planning to address the exposures.

Information and Cyber Security/Safety

The failure to protect the Company from data breaches and/or the inability of the information systems to adequately protect the critical data and infrastructure may adversely affect stakeholders' confidence, disrupt operations, and may result to business losses. To mitigate the risks, IPO ensures strict compliance with the data privacy act and the Group's information and communications technology security policy. IPO conducts periodic review and information campaign through cybersecurity awareness programs.

School Operations

MALAYAN EDUCATION SYSTEM, INC. (OPERATING UNDER THE NAME OF MAPUA UNIVERSITY)

Founded in 1925 by Don Tomas Mapúa, an architecture graduate of Cornell University in the United States and the first registered architect of the Philippines, Mapúa University is the country's premier engineering and technological university. It envisions itself to be among the best universities in the world, unceasingly fostering its long tradition of leading-edge excellence in various fields of studies, such as Engineering and Sciences, Architecture and Design, Information Technology, Business and Management, Communication and Media Studies, and Social Sciences and Education, and providing students with a learning environment that will make them globally competitive.

It received a 4 Stars rating for excellence by the Quacquarelli Symonds (QS) Intelligence Unit under its QS Stars Rating System. The QSIU is an independent organization providing global intelligence in line with the higher education sectors around the world. It received a 5 Stars rating for Employability, Facilities, and Social Responsibility; a 4 Stars rating for Teaching, Inclusiveness, and Program Strength; and a 3 Stars rating for Internationalization and Academic Development.

Mapúa has also been recognized by QS as one of Asia's Top 550 universities in 2021 and 2022.

Offering locally and internationally accredited academic programs and other developmental programs that provide international learning opportunities to its students, Mapúa education meets global quality standards of the professions for which it prepares its graduates.

Mapúa is the first school in Southeast Asia to obtain accreditation for its programs from ABET, a US-based non-profit, non-governmental agency that accredits college and university programs in applied and natural science, computing, engineering, and engineering technology. To date, Mapúa has the most number of ABET-accredited programs for a single campus in the country, with 11 of its engineering programs accredited by ABET's Engineering Accreditation Commission (EAC) and three of its computing programs accredited by ABET's Computing Accreditation Commission (CAC).

Mapúa also has the most number of engineering programs (Chemical Engineering, Civil Engineering, Computer Engineering, Electrical Engineering, Electronics Engineering, Environmental and Sanitary Engineering, and Mechanical Engineering), together with its three IT programs, recognized as Centers of Excellence by the Philippine Commission Higher on Education.

The University's strong academic foundation ensures its graduates to be of high caliber, taking lead roles in the global arena. To date, it has produced 385 topnotchers across 11 of national professional licensure examinations since 2000. Its students are also prepared for the world of practice through their exposure to international exchange program, on-the-job trainings, plant visits, conferences, and research, development, and innovation undertakings, which are achieved through the University's continuous forming of international linkages with prestigious companies and universities.

A recognized leader in digital education and online learning in the Philippines and one of the most digital-ready universities in Asia, Mapúa continuously provides enriching and engaging learning experiences to its students using the latest in educational technology, enhancing its capability for effective teaching and learning in a digital environment.

Through Mapúa Ubiquitous Online Experience (ÚOx), its initiative in delivering fully online programs through its very own platform, Cardinal EDGE or Education in a Digital and Global Environment, Mapúa delivers on its commitment in developing and bolstering its world-class quality of education, reaching more learners locally and across the globe through its online learning space. To date, it offers six Commission on Higher Education-approved fully online bachelor's degree programs in engineering and information technology and nine fully online master's degree programs in engineering and information technology.

Mapúa aims for the empowerment of the youth by providing education grounded on academic excellence and strength of character. It emphasizes the importance of the core values of discipline, excellence, commitment, integrity, and relevance (DECIR), ensuring that it does its share in producing men and women who live fulfilled and meaningful lives.

MALAYAN COLLEGES LAGUNA, INC. (A MAPÚA SCHOOL)

Located in Cabuyao, Laguna, alongside several science and industrial parks, Malayan Colleges Laguna (MCL) was established to extend the brand of Mapúa University to the south by offering programs in engineering and architecture, accountancy, business, communication, computer science, information technology, multimedia arts, psychology, and tourism management. It has 21 baccalaureate programs, of which three (3) are fully online degree programs. It has five degree-offering colleges and one institute: the Mapúa Institute of Technology at Laguna, the E.T. Yuchengco College of Business, the College of Computer and Information Science, the College of Arts and Science, the Mapúa-PTC College of Maritime Education, and the Institute for Excellence in Continuing Education and Lifelong Learning.

The institution's community started with 860 students in 2007. Today, there are 5,665 students in both college and Senior High School (SHS). MCL, like its parent school Mapúa University, offers SHS. MCL also adapted Mapúa's design for its SHS curricula and embedded Internet of Things ("IoT") which gave MCL a unique advantage in the secondary education sector, ensuring that our students and curricula remain globally competitive. MCL-SHS was opened in 2016, welcoming 1,021 Grade 11 students.

As part of its pledge to provide quality education to its students, the seven MCL's engineering programs, namely: Chemical Engineering, Civil Engineering, Computer Engineering, Electronics Engineering, Electrical Engineering, Industrial Engineering, and Mechanical Engineering, are all PTC-ACBET accredited. In addition, its Marine Engineering (MarE) and Marine Transportation (MT) programs were also awarded re-certification for five (5) years (A.Y. 2019-2020 to 2023-2024) by the Belgian Maritime Inspectorate (BMI) in December 2019 and passed its periodic audit in January 2021. MCL was also granted ISO21001 certification and has passed the DNV routine audit in December 2021.

Driven by a passion for knowledge, MCL seeks to meet the challenges of globalization to produce graduates who can exercise their skills in the global labor market. With its excellent facilities, technologically advanced, and IT-integrated curricula, MCL is envisioned as a Center of Excellence for science and technology education in Southern Luzon. MCL has successfully produced graduates and students with consistently excellent performance in licensure and certification exams and local and national competitions and quiz bowls. In 2016, FindUniversity.ph marked it as the number one private school in CALABARZON and the 10th best school in the Philippines.

MCL continued to excel in the different licensure and certification exams, garnering outstanding performances and perfect passing rates (100%) in the Electrical Engineer Licensure Exam, Electronics Technician Licensure Exam, and the Industrial Engineering Certification Exam. In the August 2019 Mechanical Engineer Licensure Examination, MCL, having obtained a 95.65% passing rate, ranked as the no. 2 Top Performing School with 10 to 49 Examinees. The institution has been consistent with its licensure exam results for Mechanical Engineering, ranking as the no. 1 Top Performing School among private higher education institutions and no. 4 Top Performing School in the Philippines with its 95.05% weighted passing rate in the 2014 to 2018 Mechanical Engineer Licensure Exam.

MCL was granted Autonomous Status, as per CHED Memorandum Order No. 12, Series of 2019. CHED has extended its validity period until 2023, as per CHED Memorandum Order No. 7 series of 2021. Given this, MCL has offered two new programs, B.S. Business Administration and B.S. Psychology, starting Academic Year 2020-2021.

As a result of its quest to continually improve 21st-century education, MCL has been awarded the Blackboard Catalyst Award for Leading Change in 2017 and Blackboard Award for Professional Development in recognition of its Opportunities for Lifelong (#SamaOLL) Project in 2020. In 2021, MCL took home the Blackboard Award for Optimizing Student Experience.

MCL has achieved another milestone by obtaining a three-star overall rating from the Quacquarelli Symonds (QS) Star Rating System from the United Kingdom in 2020. Significantly, MCL received a five-star rating for Employability, due to the competence of its graduates as professionals in their respective fields; a four-star rating for Facilities, for its smart campus and drive to deliver an advanced learning experience for students; and a three-star rating for Social Responsibility and Inclusiveness, for being true to its mission to contribute to the solution of industry's and society's problems through the various engagements of students with communities.

In 2021, MCL was awarded the most outstanding school in the Laguna Excellence Awards. Also, MCL was granted membership in the Philippine Association of Colleges and Universities in January 2022. Through this, the institution has leveled up its national stature, assuring students and stakeholders of its dedication to its vision.

MALAYAN COLLEGES MINDANAO (A MAPÚA SCHOOL), INC.

Incorporated in 2015, Malayan Colleges Mindanao (A Mapua School), Inc. was established to offer Mapua-education in Davao and Mindanao. MCM looms along General Douglas MacArthur Highway in Matina, Davao City, and opened its doors to senior high school and college students on July 2, 2018.

MCM has the core vision of transforming students to become globally competitive professionals highly preferred by industries locally and abroad. The institution also distinguishes itself from rest of the colleges and universities in Mindanao through:

1. Learner-centered outcomes-based education
2. Blended online and face-to-face learning sessions
3. Industry Partnerships
4. Mindanao-centric Learning
5. Advanced Learning Facilities

With 14 baccalaureate programs in engineering, architecture, arts and sciences, information science, business, and complete senior high school academic and technical-vocational tracks, MCM has reached its target number of enrollees in its first year of operation in Davao City.

For school year 2019-2020, MCM expands global initiatives with new partners and opening of three additional programs under Alfonso T. Yuchengco College of Business namely, B.S. Accountancy, B.S. Management Accounting and B.S. Tourism Management.

Having satisfactorily complied all the CHED RQAT requirements and standards in 2020, MCM was granted an approval to offer two new baccalaureate programs of study—B.S. Biology and B.S. Psychology—under arts and sciences starting school year 2021-2022.

For school year 2022-2023, The Department of Education (DepEd) in Region XI granted approval to MCM to offer Junior High Schools completing the High School program offerings from Grade 7 to Grade 12.

In line with its mission to provide a holistic learning environment, MCM had collaborated with various organizations in spearheading transformative school activities such as coastal clean-up and recycling plastic wastes projects, water conservation and environmental dialogues with private and public sectors as well as donation drives for the victims of recurring earthquakes in Mindanao and for typhoon victims in the country.

MCM has recently reached a milestone with its DOST-funded research project, RESILIEMC. Through the Office of Research, Development, and Innovation, MCM is working with a pool of experts in Davao City to advance the COVID-19 response in the region. A Memorandum of Agreement was signed among the Department of Science and Technology, Philippine Council for Health Research and Development (PCHRD), and MCM in January 2021, forging each party's shared commitment to develop the health system in Mindanao.

In the pursuit of Excellence and Relevance, Malayan Colleges Mindanao continues to strive to go beyond expectations and be involved in the development of sustainable solutions to global issues, at the same time it upholds the values of educational excellence, social responsibility, and environmental preservation.

MALAYAN HIGH SCHOOL OF SCIENCE, INC.

Established in 2006, Malayan High School of Science (MHSS), a Mapua Junior High School, is a leading junior high school in Manila. It aims to be a global center of excellence in secondary education especially in the area of science, technology, engineering, arts and mathematics (STEAM). Malayan High School of Science is focused on producing scientifically and technologically inclined learners.

Malayan High School of Science provides advanced Science, Technology and Mathematics curriculum to Junior High School learners. It upholds an exemplary Science, Technology, Engineering, Arts and Mathematics (STEAM) Junior High School education by offering robotics, multimedia, coding programs, advanced Science, Mathematics, and outcome-based curriculum. It houses state-of-the-art classrooms, laboratories, and facilities and utilizes digital resources and technologies for teaching and learning. MHSS product or service exists because it produced learners who are successful in the field of pure and applied Science.

MHSS also now offers Home Education Program that will cater to students who prefer a different mode of learning but can still enjoy the Malayan curriculum in the comforts of their own homes.

MHSS promotes the holistic development of its learners, providing them avenues inside and outside the campus to showcase their various talents and skills. It implements a Safe School Policy and employs strict security measures, maintaining an environment that is safe and conducive to learning.

NATIONAL TEACHERS COLLLEGE (DOING BUSINESS UNDER THE NAME OF THE NATIONAL TEACHERS COLLEGE)

The National Teachers College was founded by Dr. Segundo M. Infantado, Sr., a former Director of Public Instruction of the Philippines, and Dr. Flora Amoranto-Ylagan, one of the country's leading educators. NTC was officially incorporated on September 29, 1928 and was authorized by the Department of Public Instruction on April 17, 1929, to operate as an educational institution. Its doors opened to the student public on June 10, 1929 and was granted government recognition on February 17, 1930.

NTC was the Philippines' first Higher Education Institution (HEI) to offer collegiate programs dedicated to teacher education. Among private educational institutions in the Philippines, it has attained a leading place in educational leadership, particularly in the field of teacher education. Its performance in the Licensure Examination for Teachers has always been above the national passing rate.

Gearing toward industrialization and developing professionals for national productivity and global competitiveness, collegiate programs were expanded to include business, hospitality, information technology, and psychology. The Senior High School program was likewise opened, offering both Academic and Tech-Voc. tracks.

The following programs have been accredited by the Philippine Association of Colleges and Universities-Commission on Accreditation (PACU-COA): Bachelor of Science in Office Administration (Level 1), Bachelor in Elementary Education (Level 3), Bachelor in Secondary Education (Level 3), Master of Arts in Education (Level 2), and Doctor of Education (Level 2).

NTC has continually striven to keep abreast of educational development here and abroad to enrich student life. Partnering with industry experts such as Google for Education and LinkedIn helps ensure the career readiness of its graduates, thus contributing to nation-building. It has always endeavored to make its learning system and student activities relevant and modernized for students to experience the joy of learning for them to learn more and excel better.

While continuously upgrading its services, NTC maintains its affordability, bringing accessible quality education to transform the lives of Filipinos. With a student population of more than 15,000, NTC continues to fulfill its mission of educating and training teachers, administrators, supervisors, and other professionals who will serve the country and the world at large.

UNIVERSITY OF NUEVA CACERES

The University of Nueva Caceres (UNC) is the first university in Southern Luzon. UNC traces its origins to the benevolence of Dr. Jaime Hernandez, former Secretary of the Department of Finance, as his way of giving back to the Bicolano community. In February 1948, Dr. Hernandez together with other prominent Bicolanos, formed the Nueva Caceres College. Five years after its establishment, the school attained University status.

The University has set an aggressive roadmap towards UNC's Big Hairy Audacious Goal: **From First to # 1**. UNC’s goal is to be the top university of choice in Bicol, with its differentiation defined as A Future-Ready Outcomes-Based Education Leader in the Bicol Region. UNC shall welcome and nurture students to be future-ready, work-ready, and life-ready by following its tag line "Makatapos, Magkatrabaho at Magtagumpay."

Currently, the University offers complete basic education, four programs in the College of Arts and Sciences, thirteen in the College of Business and Administration, five in the College of Computer Studies, thirteen in the College of Education, six in the College of Engineering, Nursing Course, Criminal Justice Education, Juris Doctor, and three Doctorate and fifteen Master's Degree programs in the Graduate Studies department.

As of 2021, a total of 32 programs representing 56% of all active programs, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation (PACU-COA). It conferred the Level III status in five Bachelor of Science in Business Administration programs; in five Master of Arts in Education programs; in Master of Business Administration; two Bachelor of Arts programs; two Bachelor of Elementary Education programs; in Bachelor of Special Needs Education; and seven Bachelor of Secondary Education programs. Bachelor of Science in Biology, Bachelor of Science in Accountancy, Bachelor of Science in Nursing, and Elementary Education were accredited with Level II status. The Bachelor of Science in Computer Science, Bachelor of Science in Information Technology, Bachelor of Science in Electronics Engineering, Doctor of Philosophy major in Behavioral Management, and Junior High School were also recognized with a Level I accreditation status.

During the last seventy-four years, the University of Nueva Caceres has produced 161 top-notchers in government Bar and Board examinations. Aside from this, UNC has also produced many student leaders awarded by national and regional recognition bodies. This hefty collection of "golds" speaks well of the quality of instruction in the UNC. Further evidence of this is shown by the thousands of UNC graduates who are now professionals or who occupy responsible positions in the government and in the private sector.

The disruption to educational delivery of the COVID19 pandemic made it possible to quickly shift to flexible learning delivery. UNC Red Ways these Gray Days is the University's Learning Continuity Plan which offers 2 flexible learning solutions: Flexi Tech, an online learning mode, and Flexi Kit, a modular learning mode. Student services such as the health clinic and guidance were also moved online to cater to the needs of our students.

AFFORDABLE PRIVATE EDUCATION CENTER, INC. (DOING BUSINESS UNDER THE NAME OF APEC SCHOOLS)

APEC Schools was established in 2013 with the vision of providing quality private education affordable to Filipino students. APEC is a pioneer in the high school education sector and was one of the first institutions to offer a genuine technology enabled educational curriculum and delivery.

APEC Schools are specialists in the blended learning model and was one of the very few schools whose students were able to complete the academic year when the pandemic first hit in 2020. The school offers advanced and innovative learning at very accessible prices across a wide socio-economic market segment to Junior and Senior High School students in its Metro Manila and CALABARZON branches.

From its initial 130 students from its first branch, APEC Schools has grown to 20 school branches with over 8,000 students and 450 employees in 2022.

APEC Schools introduced Senior High School in 2016 with the Accounting and Business Management (ABM) strand, along with its proprietary program Accelerated Career Experience, a job-immersion program developed together with partner employers. In 2018, the school celebrated its 5th anniversary and graduated its first cohort. Two thousand senior high school students graduated that year, the majority being admitted to top colleges and universities, while around 15% started working with job offers within three months of graduation. A year later, the school offered the Science, Technology, Engineering, and Mathematics (STEM) academic strand.

APEC Schools takes pride in its outcomes. The college entrance exam passing rate of its graduates is higher than the national average, with students gaining entry to top universities and state colleges of their choice. In addition, 96% of the Senior High School graduates who seek employment have received job offers within 120 days after graduating.

The school's commitment has always been to create a better future for its students. In 2020, APEC Schools offered two innovative new programs to help its students continue with their education despite the pandemic: APEC Agile Distance Learning program and APEC Flex Homeschool program.

In December of the same year, Google recognized APEC Schools as a Google Reference School - the first and only one in the Philippines. The recognition is for those who utilize the Google educational tools in creative, innovative, and exemplary ways, to create a positive impact on the educational development of the students.

APEC Schools is committed to creating the future of the students that gets #BetterEachDay.

Risk Factors related to School Operations

Business Resiliency

The inability to bring the Company out of operational disruptions, resume critical processes, and restore normal operations may result to service breach and financial losses. The Group is committed to address risks that may cause disruptions to its operations. Measures are put in place to mitigate the risks as provided for in the Group's business continuity management plan and disaster risk management program with the end objective of bringing back the business activities to normal operations as soon as possible. Further, the Group maintains and continues to invest in online platforms to improve the Group's ability to provide services remotely and meet stakeholders' expectations. Where applicable and appropriate, specific insurance is obtained to help reduce the financial impact of the operational disruptions and damages.

Information and Cyber Security/Safety

The failure to protect the Company from data breaches and/or the inability of the information systems to adequately protect the critical data and infrastructure may adversely affect stakeholders' confidence, disrupt operations, and may result to business losses. To mitigate the risks, the Group ensures strict compliance with the data privacy act and the Group's information and communications technology security policy. The Group conducts periodic review and information campaign through cybersecurity awareness programs. The Group also maintains and invests in cybersecurity resources.

Regulation

The Company's business may be impacted by changes in laws and policies or the introduction of new laws or regulations which may affect its business operations and financial results. The Group, operating largely in the regulated education industry, manages these risks by monitoring emerging laws and regulations and industry developments affecting or may affect its business. The Group takes the position of proactively participating in regular consultations and dialogues with pertinent regulatory agencies and organizations relevant to its operations and aiming to attain thought leadership status in the education industry.

Talent

The probability that a critical role will become vacant and cannot be satisfactorily filled may negatively affect the Company's continuity of its strategic imperatives and/or products and services standards. IPO established programs in building key competencies and capability, as well as implementing succession planning to address the exposures. In addition, the Group maintains and continues to improve its employee engagement through activities and programs, including but not limited to individual development plan.

Market

The Philippine and Global economic condition may impact the Company's investment and growth commitments to its stakeholders. The Group is cognizant that pursuing business opportunities is critical to sustain its growth commitments. The Group considers opportunities anchored on the company's management expertise and available resources. Monitoring the market risks is imbedded in the normal course of business and necessary measures are implemented to counter the potential impact. The Group partnered with business organizations to cushion the potential financial impact to relevant stakeholders, implements process improvements and other cost-saving measures, strengthens its online platforms to provide affordable distance learning programs.

Reputation

The inability of the Company to maintain and failure protect its reputation may adversely affect its objective of creating and growing its value for its stakeholders. The Group communicates its vision, mission, core values, and objectives to all its stakeholders and ensures all stakeholders are mindful with certainty of the company DNA in accomplishing the corporate objectives. The Group has stakeholder action centers to address concerns, conducts social listening to determine reputational concerns, and implements social media policy to ensure appropriate community behavior.

Campus Safety and Security

The inability to provide a safe environment and/or operationalize adequate campus security and preventive measures may adversely affect the Group's reputation, student enrolment, and talent retention. The Group manages the risks by implementing a campus security program, ensuring strict compliance with regulatory agencies' requirements on safety and security in educational institutions. The Group maintains and continually improves appropriate processes and equipment aimed at securing its facilities and stakeholders.

Operational

The inefficiencies and/or failure of internal processes and/or systems, non-compliance with policies and regulatory requirements, human errors in the conduct of the Group's daily activities may result to financial losses. To manage these risks, the Group ensures that all operating units have efficient and effective processes and support systems to meet and deliver its objectives. Further, the Group periodically assesses existing controls and compliance to ensure its continued relevance and effectiveness by conducting periodic operational audit.

Item 2: Properties

iPeople and its subsidiaries own land in the following areas enumerated below:

PROPERTY DESCRIPTION	DATE ACQUIRED	AREA (SQ. M.)	TYPE
MALAYAN EDUCATION SYSTEM, INC.			
Intramuros, Manila	1999	17,997	School campus
Intramuros, Manila	2013	513.5	Vacant lot for expansion
Sta. Cruz, Makati City	2018	5,114	School Campus
MALAYAN HIGH SCHOOL OF SCIENCE INC.			
Paco, Manila	2002	3,624	School campus
MALAYAN COLLEGES LAGUNA, INC.			
Cabuyao, Laguna	2010	60,000	School campus
Cabuyao, Laguna	2012	14,640	Vacant lot for expansion
MALAYAN COLLEGES MINDANAO, INC.			
Brgy. Ma-a, Davao City	2015	23,000	School Campus
Brgy. Ma-a, Davao City	2018	7,000	School Campus
NATIONAL TEACHERS COLLEGE			
Quiapo, Manila	2019	7,316.7	School Campus
Quiapo, Manila	2019	535.3	School Campus
Quiapo, Manila	2019	714.4	School Campus
UNIVERSITY OF NUEVA CACERES			
J. Hernandez Ave., Naga City	2019	49,917	School Campus
AC COLLEGE OF ENTERPRISE AND TECHOLOGY, INC.			
San Jose del Monte City, Bulacan	2019	6,098	Vacant Lot

The following details the properties that iPeople inc.'s subsidiary have leases:

PROPERTY DESCRIPTION	LOCATION	AREA (IN SQM)	LEASE EXPIRATION
AFFORDABLE PRIVATE EDUCATION CENTER, INC.			
7-Storey Building	Head Office	350.00	11/01/2024
5-Storey Building	V. Luna	865.00	06/30/2030
3-Storey Building	North Fairview	1174.00	06/30/2027
4-Storey Building	C. Raymundo	1250.00	06/30/2027
4-Storey Building	Marikina Heights	1247.00	06/30/2026
4-Storey Building	Grace Park West	795.96	04/30/2027
5-Storey Building	Tondo (Annex)	1204.00	06/30/2025
4-Storey Building	Muntinlupa	1080.00	06/30/2027
3-Storey Building	Sta. Rita Sucat	1500.00	04/30/2025
4-Storey Building	Dasmariñas	878.00	04/30/2027
4-Storey Building	Bacoor-Molino	1215.00	06/30/2029
3-Storey Building	Roxas Boulevard	537.00	04/30/2029
3-Storey Building	Pateros	1230.00	06/30/2028
4-Storey Building	Taytay	515.92	08/31/2022

3-Storey Building	Ortigas Ext., Cainta	960.00	12/31/2030
4-Storey Building	Calumpang-Annex	1095.00	03/31/2028
1-Storey Building	JRU Lipa	1255.28	06/30/2024
3-Storey Building	Las Pinas	1266.00	06/30/2026
4-Storey Building	Concepcion Dos	756.00	06/30/2026
4-Storey Building	New Manila	781.00	04/30/2027
5-Storey Building	San Pablo	1480.00	06/30/2029

Item 3 – Legal Proceedings

Mapúa University is involved in certain disputes that arise in the ordinary conduct of business. Management believes that these suits will ultimately be settled in the normal course of operations and will not adversely affect the subsidiary's financial position and operating results.

Item 4 - Submission of Matters to a Vote of Security Holders

There were no matters during the Annual Stockholders' Meeting held on 30 July 2021 that required the vote of the Company's stockholders owning more than 2/3 of the outstanding number of shares

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5 – Market for Issuer's common equity and related stockholder matters

The common stock (PSE: IPO) is traded on the Philippine Stock Exchange.

PERIOD	STOCK PRICE HIGH	LOW
2022 First Quarter	8.87	6.58
2021 Fourth Quarter	7.69	6.81
2021 Third Quarter	7.50	6.66
2021 Second Quarter	8.00	6.02
2021 First Quarter	9.00	6.58
2020 Fourth Quarter	10.80	7.01
2020 Third Quarter	8.80	7.00
2020 Second Quarter	8.99	5.22
2020 First Quarter	9.44	7.00
2019 Fourth Quarter	9.50	7.00
2019 Third Quarter	10.10	9.00
2019 Second Quarter	12.18	10.08

Top 20 owners of common stock as of March 31, 2022:

STOCKHOLDER	NUMBER OF SHARES	% OF TOTAL
HOUSE OF INVESTMENTS, INC.	501,940,749.00	48.07%
AYALA CORPORATION	349,829,961.00	33.50%
A. SORIANO CORPORATION	92,945,934.00	8.90%
PCD NOMINEE CORP - FILIPINO	89,357,373.00	8.56%
HYDEE MANAGEMENT & RES. CORP.	653,800.00	0.06%
YAN, LUCIO	325,000.00	0.03%
ONG PAC, SALLY C.	299,000.00	0.03%
LEY, FELY	243,750.00	0.02%
PCD NOMINEE CORP - NON-FILIPINO	236,624.00	0.02%
TECSON, BINGSON U.	195,000.00	0.02%
MENDOZA, ALBERTO MENDOZA &/OR JEANIE C.	165,750.00	0.02%
PHILIPPINE ASIA EQUITY SECURITIES INC. U-055	146,250.00	0.01%
KHO, DAVID L.	140,500.00	0.01%
ANSALDO GODINEZ & CO., INC.	133,438.00	0.01%
CHAN, VICKY L.	130,000.00	0.01%
SECURITIES INVESTORS PROTECTION FUND, INC.	130,000.00	0.01%
LI, LUISA	113,100.00	0.01%
UY, JOHNNY S.	97,500.00	0.01%
UY-TIOCO, GEORGE	97,500.00	0.01%
DE JESUS, REYNALDO	82,500.00	0.01%
SUB TOTAL	***1,037,263,729***	***99.33%***
Others	6,999,468	0.67%
TOTAL	**1,044,263,197**	**100.00%**

iPeople has shareholders owning a total of 1,044,263,197 shares as of March 31, 2022.

Dividends

In accordance with the Corporation Code of the Philippines, iPeople intends to declare dividends (either in cash or stock or both) in the future. Common stockholders of the Company are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from the Company's operations. The same right exists with respect to a stock dividend of which the declaration is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote. The amount will depend on the Company's profits and its capital expenditure and investment requirements at the relevant time.

The company has declared cash dividends as follows:

YEAR	DIVIDEND PER SHARE	TOTAL AMOUNT
2022	₱0.16	₱167.01MM
2021	₱0.06 (Q2) and P0.23940 (Q4)	₱312.66MM
2020	₱0.07	₱73.25MM
2019	₱0.06 (Q1) and P0.01373 (Q2).	₱59.27MM

iPeople has not identified any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There was no sale of unregistered or exempt securities, nor recent issuance of securities constituting an exempt transaction in 2021.

Description of Registrant's Securities: Common Stock

The equity capital structure of the firm as of December 31, 2021 is shown below:

Authorized Capital	P2,000,000,000
Subscribed Capital	P1,044,263,197
Paid Up Capital	P1,044,263,197

The Board of Directors may declare dividends only from surplus profits arising from the business of the Company.

No holder of the capital stock, whether said stock is now or hereafter authorized, shall have any right, as a stockholder, to purchase or subscribe to any additional shares of the capital stock, whether such shares of capital stock are now or hereafter authorized by the Company as determined by resolution of the Board of Directors.

No transfer of stock or interest, which will reduce the ownership of Filipino stockholders to less than the percentage of the capital stock required by law, shall be allowed or permitted to be recorded in the proper books, and this restriction shall also be indicated in all stock certificates of the corporation.

Item 6 – Management Discussion and Analysis of Financial Condition and Results of Operations and Plan of Operation

Plan of Operations within the next twelve months

(a) The management believes that iPeople can satisfy its cash requirements within the next twelve months without the need to raise additional funds;
(b) There are no major product research and development that iPeople will perform within the next twelve months;
(c) There are no expected purchase or sale of plant and significant equipment within the next twelve months, and
(d) There are no expected significant changes in the number of employees.

Management Discussion and Analysis

CONSOLIDATED RESULTS - Year 2021 vs. Year 2020

Financial Position

Total consolidated assets increased from ₱15.71 billion to ₱16.13 billion, or a 3% increase compared to last year. The increase in total assets is mainly due to the higher cash balance of the Group and increase in the appraised value of land.

Consolidated current assets increased to ₱3.06 billion this year from ₱2.66 billion last year primarily due to higher cash and cash equivalents and higher prepaid expenses of schools. The increase in cash and cash equivalents was mainly due the cash generated by the school operations.

Receivables pertain mainly to matriculation and miscellaneous fees due from students. Receivables balance this year is P1.03 billion. There was no significant change in the balance of receivables. . Prepaid expenses and other current assets went up from ₱271 million to ₱391 million mainly because of the increase in various prepaid expenses to schools that will be amortized in the next months.

Total consolidated non-current assets this year is P13.07 billion. There was no significant change in the balance of other non-current assets. The increased in the appraised value of land was offset by the depreciation and amortization during the year.

Total consolidated liabilities of the Group is P5.01 billion. There was no significant change in the balance of total liabilities. The change in total liabilities balance is only 4%.

Accounts payable and accrued expenses pertain largely to obligations to suppliers. Accounts payable and accrued expenses decline by 10% mainly due the payment payables related to the development of the new Mapua Makati campus.

Unearned income is lower from ₱681 million in December 2020 to ₱658 million this year due to timing difference with regards to the start of school term.

Total consolidated equity increased from ₱10.49 billion in December 2020 to ₱11.12 billion this year due to the net income for the year and other comprehensive income related to the revaluation increment on land. Equity attributable to Parent is at ₱10.87 billion, from ₱10.25 billion in December 2020.

Results of Operations

The Group posted a consolidated net income of ₱663.79 million, which is significantly higher than the ₱242.17 million net income in the previous year. The 174% increase net income in 2021 is attributed to the better results of operations of IPO schools primarily because of higher revenues, lower expenses of schools and lower income taxes due to the approval of the CREATE Bill.

Revenue from school operations is the primary source of revenue of the Group. Revenue went up by 11% to ₱ 3.35 billion from ₱3.02 billion last year. The increase in revenue was primarily due to higher enrolment in Mapua University, MCM and NTC and higher revenue of other IPO schools due to changes in school calendar that affected the timing of revenue recognition.

Consolidated cost of tuition and other fees and general and administrative expenses of P2.62 billon is almost the same as last year's P2.64 billion. The Group was able to maintain the same level of expenses despite the higher enrolment in the current school year because of effective cost management and continued suspension of face-to-face classes that started in March 2020.

Interest expense and other finance charges decreased from ₱151.76 million last year to ₱138.58 million this year due to lower outstanding bank loan balance during the year and lower interest related to lease liabilities.

CONSOLIDATED RESULTS - Year 2020 vs. Year 2019

Financial Position

Total consolidated assets decreased from ₱16.27 billion to ₱15.71 billion, or a 3% decline compared to 2019. The decrease in total assets is due to the sale of a subsidiary company that owns a real property. The additional development cost of the new MESI Makati campus and the remaining cash proceeds from sale of subsidiary partially offset the decline in asset due to sale of said subsidiary.

Consolidated current assets increased to ₱2.66 billion 2020 from ₱2.32 billion in 2019 primarily due to higher cash and cash equivalents and higher accounts receivable of schools. The increase in cash and cash equivalents was mainly due the proceeds from sale of subsidiary.

Receivables pertain mainly to matriculation and miscellaneous fees due from students. The 6% increase in receivable was mainly due to timing difference with regards to the start of school term, and the extended payment period of school fees to provide relief to students and parents having financial difficulty brought about by the pandemic. Prepaid expenses and other current assets went up from ₱176 million to ₱271 million mainly because of the additional prepayment to suppliers.

Consolidated non-current assets declined by ₱0.91 billion or 7% lower mainly due to the sale of a subsidiary that owns a real property. The decline was partially offset by the continued development of new Makati campus. There was no significant change in the balance of other non-current assets.

Total consolidated liabilities were lower by 20%, primarily because of full payment of the short-term loans of MESI.

Accounts payable and accrued expenses pertain largely to obligations to suppliers. There was no significant movement in the balance of accounts payable and accrued expense.

Payables to related parties pertain to services provided by the Group's affiliates to support its operations and oversee the on-going construction of school building in Makati.

Unearned income is lower from ₱781 million in December 2019 to ₱681 million due to timing difference with regards to the start of school term as well as lower student enrolment.

Total consolidated equity increased from ₱9.73 billion in December 2019 to ₱10.49 billion in 2020 due to the net income for the year and other comprehensive income related to the revaluation increment on land. Equity attributable to Parent is at ₱10.25 billion, from ₱9.51 billion in December 2019.

Results of Operations

The Group posted a consolidated net income of ₱242.17 million, which is 12% lower than the ₱274.09 million in 2019.

Compared to2019, the consolidated revenue and expenses of the Group went up generally due to the increase in enrollment of MCM and consolidation of the full year revenue and expenses of subsidiaries acquired in May 2, 2019. The Group started recognizing results of operations of APEC, NTC and UNC in May 2, 2019 when the merger was completed.

The higher net income in 2020 is mainly attributed to the higher income contribution of NTC, improving results of operations of MCM and gain from sale of a subsidiary. However, if the non-recurring gain from sale of subsidiary is excluded, the net income of the Group is lower than previous year because of the lower enrollment due to the pandemic, higher depreciation and interest expenses on loans. MCM incurred a significantly lower net loss mainly due to material increase in enrolment and lower interest expense. The result of future operations of MCM is expected to continue to improve as it accepts more students in the succeeding years of operation.

Revenue from school operations is the primary source of revenue of the Group. Consolidated revenues in 2020 was significantly affected by the delay in the start of school year 2020 – 2021, tuition fee rebates given to students due to suspension of face-to-face classes and the economic impact of the pandemic that affected the capability of some students to enroll in private schools and universities. On the other hand, the P1.03 billion revenue contribution of new subsidiaries in 2020 covering twelve months, which is 36% higher than their P809 million contribution in 2019 covering eight months, and the increase in revenues of MCM were able to mitigate the adverse impact of the pandemic. All these taken together resulted to the Group's P3.00 billion consolidated revenue that is almost equal to that of the previous year.

Cost of tuition and other fees and general and administrative expenses increased by 5% or ₱114 million higher from same period the prior year. The higher expenses in 2020 was primarily due to the operating expenses of APEC, UNC and NTC that covered twelve months period in 2020 compared to only eight months in 2019. Compared to the same twelve months period the previous year, expenses of schools in 2020 were generally lower because of the suspension of face-to-face classes since March 2020 due to the pandemic.

Interest expense and other finance charges increased from ₱129.34 million in 2019 to ₱151.76 million in 2020 due to lower borrowing rates in 2020. Interest on loans in 2019 was also lower because NTC capitalized interest as part of the building cost during the construction period.

Interest income decreased by ₱11.86 million mainly because of lower interest rates.

Other income (loss) pertains to gain on sale of subsidiary, rental income, and recovery of provision for impairment.

CONSOLIDATED RESULTS - Year 2019 vs. Year 2018

Financial Position

Total consolidated assets increased from ₱9.97 billion to ₱16.27 billion, or a 63% growth compared to2018. The increase in total assets is due to additional development cost of the new Makati campus and the consolidation of assets of the acquired companies into IPO and intangible assets recognized related to the merger with AEI.

Consolidated current assets increased to ₱2.32 billion in 2019 from ₱1.01 billion in 2018 primarily due to the current assets of newly acquired subsidiary companies. The increase in cash and cash equivalents was because of the cash and cash equivalents of the new subsidiaries.

Receivables pertain mainly to matriculation and miscellaneous fees due from students. The 198% increase in receivable was mainly due to timing of start of classes and due to ₱534 million receivables of the new subsidiaries. Prepaid expenses and other current assets went up from ₱82.32 million to ₱176 million mainly because of the ₱ 18 million prepaid expenses and other current assets of the new subsidiaries.

Consolidated non-current assets grew by ₱4.99 billion or 56% higher mainly due to non-current assets of newly acquired subsidiaries, development of new Makati campus and intangible assets recognized as a result of the merger with AEI. All equity instruments were sold during the year. Other non-current assets went up from ₱ 33.77 million to ₱110.28 million mainly because of the ₱49.61 million other non-current assets of the new subsidiaries.

Total consolidated liabilities were higher by 84%, primarily because of additional loans acquired by the Group to finance the on-going construction of the new MESI Makati Campus and liabilities of newly acquired subsidiaries.

Accounts payable and accrued expenses pertain largely to obligations to suppliers. Accounts payable and accrued expense went up by 78% because of 1) payables to various suppliers relative to the on-going construction of the new campus in Makati; 2) accrual of salaries and wages and interest on loans; 3) other payables coming from the new subsidiaries such as management and professional fees, withholdings taxes, SSS and other contribution.

Payables to related parties pertain to services provided by the Group's affiliates to support its operations and oversee the on-going construction of school building in Makati.

Unearned income is higher from ₱315 million in December 2018 to ₱781 million due to unamortized tuition fees of Mapua schools and the new subsidiaries.

Total consolidated equity increased from ₱6.41 billion in December 2018 to ₱9.73 billion in 2019 due to the issuance of 295.3 million shares to Ayala Education, Inc., net income for the year and other comprehensive income related to the revaluation increment on land. Equity attributable to Parent is at ₱9.51 billion, from ₱6.00 billion in December 2018.

Results of Operations

The Group posted a consolidated net income of ₱274.09 million, which is 16% higher than the ₱237.10 million in 2018.

Compared to2018, the consolidated revenue and expenses of the Group went up generally with the higher number of enrolled students, the start of school operations of MCM in July 2018 and revenue and expenses of new subsidiaries.

The higher net income in 2019 is mainly attributed to better results of operations of MESI and MCL and net income contributions of NTC and UNC. The Group started recognizing results of operations of APEC, NTC and UNC in May 2, 2019, the merger's effectivity date. MCM incurred higher net loss mainly due to significant increase in interest expense for loans that partially financed the development of the MCM campus as well as higher depreciation charges. The result of future operations of MCM is expected to improve as it accepts more students in the succeeding years of operation.

Revenue from school operations, which is the primary source of revenue of the Group went up by 66% at ₱3.00 billion from ₱1.81 billion in 2018. The increase in revenue was primarily due to normalization of freshmen enrolment from K-12 program, improvement in MESI's enrolment process, full year school operations of MCM and revenues of subsidiaries acquired in May 2, 2019.

Cost of tuition and other fees went up by 59% or ₱761 million, while general and administrative expenses increased by 92% or ₱231 million higher from same period 2018. The higher expenses in 2019 was primarily due to additional costs related to second year of school operations of MCM and operating expenses of newly acquired subsidiaries.

Interest expense and other finance charges increased from ₱36.03 million in 2018 to ₱129.34 million in 2019 due to additional loans availed by the Group and because the of accretion of lease liability that is now required under PFRS 16. Interest on loans in 2018 was also significantly lower because MCM capitalized interest as part of the building cost during the construction period.

Interest income increased by ₱11.41 million from last year mainly because of higher interest rates.

Other income (loss) pertains to rental income, provision for impairment, foreign exchange gain, income from investment in UITF.

Financial Ratios

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2021 and 2020:

Financial ratios		**2021**	2020
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.40:1**	1.16:1
Acid Test Ratio *Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately*	Current Assets – Prepaid Expenses / Current Liabilities	**1.22:1**	1.04:1
Solvency Ratio *Shows how likely a Group will be continue meeting its debt obligations*	Net Income + Depreciation / Total Liabilities	**0.22:1**	0.14:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.46:1**	**0.51:1**
Asset to Equity Ratio *Shows how the company's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.45:1**	**1.50:1**
Interest Rate Coverage *Shows how easily a company can pay interest on outstanding debt*	EBIT / Interest Expense Excluding Interest Expense on Lease Liabilities	**7.03:1**	**3.67:1**

Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**6.14%**	**2.39%**
Net Profit Margin *Reflects how much net income or profit is generated as percentage of revenue*	Net Profit Margin / Revenue	**19.81%**	**8.03%**
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**4.12%**	**1.54%**

Current ratio provides the liquidity position of the business by comparing current assets to current liabilities. The current ratio improved from 1.16:1 in 2020 to 1.40:1 in 2021, primarily due to higher current assets. Consolidated current assets increased to P3.06 billion this year from P2.66 billion last year primarily due to the.

Acid test ratio slightly increased from 1.04:1 in 2020 to 1.22:1 in 2021 which is due to lower short-term loans.

Solvency ratio slightly increased from 0.14:1 in 2020 to 0.22:1 in 2021 mainly due to lower total liabilities of the Group because of loan payments.

Debt-to-Equity ratio measures the Group's leverage. The total debt-to-equity ratio of the Group is 0.46:1 for 2021 and 0.51:1 for 2020. This is because of lower liabilities of the Group. Total consolidated liabilities were lower by 4%, primarily because of loan payments made by the Group.

Asset to Equity ratio decreased from 1.50:1 in 2020 to 1.45:1 in 2021 because of the decrease in asset base relative to the sale of land.

Interest Rate Coverage shows the capability of a company to pay interest on outstanding debt. Due to higher interest expense of the group, interest rate coverage ratio increased from 3.67:1 in 2020 to 7.03:1 in 2021 primarily due to higher income from operations.

Return on Average Stockholders' Equity (ROAE) measures the profitability of the Company in relation to the average stockholders' equity. The ROAE for 2021 has increased to 6.1% from 2.4% in 2020 because of higher net income during the period.

Net profit margin reflect how much net income or profit is generated as percentage of revenue. The net profit margin increase in 2021, from 8.03% in 2020 to 19.81% this year due to higher income from operations.

Return on Assets measures the ability to utilize the Group's assets to create profits. The Group's return on assets for year 2021 went up to 4.12%, from 1.54% in 2020.

The above-mentioned ratios are applicable to the Group as a whole.

Other qualitative and quantitative factors

(i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in iPeople's liquidity increasing or decreasing in any material way;
   a. iPeople does not anticipate any cash flow or liquidity problems within the next twelve months;
   b. iPeople is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement which will require the Company to make payments;
   c. There is no significant amount of trade payable that have not been paid within the stated terms; and

d. iPeople's depends on services fees from subsidiaries, interest income and dividends from its subsidiaries as its source of liquidity.

(ii) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

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

(iv) There are no material commitments for capital expenditures;

(v) There are no significant elements of income or loss that did not arise from the iPeople's continuing operations;

(vi) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item are discussed above;

(vii) There are no seasonal aspects that had a material effect on the financial condition or results of operations.

Item 7 – Financial Statement and Supplementary Schedules

The 2021 audited consolidated financial statements of the Group are attached herein by reference. The schedules listed in the accompanying Index to the Supplementary Schedules are filed as part of this Form 17-A.

Item 8 - Information on Independent Accountant and Other Related Matters

The Accounting firm of Sycip Gorres Velayo and Company (SGV & Co.), with office address at 6760 Ayala Avenue, SGV Building, Makati City, Philippines, has been the Company's Independent Auditors since the Company's incorporation, and has been recommended to serve as such for the current year.

Philippine Securities Regulation Code (SRC) Rule 68, Part3 (b) (ix), *Rotation of External Auditors,* states that the key audit partners, which include the engagement partner or signing partner, shall comply with the provisions on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines (the Code). The Code prescribes that an individual shall not act in any of the engagement partner, engagement quality control reviewer, other key audit partner role or a combination of such roles, for a period of more than seven cumulative years. The Company engaged Ana Lea C. Bergado of SGV & Co. for the examination of the Company's financial statements starting 2017.

The engagement of the external auditors was favorably endorsed by the Audit Committee to the Board of Directors. The engagement is ultimately submitted for approval of the stockholders.

<u>Disagreement with Accountants on Accounting and Financial Disclosure</u>
There was no event for the last 5 years where SGV & Co. had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

<u>Attendance of Accountants at the Meeting</u>
Representatives of SGV & Co. are expected to be present at the annual stockholders meeting with the opportunity to make any statement, if they so desire, and will be available to respond to appropriate questions on the Company's financial statements.

External Audit Fees and Services

The Company has engaged SGV & Co. as the external auditor, and is tasked to conduct the financial audit of the Company. For this service, SGV & Co. has billed the company the following amounts:

YEAR	AUDIT FEE BILLING
2021	₱4,337,000
2020	₱4,245,500
2019	₱4,285,500

The Company has not engaged SGV & Co. for any other services aside from its annual audit for the last five (5) years.

Tax Fees

The Company has not engaged the services of the external auditor for tax accounting, compliance, advice, planning and any other form of tax services.

All Other Fees

There are no other fees billed in each of the last two years for the products and services provided by the external auditor, other than the services reported under the items mentioned above.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9 – Directors and Executive Officers of the Issuer

Board of Directors & Officers
The Company's board of directors is composed of nine (9) members elected by and from among the Company's stockholders. The board is responsible for providing overall management and direction of the Company. Board meetings are held on a regular basis or as often as required to discuss the Company's operations, business strategy, policies and other corporate matters. A brief background on each member of the board is provided:

DIRECTORS		
Name	**Position**	**Length of Service**
Dr. Reynaldo B. Vea **	President	7 years
Mr. Lorenzo V. Tan	Director	4 years
Mr. Medel T. Nera	Director	11 years
Ms. Yvonne S. Yuchengco	Director	21 years
Mr. Gerardo C. Ablaza	Director	3 years
Mr. Alfredo Antonio I. Ayala ***	Director	3 years

INDEPENDENT DIRECTORS		
Name	**Position**	**Length of Service**
Mr. Renato C. Valencia *	Chairman	17 years
Mr. Cesar A. Buenaventura, OBE	Director	31 years
Ms. Herminia S. Jacinto	Director	3 years

EXECUTIVE OFFICERS	
Name	**Position**
Dr. Reynaldo B. Vea **	President and Chief Executive Officer
Mr. Alfredo Antonio I. Ayala ***	Chief Operating Officer
Ms. Gema O. Cheng	EVP and Chief Finance Officer
Mr. Alexander Anthony G. Galang	Chief Audit Executive
Ms. Shirley Q. Earnhart	Treasurer
Dr. Ruth C. Francisco	Chief Risk Officer
Ms. Pamela Q. Wu	Chief Human Resource Officer
Mr. Danilo R. Tiongco	Chief Information Officer
Mr. Victor V. Rafael	VP-Finance and Investor Relations
Mr. Jonathan M. Lopez	Controller
Atty. Denise Jordan P. Arenillo	Legal and Compliance Officer
Atty. Samuel V. Torres	Corporate Secretary
Atty. Ma. Elvira Bernadette C. Garcia-Gonzalez	Assistant Corporate Secretary

Position and Background within the last 5 years

RENATO C. VALENCIA*, 80, Filipino, has been the **Chairman of the Board and Independent Director** since 2005. He is also the **Chairman** of Omnipay, Inc.; **Lead Independent Director**, GT Capital Holdings, Inc.; **Independent Director**, EEI Corporation, Malayan Insurance Co., Inc., and Anglo Philippine Holdings Corp.; **Member,** Management Association of the Philippines and Financial Executives Institute of the Philippines. ***His past experiences include*** **President & CEO** of Social Security System (SSS), and Roxas Holdings, Inc.; **Chairman & CEO**, Union Bank of the Philippines; **Independent Director**, House of Investments, Inc. and Metropolitan Bank and Trust Co.; ***Educational Background:*** Master of Business Management from Asian Institute of Management, Philippines; Bachelor of Science in General Engineering from Philippine Military Academy.

** Resigned as Chairman as of January 31, 2022; Appointed as Lead Independent Director, effective February 01, 2022*
*** Elected as Chairman and Chief Executive Officer, effective February 01, 2022*
**** Elected as President and Chief Operating Officer, effective February 01, 2022*

REYNALDO B. VEA **, PhD, 70, Filipino, is a **Director, President and Chief Executive Officer** since 2015. He is also the **President & CEO** of Malayan Education System, Inc. *(operating under the name Mapúa University)*; **Director and President** of Malayan High School of Science, Inc., and Mapua Techserv; **Director** of Malayan Colleges Laguna, (A Mapúa School), Inc., Malayan Colleges Mindanao (A Mapua School), Inc.; **Trustee** of AY Foundation, Yuchengco Center of De La Salle University, and Yuchengco Museum; **Director** of Maibarara Geothermal, Inc., and Petrogreen, Inc., **Chairman** of the Philippine Science High School Foundation, Inc., Engineering Science and Technology Division of the National Academy of Science and Technology, Philippine Qualifications Framework - National Referencing Committee (PQF-NRC), and the CHED-NZQA Technical Working Group on the Comparative Analysis of New Zealand's and the Philippines' Bachelor's Degrees ***His past experiences include***: **President** of Malayan Colleges Laguna, *(A Mapúa School)*, Inc. and Malayan Colleges Mindanao *(A Mapua School)*, Inc., **Director** of House of Investments, Inc., Grepalife Dollar Bond Fund, Grepalife Fixed Income Fund, National Research Council of the Philippines, PetroWind, Inc., and Rizal Commercial Banking Corporation; **Member** of Philippine Fulbright Commission and UNESCO National Commission; **Trustee** of Philippine Association Colleges and University; **Chairman** of Committee on Science and Technology in UNESCO National Commission; **Dean** of UP College of Engineering. ***Educational Background:*** Ph.D. in Engineering from University of California, Berkley, USA; Master in Naval Architecture and Marine Engineering from Massachusetts Institute of Technology, USA; and Bachelor of Science in Mechanical Engineering (magna cum laude) from University of the Philippines.

LORENZO V. TAN, 60, Filipino, was elected as **Director on January, 2018**. He is currently a **Director** and the **President and Chief Executive Officer** of House of Investments, Inc., RCBC Realty Corporation and San Lorenzo Ruiz Investment Holdings and Services, Inc; **Vice Chairman** of Pan Malayan Management Inc. and TOYM Foundation; **Director** at EEI Corp., Malayan Insurance Company Inc., Smart Communications, Digitel Telecommunications, Sunlife Grepa Financial, Inc., Manila Memorial Park Cemetery Inc., PetroEnergy Corporation, Hi-Eisai Pharmaceutical Inc., Honda Cars Philippines and Isuzu Manila, Inc.; **Member of the Board of Trustees** at De La Salle Zobel; and, **Member of the Advisory Board** of Alphaland Development Corporation. ***His past experiences include:*** **Managing Director** of Primeiro Partners; **Director, President and Chief Executive Officer** of Rizal Commercial Banking Corporation; **President and Chief Executive Officer** of Sun Life of Canada (Phils.), Inc., Philippine National Bank and United Coconut Planters Bank; **Chairman** of Asian Bankers Association from 2012 to 2014; **President** of Bankers Association of the Philippines (BAP) from 2013 to March 14, 2016. As BAP President, he led the Association in representing the BAP in the ASEAN Bankers Association (ABA), composed of the national banking associations from the 10-member countries in the Association of Southeast Asian Nations (ASEAN). ***Educational Background:*** Certified Public Accountant in Pennsylvania, USA and in the Philippines. Mr. Tan graduated from De La Salle University with a Bachelor of Science degree in Accounting and Commerce, and holds a Master in Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University.

ALFREDO ANTONIO I. AYALA *, 61, Filipino**, was elected as **Director and Chief Operating Officer** on May 06, 2019. He is also a **Managing Director** and member of the Management Committee of Ayala Corporation. He currently serves as **President and Chief Executive Officer** of National Teachers College and LiveIt Investment Ltd., Ayala Corporation's holding company for its business process outsourcing investments. He is the **Chairman of the Board of Directors** of Affordable Private Education Center, Inc., National Teachers College, Linc Institute, and **Chairman of the Board of Trustees** of University of Nueva Caceres; **Director** of Affinity Express, Malayan Education System, Inc. *(operating under the name Mapúa University)*, Malayan Colleges Laguna, Malayan Colleges Mindanao, Malayan High School of Science; **Co-Chairman** of IBPAP Human Capital and Impact of Technology Technical Working Group; and a **Trustee** of Philippine Business for Education (PBEd) and Ayala Foundation, Inc. Mr. Ayala is also a **Member** of PBEd's National Industry Academe Council and Brown University's Humanitarian Innovation Initiative's Global Advisory Board. ***His past experiences include:*** **President and Chief Executive Officer** of AC Education, Inc.; **Vice-Chairman of the Board of Trustees** of University of Nueva Caceres; ***Educational background:*** Mr. Ayala holds an MBA from Harvard University and a BA in Development Studies (Honors) and Economics from Brown University.

*** Elected as Chairman and Chief Executive Officer, effective February 01, 2022*
**** Elected as President and Chief Operating Officer, effective February 01, 2022*

CESAR A. BUENAVENTURA, OBE, 92, Filipino is an **Independent Director** since 1991 to present. He is also **Chairman** of Buenaventura Echauz and Partners, Inc., Mitsubishi Hitachi Power Systems (Phils.), and Via Technik Inc.; Vice Chairman of DMCI Holdings, Inc.; Independent Director of Manila Water Company, Inc., Concepcion Industrial Corp., Pilipinas Shell Petroleum Corp., International Container Terminal Services Inc., and PetroEnergy Resources Corp.; **Director** of DM Consunji, Inc., Semirara Mining and Power Corp., The Country Club, Cavitex Holdings, Inc.; **Founding Chairman** of Pilipinas Shell Foundation Inc.; **Trustee** of Bloomberry Cultural Foundation and ICTSI Foundation; **Founding Member** of Board of Trustees of Makati Business Club. ***His past experiences include:*** **Chairman** of AG & P Co. of Manila, Asian Bank, Ayala Corp., Benguet Corp., First Philippine Holdings Corp., Ma. Cristina Chemical Industries, Maibarara Geothermal Inc., Manila International Airport Authority, Paysetter International Inc., Philippine Airlines, Philippine American Life Insurance Co., Philippine National Bank; **President** of Benigno S. Aquino Foundation; **Member** of the Monetary Board of Central Bank of the Philippines, U.P. Board of Regents, and the Board of Trustees of Asian Institute of Management ***Educational Background:*** Master of Civil Engineering Major in Structures from Lehigh University, USA; Bachelor of Science in Civil Engineering from University of the Philippines.

MEDEL T. NERA, 66, Filipino, is a **Director** since 2011 to present. He is also a **Director** of House of Investments, Inc., EEI Corp., Seafront Resources Corp., National Reinsurance Corporation, Holcim Philippines, Inc., Ionics, Inc. and the Generika Pharmaceutical Group of companies. ***His past experiences include*** **President & CEO** of House of Investments, Inc.; **President** of Honda Cars Kalookan, Inc., **Director and President** of RCBC Realty Corp.; **Director and Chairman of the Risk Oversight Committee** of Rizal Commercial Banking Corp.; **Director and Treasurer** of CRIBS Foundation, Inc., and **Senior Partner** at Sycip Gorres Velayo & Co. ***Educational Background:*** Master in Business Administration from Stern School of Business, New York University, New York, USA, Bachelor of Science in Commerce from Far Eastern University, Manila, Philippines, International Management Program from Manchester Business School, Manchester, United Kingdom, and the Pacific Rim Bankers Program from University of Washington, Seattle, Washington, USA.

YVONNE S. YUCHENGCO, 68, Filipino is a **Director** since 2001 to present. She is also the **Chairperson and Director** of RCBC Capital Corp. and XYZ Assets Corp.; **Chairperson and President** of Royal Commons, Inc., Y Tower II Office Condominium Corp. and Yuchengco Tower Office Condominium Corp.; **Chairperson and Trustee** of The Malayan Plaza Condominium Owners Association Inc. and Yuchengco Museum, Inc.; **Director, Chairman and President** of Philippine Integrated Advertising Agency, Inc.; **Director and Chairman** of Y Realty Corp.; **Director and Vice Chairperson** of Malayan Insurance Co., Inc. and National Reinsurance Corp. of the Phils.; **Director and President** of Alto Pacific Corp.; MICO Equities, Inc., and RCBC Land, Inc.; **Director** of Annabelle Y. Holdings and Management Corp., Asia-Pac Reinsurance Co., Ltd., A.T. Yuchengco, Inc., DS Realty, Inc., Enrique T. Yuchengco, Inc., GPL Holdings, Inc., House of Investments, Inc., HYDee Management & Resource Corp., La Funenaria Paz Sucat, Inc., Luisita Industrial Park Corp., Malayan Education System, Inc. *(operating under the name Mapúa University)*, Malayan International Insurance Corp., Manila Memorial Park Cemetery, Inc., Pan Malayan Express, Inc., Pan Malayan Realty Corp., RCBC Capital Corp., Seafront Resources Corp., Shayamala Corp., YGC Corporate Services, Inc., and Yuchengco Center, Inc.; **Director and Vice President** of A.Y. Holdings, Inc. **Director, Vice President and Treasurer** of Pan Managers, Inc**.; Director and Corporate Secretary** of MPC Investment Corp., **Director and Treasurer** of Honda Cars Kalookan, Inc., Malayan High School of Science, Inc., Mona Lisa Development Corp., Petro Energy Resources Corp. and Water Dragon, Inc.,; **Director, Treasurer and CFO** of Pan Malayan Management & Investment Corp.; **Trustee** of AY Foundation, Inc., Phil-Asia Assistance Foundation, Inc., and Avignon Tower Condominium Corporation; **Advisory Member** of Rizal Commercial Banking Corp. ***Educational Background:*** Bachelor of Arts in Interdisciplinary Studies from Ateneo De Manila University, Philippines.

GERARDO C. ABLAZA, JR., 68, Filipino, was elected as **Director** on May 06, 2019. He is also **Director** of Advanced Info Services, PLC (Thailand), Roxas and Company, Inc., AC Healthcare Holdings, Inc., AC Energy and Infrastructure Corporation *(formerly AC Energy, Inc.)*, Ayala Retirement Fund Holdings, Inc., and **Member of the Board of Trustees** of Ayala Foundation, Inc. ***His past experiences include:*** **President and Chief Executive Officer** of Manila Water Company, Inc. and Globe Telecom, Inc.; **Member of the Board of Trustees** of De La Salle University-Manila, De La Salle University-Dasmariñas, and De La Salle Medical and Health Sciences Institute. ***Educational Background:*** Graduated Summa Cum Laude from De La Salle University in 1974 with a degree in Liberal Arts, Major in Mathematics (Honors Program).

HERMINIA S. JACINTO, 82, Filipino, was elected as **Independent Director** on May 06, 2019. She is a Certified Public Accountant and currently the **President** of insurance Institute for Asia and the Pacific (IIAP). She is an **Independent Director** of BDO Life Assurance Co. and Fortune Guarantee Assurance Corporation and a **Trustee** of IIAP. She previously served as **President** of Universal Malayan Reinsurance Corporation and Universal Reinsurance Corporation. She was also **Secretary General** of the Association of Insurers and

Reinsurers of Developing Countries. She is well-known in the world reinsurance market especially in the ASEAN/Asian region.

Executive Officers:

GEMA O. CHENG, 57, Filipino, is the **Executive Vice President – Chief Finance Officer** of the Company. She also holds the following positions within the Group: **Executive Vice President - Chief Operating Officer, Chief Finance Officer, and Treasurer of** House of Investments, Inc.; **Chairman and President** of Investment Managers, Inc.; **Director, Executive Vice President and Treasurer** of Landev Corporation; **Executive Vice President and Chief Operating Officer** of San Lorenzo Ruiz Investment Holdings and Services, Inc.; and serves as **Director** of the following: Malayan Colleges Laguna, Inc. (a Mapua School), Malayan Colleges Mindanao (a Mapua School), La Funeraria Paz-Sucat, Inc. and Manila Memorial Park Cemetery, Inc. ***Her past experiences include:*** **Senior Vice President** of SM Investments Corp., with concurrent Chief Finance Officer roles in various SM property companies including as **Treasury Head** of SM Prime. She was also **Chief Finance Officer** of Malayan Group of Insurance Companies. ***Educational Background:*** Bachelor of Arts in Economics (Magna Cum Laude) from the University of the Philippines-Diliman, Philippines; Certificate of Special Studies in Administration and Management from Harvard University, USA.

SHIRLEY Q. EARNHART, 49, Filipino, was appointed as **Treasurer** on May 06, 2019. She is a **Certified Treasury Professional** and, prior to her appointment to iPeople, inc., was a **Senior Manager and Head of Liquidity and Investment Management, Origination** with Ayala Corporation with twenty-six years of trading experience in money market, foreign exchange, equities and capital markets. ***Her past experiences include:*** **Head of Liquidity and Foreign Exchange Department** of Banco de Oro Universal Bank; **Head of Liquidity/Foreign Exchange and Bonds Unit** (USD and Multi-currency) of Dao Heng Bank, Inc. (Manila and Hong Kong Branches). ***Educational Background:*** Master of Science in Computational Finance, De La Salle University-Manila; Bachelor of Science in Commerce, Major in Management of Financial Institutions, De La Salle University-Manila, Philippines.

ALEXANDER ANTHONY G. GALANG, 61, Filipino, was appointed as **Chief Audit Executive** on May 06, 2019. He is also the **Senior Vice President** for Internal Audit of House of Investments, Inc., the parent company of iPeople, inc. ***His past experiences include:*** **Vice President** for Audit & Special Projects of Anglo Asian Strategic Management Inc.; **President** of Avrion Systems Inc.; **Deputy Managing Director** of Cala Paniman, Inc.; **Treasury Head** of Anglo Asian Holdings Corporation; **Regional Auditor** for Asia and Pacific of Triumph International, Inc.; **Finance Head** of Triumph International Vietnam, Inc.; **Senior International Corporate Auditor** of International Semi-Tech Microelectronics, Inc., then parent company of Singer Sewing Machine Co. USA.; **Internal Audit Manager** of Honda Philippines, Inc., **Finance Comptroller** of Midas Touch Foods Corp, et. al.; **Senior Auditor** at SGV and Co. CPAs.; **Ex-Member, Board of Trustees** of the Association of Certified Fraud Examiners (ACFE) - Philippine Chapter. He is a Certified Public Accountant (CPA) having placed 12th in the 1981 licensure exams. He has a Global Certification as a Certified Fraud Examiner (CFE) and a Certification in Risk Management Assurance (CRMA). ***Educational Background:*** Bachelor of Science in Business Administration Major in Accounting (Cum Laude), University of Sto. Tomas. He also completed the Professional Manager Program at Ateneo Graduate School of Business.

DR. RUTH C. FRANCISCO, 58, Filipino, was appointed as **Chief Risk Officer** on July 16, 2021. She is also **Senior Vice President-Chief Risk Officer** of House of Investments, Inc., the parent company of iPeople, inc., and **Director** at San Lorenzo Ruiz Investment Holdings and Services, Inc. ***Her past experiences include:*** **Chief Finance Officer** of Malayan Education System, Inc. (*operating under the name of Mapúa University*); **Treasurer** for Malayan Colleges Foundation, Inc., Malayan Colleges Mindanao (A Mapua School), Inc., and MIT Retirement Fund, Inc. ***Educational Background***: Doctor of Business Administration, Colegio de San Juan de Letran; Master of Business Administration, Philippine Christian University; Bachelor of Science in Commerce, Major in Accounting, Manuel L. Quezon University.

DANILO R. TIONGCO, 52, Filipino, was appointed as **Chief Information Officer** on May 06, 2019. He is also the **I.T. Head** of Malayan Colleges Mindanao since June 2017. ***His past experiences include:*** **Integrated Management System Representative** of Mapua University, **IT Director** of the Development Office for Information Technology (DOIT) of Mapua University, and **Enrollment Czar** of Mapua University. ***Educational Background:*** Bachelor of Science in Computer Engineering, Mapúa University *(formerly Mapúa Institute of Technology)*

VICTOR V. RAFAEL, 48, Filipino, was appointed **Vice President for Finance and Investor Relations** on May 06, 2019. Prior to his appointment, he was **Senior Manager** for Financial Planning & Analysis (FP&A) with the House of Investments, Inc. since 2017. ***His past experiences include:*** **Assistant Vice President for FP&A and Treasury** at Prime Orion Philippines, Inc (POPI). Prior to that, he held several positions in POPI including **Corporate Planning Manager and Treasury Manager**. ***Educational Background:*** Bachelor of Science in Business Administration, University of the Philippines-Diliman.

JONATHAN M. LOPEZ, 48, Filipino, was appointed as **Controller** on May 06, 2019. Prior to joining iPeople, inc., he was the **Controller** of Malayan Education System, Inc. *(operating under the name Mapua University)*. ***His past experiences include***: **Finance Director** of TVI Resource Development, Inc. from 2010 to 2014. ***Educational Background:*** Bachelor in Accountancy, Polytechnic University of the Philippines. He is a Certified Public Accountant.

DENISE JORDAN P. ARENILLO, 43, Filipino, was appointed as **Legal and Compliance Officer** on May 06, 2019. She is also the **Vice President for Legal Affairs** of Malayan Education System, Inc. *(operating under the name Mapua University)* and the **Corporate Secretary** of Mapua TechServ, Inc. and Mapua TechPower, Inc.***Her past experiences include:*** **Senior Associate** at Fortun Narvasa and Salazar Law Offices with expertise in Corporate, Labor and Family Law. ***Educational Background***: Juris Doctor, Ateneo De Manila University School of Law; Bachelor of Science in Management, Major in Legal Management, Ateneo De Manila University, Philippines.

PAMELA Q. WU, 50, Taiwanese, was appointed as **Chief Human Resources Officer** on May 06, 2019. She has served as the **Chief Human Resources Officer** of AC Education, Inc. since 2013. ***Her past experiences include:*** **Vice President of Human Resources** (Philippines and China) of Stream Global Services from 2010 to 2012, **Vice President of Human Resources** of eTelecare Global Solutions, Philippine from 2005 to 2009. ***Educational Background***: Bachelor of Science in Psychology, Ateneo de Manila University, Philippines; Certificate of Business Administration from Washington State University.

SAMUEL V. TORRES, 56, Filipino, is the **Corporate Secretary.** His other present positions include: **General Counsel & Corporate Secretary** of Pan Malayan Management & Investment Corporation and **Corporate Secretary** of A. T. Yuchengco, Inc., A Y Foundation, Inc., A.Y. Holdings, Inc., Bankers Assurance Corp., Bluehounds Security and Investigation Agency, Inc., Luisita Industrial Park Corp., RCBC Bankard Services, Inc., Enrique T. Yuchengco, Inc. Investment Managers, Inc., Sun Life Grepa Financial, Inc., Grepaland, Inc., Grepa Realty Holdings Corporation, PetroEnergy Resources Corp., Seafront Resources Corp., GPL Cebu Tower Office Condominium Corp., Hexagon Integrated Financial & Insurance Agency, Inc., Hexagon Lounge, Inc., House of Investments, Inc., RCBC Land, Inc., RCBC Forex Brokers Corp., RCBC Realty Corp., RCBC Securities, Inc., RCBC Capital Corporation, Malayan High School of Science, Inc., Malayan Education System, Inc., Malayan Colleges Mindanao (A Mapua School), Inc., Malayan Colleges Foundation, Inc., Malayan Information Technology Center, Inc., Malayan Colleges Laguna, Inc. (A Mapua School), Affordable Private Education, Inc. doing business under the name of APEC SCHOOLS, AC College of Enterprise and Technology, Inc., Linc Institute, Inc., GPL Holdings Inc., Pan Pacific Computer Center, Inc., Honda Cars Kalookan, Inc., Hi-Eisai Pharmaceutical, Inc., People eServe Corp., La Funeraria Paz Sucat, Inc., Landev Corp., Pan Malayan Express, Inc., Pan Malayan Realty Corp., Philippine Advertising Agency, Inc., First Nationwide Assurance Corp., Malayan Insurance Co., Inc., MICO Equities, Inc., and Tokio Marine Malayan Insurance Corp. ***His past experiences include:*** **International Counsel** of South Pacific for Federal Express Corp. ***Educational Background:*** Bachelor of Laws, Ateneo De Manila University School of Law; Bachelor of Science in Business Economics, University of the Philippines.

MA. ELVIRA BERNADETTE C. GARCIA-GONZALEZ, 44, Filipino, is the **Assistant Corporate Secretary**. She is also the **Assistant General Counsel** of Pan Malayan Management & Investment Corporation and **Corporate Secretary** of Blackhounds Security and Investigation Agency, Inc. and the **Assistant Corporate Secretary** of House of Investments, Inc., Malayan Colleges Mindanao (A Mapua School), Inc., Affordable Private Education, Inc. doing business under the name of APEC SCHOOLS, AC College of Enterprise and Technology, Inc., Linc Institute, Inc., Yuchengco Tower Office Condominium Corp., Y Tower II Office Condominium Corp., and GPL Holdings, Inc. ***Her past experiences include:*** **Legal Counsel and Assistant Corporate Secretary** of Coca-Cola Bottlers Philippines, Inc.; **Assistant Corporate Secretary** of Philippine Bottlers, Inc. and Luzviminda Land Holdings, Inc. ***Educational Background:*** Juris Doctor, Ateneo De Manila University School of Law; Bachelor of Arts in Political Science, Ateneo De Manila University, Philippines.

RESIGNATION OF DIRECTORS
To date, no other director has resigned or declined to stand for re-election for the Board of Directors due to any disagreement with the Corporation relative to the Corporation's operations, policies and practices.

ELECTION OF DIRECTORS
The Directors of iPeople are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting or until their respective successors have been elected and qualified.

APPOINTMENT AND RESIGNATION OF OFFICERS
Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

SIGNIFICANT EMPLOYEE
There is no person who is not an executive officer that is expected by the issuer to make a significant contribution to the business.

FAMILY RELATIONS
There are no family relations among directors and officers.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS
The Company is not aware of the following events during the past 5 years up to March 31, 2022:

(a) any bankruptcy petition filed by or against any business of which any of its director or executive officers was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time.

(b) any conviction by final judgment of any director or senior executive in a criminal proceeding domestic or foreign or being subject to a pending criminal proceeding domestic or foreign, of any director, executive officer or person nominated to be a director

(c) any director or senior executive 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 such directors' or executive officer's involvement in any type of business securities, commodities or banking activities

(d) any executive officer or director found by a domestic or foreign court of competent jurisdiction, the Commission or other 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

NAME AND POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION
Top 5 executives of the Company	2021	₱0.00	₱0.00	₱0.00
	2020	₱0.00	₱0.00	₱0.00
	2019	₱0.00	₱0.00	₱0.00
All other officers and directors as group	2021	₱0.00	₱0.00	₱991,429
	2020	₱0.00	₱0.00	₱981,429
	2019	₱0.00	₱0.00	₱1,063,571
TOTALS	**2021**	**₱0.00**	**₱0.00**	**₱991,429**
	2020	**₱0.00**	**₱0.00**	**₱981,429**
	2019	**₱0.00**	**₱0.00**	**₱1,063,571**

The table states the aggregate compensation of all directors as a group.

The Company does not pay any salary or bonus to any of its executive officers as there are no employment contracts with executive officers. Other annual compensation pertains to per diem allowances given to Directors as discussed below:

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, other than those stated on the above table during the Company's last completed fiscal year, and the ensuing year, for any service provided as an executive officer or member of the Board of Directors.

There is no director, executive officer, nominee for director, beneficial holder and family members involved in any business transaction of the Company.

Item 11 – Security Ownership of Certain Beneficial Owners and Management

Owners of more than 5% of voting securities as of March 31, 2022
The following table shows the beneficial owners directly or indirectly owning more than 5% of the Company's capital stock as of March 31, 2022:

SHARE CLASS	NAME AND ADDRESS OF RECORD OWNER	NAME OF BENEFICIAL OWNER & RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NUMBER OF SHARES BENEFICIALLY OWNED	% OF TOTAL
Common	**HOUSE OF INVESTMENTS, INC.** *Grepalife Bldg., Sen. Gil Puyat Ave., Makati City Metro Manila Principal Stockholder*	**Ms. Helen Y. Dee** *Chairperson is authorized to direct voting of the shares held by House of Investments*	Filipino	503,098,749 [1]	48.18%
Common	**AYALA CORPORATION** *34F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City*	**Jaime Augusto Zobel de Ayala** *(Chairman)* **and Fernando Zobel de Ayala** (*President and Chief Executive Officer) are authorized to direct voting of the shares held by Ayala Corp.*	Filipino	349,829,961	33.50%
Common	**A. SORIANO CORP.** *7F Pacific Star Bldg., Makati Ave., cor. Sen. Gil J. Puyat Ext., Makati City*	**Mr. Ernest K. Cuyegkeng** *EVP and CFO is authorized to direct voting of the shares held by A. Soriano Corp.*	Filipino	92,945,934 [2]	8.90%

There are no arrangements that may result in change in control.

[1] Direct and indirect holdings of House of Investments, Inc.
[2] Direct and indirect holdings A. Soriano Corp.

Security Ownership of Management
Securities beneficially owned by the directors, nominees, officers, other than qualifying shares, as of March 31, 2022 according to the records of its stock and transfer agent, Rizal Commercial Banking Corp. (RCBC):

SHARE CLASS	NAME OF BENEFICIAL OWNER	CITIZENSHIP	NATURE OF OWNERSHIP	SHARES OWNED	% OF CLASS
Common	Renato C. Valencia	Filipino	Indirect	1,300	0.0001%
Common	Cesar A. Buenaventura	Filipino	Indirect	68,850	0.0066%
Common	Gerardo C. Ablaza	Filipino	Direct	5	0.0000%
Common	Reynaldo B. Vea	Filipino	Direct	5	0.0000%
Common	Alfredo Antonio I. Ayala	Filipino	Direct	5	0.0000%
Common	Lorenzo V. Tan	Filipino	Direct	5	0.0000%
Common	Herminia S. Jacinto	Director	Direct	5	0.0000%
Common	Medel T. Nera	Filipino	Direct	100	0.0000%
Common	Yvonne S. Yuchengco	Filipino	Direct Indirect	6,500 92,000	0.0006% 0.0088%
Sub-Total				**168,775**	**0.0162%**
Total Common Shares				**1,044,263,197**	**100.0000%**

Item 12 – Certain Relationships and Related Transactions

There is no director, executive officer, nominee for director, beneficial holder, or any family member involved in any business transaction with iPeople.

In the normal conduct of business, aside from transactions disclosed in audited financial statements, other transactions with certain affiliates include sharing in general and administrative expenses and cash advances.

PART IV – CORPORATE GOVERNANCE

Item 13 – Corporate Governance

(a) Evaluation System to Measure Compliance with the Manual on Corporate Governance

The Company has monitored its compliance with Securities and Exchange Commission (SEC) Memorandum Circulars, pursuant to its Manual on Corporate Governance, has complied with the leading practices and principles on good corporate governance and appropriate self-rating assessment and performance evaluation to determine and measure its compliance.

In compliance with SEC Memorandum Circular No. 20 dated December 8, 2016, the Company has submitted its Integrated Annual Corporate Governance Report (IACGR), for the period covering the year 2020, last May 26, 2021, within the period allowed by the SEC. For the period covering the year 2021, the Company will submit its IACGR on or before May 30, 2022.

(b) Measures Undertaken to Fully Comply with Leading Practices on Corporate Governance

In its IACGR, the Company has substantially complied with of the provisions and recommendations in the New Manual on Corporate Governance.

(c) Deviation from the Manual on Corporate Governance

Except for a few recommendations in the Manual on Corporate Governance which the Company failed to comply (based on the "comply or explain" policy of SEC), the Company committed to comply with the same in 2021. Said compliance will be reflected in the 2021 IACGR due on May 30, 2022.

(d) Plans to Improve Corporate Governance

In order to improve the Company's adherence to the leading practices in good corporate governance as reflected in its Manual on Corporate Governance, the Company's Directors and top Management continuously attend the annual seminar on Corporate Governance conducted by an entity accredited with the Securities and Exchange Commission. Further, the Company continuously monitors all relevant PSE and SEC Circulars on Corporate Governance that maybe used to improve compliance with the Manual on Corporate Governance.

PART V – EXHIBITS AND SCHEDULES

Item 14 - Exhibits and Reports on SEC Form 17-C

March 16, 2020
- COVID-19 risks, impact, and mitigation efforts in iPeople, inc, pursuant to the Notice dated 12 March 2020 of the Securities and Exchange Commission.

March 27, 2020
- Declaration of a Php 0.070143 per common share cash dividend, for a total amount of PhP 73,247,775.50 from the Company's unrestricted retained earnings as of December 31, 2019, to all stockholders of record as of April 14, 2020. Payment date is on May 08, 2020.
- Approval of date of Annual Stockholders' Meeting.

April 6, 2020
- Request for an extension until 30 June 2020 to submit the 2019 Annual Report (SEC Form 17-A) of the Corporation.

April 15, 2020
- Postponement of the Company's Annual Stockholders' Meeting to August 11, 2020, instead of June 26, 2020.

April 28, 2020
- Further to the company's declaration of a Php 0.070143 per common share cash dividend, the May 08, 2020 payment date for the cash dividends remains unchanged. However, the declaration of President Rodrigo R. Duterte to extend the enhanced community quarantine (ECQ) up to May 15, 2020 within key areas in Luzon including Metro Manila, in order to contain the spread of the COVID-19 virus, will result to further temporary business and work suspension of nonessential services, including the delivery services of the Company.

May 7, 2020
- Request for an extension until 30 June 2020 to submit the Quarterly Report (SEC Form 17-Q) of the Corporation.

May 22, 2020
- Approval of First Quarter Consolidation Report (SEC 17Q).
- Approval of 2019 audited consolidated financial statements of iPeople and its subsidiaries.
- Approval of 2019 Integrated Annual Corporate Governance Report (I-ACGR).

July 3, 2020
- Approval of the Date of the Company's Annual Stockholders' Meeting for 2020.

August 11, 2020
- Approval of Second Quarter Consolidation Report (SEC 17Q).
- Approval of 2019 audited consolidated financial statements of iPeople and its subsidiaries.
- Election of the Board of Directors of the Company for 2020-2021.
- Re-appointment of SGV & Co. as external auditors for the fiscal year ending 2020.

November 6, 2020
- Reporting the changes in shareholdings of Ms. Yvonne S. Yuchengco, Director of the Company.

November 9, 2020

- Approval of Third Quarter Consolidation Report (SEC 17Q) of iPeople, inc.

April 8, 2021

- Confirmation of the Approval of Audit Committee of the 2020 Audited Consolidated Financial Statements of iPeople, inc. and its Subsidiaries.
- Declaration of a Php 0.06 per common share cash dividend, or a total amount of Php 62,655,791.82 from the Company's unrestricted retained earnings as of December 31, 2020, to all stockholders of record as of May 7, 2021. Payment date is on or before May 31, 2021.
- Approval of the 2020 Sustainability Report of iPeople, inc.
- Postponement of the Company's Annual Stockholders' Meeting to July 30, 2021, instead of June 25, 2021.
- Approval of the date of Annual Stockholders Meeting.
- Amendments to Sections 1, 6 to 13 of Article III of iPeople, inc.'s By-Laws

May 14, 2021

- Approval of the 2020 Integrated Annual Corporate Governance Report (IAGCR) of iPeople, inc.
- Confirmation of the Approval of Audit Committee of the First Quarter Consolidation Report (SEC 17Q) of iPeople, inc.Approval of the Company's Material Related Party Transactions Policy, in compliance to SEC Memorandum Circular No. 10 Series of 2019.

May 27, 2021

- Resignation of Mr. Edgardo R. Grau as Chief Risk Officer.

June 1, 2021

- Appointment of Ms. Ruth C. Francisco as Chief Risk Officer.

July 30, 2021

- Approval of Second Quarter Consolidation Report (SEC 17Q).
- Approval of 2020 audited consolidated financial statements of iPeople and its subsidiaries.
- Election of the Board of Directors of the Company for 2021-2022.
- Re-appointment of SGV & Co. as external auditors for the fiscal year ending 2022.

November 12, 2021

- Approval of Third Quarter Consolidation Report (SEC 17Q).
- Declaration of a Php 0.23940325 per common share special cash dividend, for a total amount of Php 250,000,000.00, to all stockholders of record as of November 29, 2021, and payable on or before December 22, 2021.

November 17, 2021

- Receipt of SEC approval for the amendments to Sections 1, 6 to 13 of Article III of iPeople, inc.'s By-Laws which had been approved by the Board of Directors on April 8, 2021

January 31, 2022

- Resignation of Mr. Renato C. Valencia as Chairman of iPeople, inc.

April 04, 2022

- Confirmation of the Approval of Audit Committee of the 2021 Audited Consolidated Financial Statements of iPeople, inc. and its Subsidiaries.
- Declaration of a Cash Dividend of Php 0.16 per common share, or a total amount of Php 167,082,218.00 from the Company's unrestricted retained earnings as of December 31, 2021, to all stockholders of record as of April 29, 2022. Payment date is on or before May 20, 2022.

- Approval of the 2021 Sustainability Report of iPeople, inc.
- Approval of the 2021 Integrated Annual Corporate Governance Report (IACGR) of iPeople, inc.
- Approval of the Date of Annual Stockholders Meeting

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Makati on ____________________, 2022.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and the seal of the Corporation this _____ day of April, 2022 at Makati City.

By:

DR. REYNALDO B. VEA
Chairman and Chief Executive Officer

GEMA O. CHENG
EVP and Chief Finance Officer

JONATHAN M. LOPEZ
Controller

ATTY. SAMUEL V. TORRES
Corporate Secretary

APR 26 2022

SUBSCRIBED AND SWORN to before me this ____day of April 2022, at MAKATI CITY. Affiant exhibited to me their Residence Certificate Numbers indicated below each name.

Names	Document No.	Date & Place of Issue/Expiration
Reynaldo B. Vea	DL#N20-84-003426	03-20-2018 Quezon City / 03-20-2023
Gema O. Cheng	DL#N06-84-036923	12-14-2017 Mandaluyong / 12-08-2022
Jonathan M. Lopez	DL#N01-02-001324	05-07-2019 Imus Cavite / 05-07-2024
Atty. Samuel V. Torres	DL#13-83-001463	11-08-2017 Quezon City / 11-10-2022

Doc. No. 67;
Page No. 15;
Book No. 39;
Series of 2022

ATTY. ROMEO M. MONFORT
NOTARY PUBLIC City of Makati
Extended Until June 30, 2022
Per B.M. No. 3795
PTR No. 8852509 Jan. 3, 2022 Makati City
Appointment No. M-133(2020-2021)
IBP No. 1062534 Jan. 3, 2018
MCLE NO. VI-0023417 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
iPeople, inc.
3rd Floor, Grepalife Building
219 Sen. Gil J. Puyat Avenue
Makati City

Opinion

We have audited the consolidated financial statements of iPeople, inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, 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 December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 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 (the 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.

Valuation of Land

The Group accounts for its land, where the school buildings and other facilities are located, using the revaluation model. As at December 31, 2021, the carrying value of the Group's land amounted to ₱6,460.84 million, representing 40% of the Group's total assets. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations involve certain assumptions, such as sales price of similar properties and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of land as a key audit matter.

Refer to Notes 5 and 11 to the consolidated financial statements for the disclosures on land at revalued amount.

Audit response

We reviewed the scope, bases, methodology and results of the work done by the Group's external appraisers whose professional qualifications, competence, capabilities, and objectivity were also taken into consideration. We compared the relevant information supporting the sales price of similar properties and the adjustments made to the sales price against real estate industry data. We also reviewed the Group's disclosures with respect to the fair value of the land.

Recoverability of Nonfinancial Assets

Under PFRSs, the Group is required to annually test for impairment nonfinancial assets with indefinite useful lives and for those nonfinancial assets with finite useful lives, if there are indicators of impairment. The Group has goodwill attributable to the acquisition of Malayan Education System, Inc. amounting to ₱137.85 million, intellectual property rights with indefinite life amounting to ₱523.10 million, and property and equipment and right-of-use assets of a subsidiary aggregating to ₱355.18 million as of December 31, 2021 that were tested for impairment. These nonfinancial assets are considered significant to the consolidated financial statements. In addition, management's assessment process involves judgments and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic. The assumptions used in estimating the discounted cash flow projections include forecasted revenues, long-term growth rates, royalty rates, and discount rates.

The Group's disclosures about nonfinancial assets are included in Notes 5, 6, 10, 12 and 31 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and assumptions used. We obtained an understanding of the Group's impairment model and the assumptions on the key business drivers of the cash flow forecasts such as the revenue from number of forecasted students and related tuition and other matriculation fees. We checked if the Group has considered the impact of the coronavirus pandemic on these key assumptions and also compared them against historical performance. We compared the long-term growth rates and royalty rates against relevant published market information. We tested the parameters used in the determination of discount rates against market data. In addition, we reviewed the Group's disclosures about those assumptions to which the outcome of the impairment tests is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of these assets.

Adequacy of Allowance for Expected Credit Loss (ECL)

The Group applies simplified approach in calculating expected credit loss (ECL). Under this approach, the Group generally establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for ECL and the provision for ECL on receivables from tuition and other fees as of and for the year ended December 31, 2021 amounted to ₱281.12 million and ₱114.23 million, respectively.

The Group's calculation of 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 the expected life of the financial asset and timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of the coronavirus pandemic, in calculating ECL.

The disclosures on the allowance for ECL are included in Notes 5 and 8 to the consolidated financial statements.

Audit response

We updated our understanding of the approved methodology and assumptions used for the Group's different credit exposures and reassessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome 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) checked the definition of default against historical analysis of accounts and credit risk management policies and practices in place and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) checked historical loss rates by inspecting historical recoveries including the write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) evaluated the forward-looking information used for overlay through corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry practices, including the impact of the coronavirus pandemic.

Further, we checked the data used in the ECL models, such as the historical analysis of defaults, by reconciling data from loss allowance analysis/model to the source reports and financial reporting system. 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 reports to the loss allowance analysis.

We recalculated the impairment provisions. We checked the disclosures made in the financial statements on allowance for ECL by tracing such disclosures to the ECL analysis prepared by management.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we 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 when it becomes available 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.

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 Ana Lea C. Bergado.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0660-AR-4 (Group A)
October 22, 2019, valid until October 21, 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. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8853473, January 3, 2022, Makati City

April 1, 2022

iPEOPLE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **iPeople, inc. & Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Reynaldo B. Vea

DR. REYNALDO B. VEA
Chairman and Chief Executive Officer

ALFREDO ANTONIO I. AYALA
President and Chief Operating Officer

GEMA O. CHENG
EVP and Chief Finance Officer

APR 26 2022

Signed this ____ day of April, 2022

ATTY. ROMEO M. MONFORT
NOTARY PUBLIC City of Makati
Extended Until June 30, 2022
Per B.M. No. 3795
PTR No. 8852509 Jan. 3, 2022 Makati City
Appointment No. M-132(2020-2021)
IBP No. 1052684 Jan. 3, 2018
MCLE NO. VI-0023417 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

DOC. NO. 96
PAGE NO. 15
BOOK NO. 38
SERIES OF 2022

iPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 15 and 30)	**₱1,604,129**	₱1,319,002
Receivables (Notes 8 and 30)	**1,032,851**	1,036,297
Receivables from related parties (Notes 15 and 30)	**26,077**	26,048
Prepaid expenses and other current assets (Note 9)	**391,021**	270,604
Financial assets at fair value through profit or loss (FVTPL) [Note 30]	**9,213**	9,705
Total Current Assets	**3,063,291**	2,661,656
Noncurrent Assets		
Property and equipment at cost (Note 10)	**5,407,008**	5,585,512
Land at revalued amounts (Notes 10 and 11)	**6,460,845**	6,219,772
Intellectual property rights (Note 6)	**523,103**	523,103
Goodwill (Notes 6 and 12)	**151,326**	151,326
Student relationship (Note 6)	**43,761**	78,825
Right-of-use assets (Note 31)	**309,391**	346,905
Net pension assets (Note 25)	**18,130**	4,727
Deferred tax assets - net (Note 23)	**38,118**	31,901
Other noncurrent assets (Note 13)	**113,671**	108,027
Total Noncurrent Assets	**13,065,353**	13,050,098
	₱16,128,644	₱15,711,754

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 14 and 30)	**₱1,036,119**	₱1,155,585
Short-term loans (Notes 16 and 30)	**400,000**	375,000
Unearned income (Note 14)	**658,389**	680,578
Lease liabilities - current portion (Note 31)	**50,550**	44,174
Current portion of long-term loan (Note 17)	**21,001**	–
Income tax payable	**2,157**	12,482
Payables to related parties (Notes 15 and 30)	**14,135**	29,481
Dividends payable (Notes 18 and 30)	**565**	565
Total Current Liabilities	**2,182,916**	2,297,865
Noncurrent Liabilities		
Net pension liabilities (Note 25)	**124,152**	168,134
Long-term loans (Note 17)	**1,853,645**	1,872,275
Lease liabilities - net of current portion (Note 31)	**307,276**	348,408
Deferred tax liabilities - net (Note 23)	**489,169**	476,977
Other noncurrent liabilities (Note 31)	**51,683**	56,091
Total Noncurrent Liabilities	**2,825,925**	2,921,885
Total Liabilities	**5,008,841**	5,219,750

(Forward)

	December 31	
	2021	2020
Equity		
Common stock (Notes 6 and 18)	**₱1,044,263**	₱1,044,263
Additional paid-in capital (Note 6)	**3,294,368**	3,294,368
Other comprehensive income (loss):		
Revaluation increment on land - net (Note 11)	**1,633,847**	1,425,033
Remeasurement losses on defined benefit plans (Note 25)	**(15,033)**	(76,722)
Equity reserve (Note 6)	**(230,494)**	(230,494)
Retained earnings (Note 18)	**5,142,420**	4,795,968
	10,869,371	10,252,416
Treasury stock (Note 18)	**–**	(0.21)
Equity attributable to equity holders of the Parent Company	**10,869,371**	10,252,416
Non-controlling interest in consolidated subsidiaries (Note 27)	**250,432**	239,588
Total Equity	**11,119,803**	10,492,004
	₱16,128,644	₱15,711,754

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019 (Note 6)
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 19)			
Revenue from schools and related operations	**₱3,351,067**	₱3,017,106	₱2,996,773
COSTS AND EXPENSES			
Cost of schools and related operations (Note 20)	**(1,914,579)**	(2,015,408)	(2,040,060)
GROSS PROFIT	**1,436,488**	1,001,698	956,713
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	**(702,359)**	(619,942)	(481,461)
INTEREST AND OTHER FINANCE CHARGES (Note 22)	**(138,577)**	(151,762)	(129,338)
INTEREST INCOME (Notes 7 and 22)	**6,192**	10,897	22,758
OTHER INCOME (CHARGES) - Net (Note 11)	**31,670**	34,101	(26,986)
INCOME BEFORE INCOME TAX	**633,414**	274,992	341,686
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 23)	**30,375**	(32,818)	(67,595)
NET INCOME	**663,789**	242,174	274,091
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Revaluation increment on land - net of tax (Note 11)	**201,075**	498,606	9,778
Reversal of deferred tax liability on revaluation increment of land sold through sale of subsidiary - net of tax (Note 11)	–	146,983	–
Reversal of deferred tax liability on revaluation increment due to change in tax rate (Note 23)	**7,764**	–	–
Remeasurement gains (losses) on defined benefit plans – net of tax (Note 25)	**67,827**	(55,304)	(57,274)
Fair value reserve of equity instruments at FVOCI (Note 30)	–	–	3,093
	276,666	590,285	(44,403)
TOTAL COMPREHENSIVE INCOME	**₱940,455**	₱832,459	₱229,688
Net income attributable to:			
Equity holders of the parent (Note 26)*	**₱659,108**	₱245,818	₱254,588
Non-controlling interest in consolidated subsidiaries (Note 27)	**4,681**	(3,644)	19,503
	₱663,789	₱242,174	₱274,091
Total comprehensive income attributable to:			
Equity holders of the parent	**₱929,611**	₱815,984	₱212,557
Non-controlling interest in consolidated subsidiaries (Note 27)	**10,844**	16,475	17,131
	₱940,455	₱832,459	₱229,688
***Basic/Diluted Earnings Per Share** (Note 26)	**₱0.6312**	₱0.2354	₱0.2692

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company										
	Common Stock (Notes 6 and 18)	Additional Paid-in Capital (Note 6)	Fair Value Reserve of Equity instruments at FVOCI (Note 30)	Revaluation Increment on Land - net of tax (Note 11)	Remeasurement Gains (Losses) on Net Defined Benefit Plans (Note 25)	Equity Reserve (Note 6)	Retained Earnings (Note 18)	Treasury Stock (Note 18)	Total	Non - controlling Interest (Note 27)	Total
	For the year ended December 31, 2021										
Balances as at January 1, 2021	**₱1,044,263**	**₱3,294,368**	**₱–**	**₱1,425,033**	**(₱76,722)**	**(₱230,494)**	**₱4,795,968**	**(₱0.21)**	**₱10,252,416**	**₱239,588**	**₱10,492,004**
Net income	–	–	–	–	–	–	659,108	–	659,108	4,681	663,789
Other comprehensive income	–	–	–	208,814	61,689	–	–	–	270,503	6,163	276,666
Total comprehensive income	–	–	–	208,814	61,689	–	659,108	–	929,611	10,844	940,455
Other adjustments	–	–	–	–	–	–	–	(0.21)	(0.21)	–	(0.21)
Dividends declared	–	–	–	–	–	–	(312,656)	–	(312,656)	–	(312,656)
Balances as at December 31, 2021	**₱1,044,263**	**₱3,294,368**	**₱–**	**₱1,633,847**	**(₱15,033)**	**(₱230,494)**	**₱5,142,420**	**₱–**	**₱10,869,371**	**₱250,432**	**₱11,119,803**
	For the year ended December 31, 2020										
Balances as at January 1, 2020	₱1,044,263	₱3,294,368	(₱880)	₱1,583,743	(₱19,766)	(₱230,494)	₱3,838,446	(₱0.21)	₱9,509,680	₱223,113	₱9,732,793
Net income	–	–	–	–	–	–	245,818	–	245,818	(3,644)	242,174
Other comprehensive income	–	–	–	627,122	(56,956)	–	–	–	570,166	20,119	590,285
Total comprehensive income	–	–	–	627,122	(56,956)	–	245,818	–	815,984	16,475	832,459
Transfer of revaluation increment to retained earnings due to sale of land	–	–	–	(785,832)	–	–	785,832	–	–	–	–
Transfer to retained earnings	–	–	880	–	–	–	(880)	–	–	–	–
Dividends declared	–	–	–	–	–	–	(73,248)	–	(73,248)	–	(73,248)
Balances as at December 31, 2020	₱1,044,263	₱3,294,368	₱–	₱1,425,033	(₱76,722)	(₱230,494)	₱4,795,968	(₱0.21)	₱10,252,416	₱239,588	₱10,492,004
	For the year ended December 31, 2019										
Balances as at January 1, 2019	₱748,933	₱1,439	(₱3,973)	₱1,574,008	₱35,093	₱–	₱3,643,131	(₱0.21)	₱5,998,631	₱414,929	₱6,413,560
Net income	–	–	–	–	–	–	254,588	–	254,588	19,503	274,091
Other comprehensive income	–	–	3,093	9,735	(54,859)	–	–	–	(42,031)	(2,372)	(44,403)
Total comprehensive income	–	–	3,093	9,735	(54,859)	–	254,588	–	212,557	17,131	229,688
Issuance of shares (Note 6)	295,330	3,292,929	–	–	–	–	–	–	3,588,259	–	3,588,259
Change in non-controlling interest	–	–	–	–	–	(230,494)	–	–	(230,494)	(208,947)	(439,441)
Dividends declared	–	–	–	–	–	–	(59,274)	–	(59,274)	–	(59,274)
Balances as at December 31, 2019	₱1,044,263	₱3,294,368	(₱880)	₱1,583,743	(₱19,766)	(₱230,494)	₱3,838,446	(₱0.21)	₱9,509,680	₱223,113	₱9,732,793

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019 (Note 6)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱633,414**	₱274,992	₱341,686
Adjustments for:			
Depreciation and amortization (Notes 10, 13, 20 and 21)	**456,685**	463,422	397,612
Interest expense and other finance charges (Note 22)	**140,949**	178,294	129,338
Provision for doubtful accounts (Notes 8 and 21)	**114,229**	48,755	79
Reversal on impairment on land (Note 11)	**(15,763)**	(5,238)	–
Interest income (Note 22)	**(6,192)**	(10,897)	(22,758)
Unrealized foreign exchange loss (gain) - net	**(450)**	(1,830)	505
Unrealized market loss (gain) on financial assets at FVTPL	**492**	(355)	(650)
Operating income before working capital changes	**1,323,364**	947,143	845,811
Decrease (increase) in:			
Receivables	**(110,641)**	(95,364)	(416,734)
Prepaid expenses and other current assets	**(120,416)**	(94,656)	94,017
Increase (decrease) in:			
Accounts payable and other current liabilities	**(100,017)**	(58,029)	122,388
Unearned income	**(22,189)**	(100,128)	431,782
Other noncurrent liabilities	**10,713**	(2,291)	75,644
Net pension assets and liabilities	**(54)**	40,748	(22,970)
Net cash generated from operations	**980,760**	637,423	1,129,938
Interest paid	**(137,410)**	(139,909)	(101,550)
Income taxes paid	**(567)**	(41,025)	(63,275)
Interest received	**6,050**	10,734	22,637
Net cash flows from operating activities	**848,833**	467,223	987,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Notes 10 and 29)	**(183,735)**	(881,887)	(1,437,212)
Computer software (Note 13)	**(15,479)**	(1,840)	–
Acquisition through business combination - net of noncash acquired (Note 6)	**–**	–	1,291,500
Non-controlling interest (Note 6)	**–**	–	(881,068)
Proceeds from disposal of:			
Land through sale of subsidiary (Note 11)	**–**	1,754,800	–
Equity instruments at FVOCI (Note 30)	**–**	–	17,482
Decrease (increase) in:			
Receivables from related parties	**(28)**	(25,445)	(15,927)
Other noncurrent assets	**5,284**	1,819	2,181
Net cash flows from (used in) investing activities	**(193,958)**	847,447	(1,023,044)

(Forward)

	Years Ended December 31		
	2021	2020	2019 (Note 6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term loans (Notes 16 and 29)	**₱400,000**	₱230,530	₱1,437,000
Payments of short-term loans (Notes 16 and 29)	**(375,000)**	(1,254,330)	(2,348,200)
Dividends paid to stockholders (Note 29)	**(312,656)**	(73,248)	(116,781)
Payment of lease liabilities (Note 31)	**(67,196)**	(68,826)	(49,101)
Increase (decrease) in payables to related parties (Note 27)	**(15,345)**	14,070	2,398
Proceeds from long-term loans (Note 29)	**–**	–	1,679,903
Tax on issuance of new shares (Note 6)	**–**	–	(2,953)
Net cash flows from (used in) financing activities	**(370,197)**	(1,151,804)	602,266
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**449**	1,830	(505)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**285,127**	164,696	566,467
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,319,002**	1,154,306	587,839
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 7 and 30)	**₱1,604,129**	₱1,319,002	₱1,154,306

See accompanying Notes to Consolidated Financial Statements.

IPEOPLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

iPeople, inc. (the Parent Company) is a publicly-listed stock corporation registered and incorporated on July 27, 1989 under the laws of the Philippines.

The Parent Company, a subsidiary of House of Investments, Inc. (HI), is a holding and management company. Its principal office address is at 3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City. iPeople, inc. and its subsidiaries (collectively referred to as "the Group") are mainly involved in education sector with the list of subsidiaries disclosed in Note 2.

The Group is a member of the Yuchengco Group of Companies (YGC). The Group's ultimate parent is Pan Malayan Management and Investment Corporation (PMMIC).

Merger with AC Education, Inc.
On October 1, 2018, the Board of Directors (BOD) of iPeople, inc. executed a memorandum of agreement (MOA) for a proposed Plan of Merger between iPeople, inc. and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (AC), with iPeople, inc. as the surviving entity with HI and AC owning 48.18% and 33.5%, respectively. The merger would bring together the educational group of HI and AC.

The proposed merger was subsequently approved by iPeople, inc.'s Stockholders on December 12, 2018 and was approved by the Philippine Competition Commission (PCC) on December 12, 2018. On April 24, 2019, the Securities and Exchange Commission (SEC) approved the merger between iPeople, inc. and AEI, with iPeople, inc. as the surviving entity, and to take effect five business working days thereafter or May 2, 2019. On said date, iPeople, inc. issued 295,329,976 common shares from its unissued capital stock to AC. After the merger, iPeople, inc. became 48.18% owned by HI and 33.5% owned by AC. Details of the merger is disclosed in Note 6.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for the land which is under revaluation model and financial assets at fair value through profit or loss (FVTPL). The consolidated financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional currency. Except as otherwise indicated, all amounts are rounded off to the nearest thousands.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021.

The consolidated financial statements are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All intercompany balances and transactions, including income, expenses and dividends, are eliminated in full.

Below are the Group's subsidiaries and percentage of ownership:

	Percentage of Ownership		
	2021	2020	2019
Malayan Education System, Inc. (MESI) [Operating Under the Name of Mapua University] and subsidiaries	**100%**	100%	100%
Direct ownership of MESI on its subsidiaries:			
Malayan Colleges Laguna, Inc., A Mapua School (MCLI)	**100**	100	100
Malayan Colleges Mindanao (A Mapua School), Inc. (MCMI)	**100**	100	100
Malayan High School of Science, Inc. (MHSSI)	**100**	100	100
Mapua Information Technology Center, Inc. (MITC)	**100**	100	100
Mapua Techserv, Inc.	**100**	100	100
Mapua Techpower, Inc.	**75**	75	75
San Lorenzo Ruiz Investment Holdings and Services Inc. (SLRIHSI)*	**–**	–	100
People eServe Corporation	**100**	100	100
Pan Pacific Computer Center, Incorporated (PPCCI)	**100**	100	100
New subsidiaries in 2019 after the merger (Note 1):			
Affordable Private Education Center, Inc. doing business under the name of APEC Schools	**100**	100	100
National Teachers College doing business under the name/s and style/s of The National Teachers College	**99.79**	99.79	99.79
University of Nueva Caceres	**83.62**	83.62	83.62
AC College of Enterprise and Technology, Inc.	**100**	100	100
LINC Institute, Inc. doing business under the Name and Style of LINC Academy	**100**	100	100

**Sold in December 2020 to HI (see Note 11).*

All subsidiaries were incorporated in the Philippines.

Subsidiaries are entities over which the Parent Company has control. Control is achieved when the Parent Company 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; and
- the Parent Company's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognized in other comprehensive income (OCI) to profit or loss or retained earnings, as appropriate.

Non-controlling interest represents interest in a subsidiary which is not owned, directly or indirectly, by the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Group's shareholders equity. Transactions with non-controlling interests are handled in the same way as transactions with external parties.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, I*nterest Rate Benchmark Reform – Phase 2*
- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025
- PFRS 17, *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 Group does not expect the future adoption of the applicable pronouncements to have a significant impact on its consolidated financial statements.

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2021 on the Group's 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.

4. Summary of Significant Accounting Policies

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 three (3) months or less from date of placement and that are subject to an insignificant risk of changes in value.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value 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 financial reporting date.

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.

<u>Financial Instruments</u>
Initial recognition and subsequent measurement
The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial assets – Initial recognition and measurement)
Financial assets are classified, at initial recognition, as "subsequently measured at amortized cost"; fair value through other comprehensive income (FVOCI); and 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 fair value through profit or loss, 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 flow 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.

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.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group has financial assets at amortized cost (debt instruments) and financial assets at FVTPL.

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 solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

This accounting policy relates to the Group's cash and cash equivalents, receivables, receivables from related parties, and refundable deposits.

Financial assets at fair value through profit or loss
A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income (OCI). However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Included in this classification is the peso-denominated investment in Unit Investment Trust Fund (UITF) in Rizal Commercial Banking Corporation (RCBC).

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) 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; and either (a) the Group has transferred substantially all the risks and rewards 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.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value. 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.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

An impairment analysis is performed at each reporting date and the Group generally used the provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

The Group's debt instruments at amortized cost comprise of cash and cash equivalents and refundable deposits that are considered to have low credit risk. Hence, it is the Group's policy to measure ECL on such instrument on a 12-month basis applying the low credit risk simplification and based on the PD which is publicly available. 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 tuition and other fees receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group generally uses a provision matrix to calculate ECL. The provision rates are based on days past due for groupings based on school term. The provision matrix is initially based on the Group's historical observed default rates. The Group will then consider directly relevant forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are considered.

Primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on inflation rate and unemployment rate were added to the ECL calculation to reach a forecast supported by both quantitative and qualitative data points.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities – Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Loans and borrowings

The Group's financial liabilities include loans and borrowings.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as finance costs in the statement of comprehensive income.

This accounting policy applies primarily to accounts payable and other current liabilities (excluding payables to government), payables to related parties, dividends payable, lease liabilities, and loans payable.

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

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

'Day 1' difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

<u>Prepaid Expenses and Other Current Assets</u>
Prepaid expenses and other current assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. This account includes the following:

Prepaid Expenses
These are expenses paid in advance to be amortized over the benefit period or to be expense once incurred or consumed. These consist of prepaid insurance and subscriptions, among others.

Restricted Funds
Restricted funds are funds held for government and private entities and invested in money market placements exclusively for use in government programs such as Civic Welfare Training Service (CWTS), National Service Training Program (NSTP) and for financing of scholars of certain private entities. These are recorded at face value.

Creditable Withholding Tax (CWT)
This pertains to the tax withheld source by the Group's customers and lessees and is creditable against its income tax liability.

Inventories
Inventories are stated at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of the business, less costs of completion, marketing and distribution. Cost is determined using weighted and simple average methods for textbooks, printed materials and supplies intended for sale.

Value-added Tax (VAT)
The input VAT pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchases of goods or services. Input VAT that is not expected to be fully applied against the output VAT of the succeeding year is presented as noncurrent asset.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.

Property and Equipment
Property and equipment, except for land, is stated at cost, less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Construction in progress represents property under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for their intended use.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the related assets as follows:

	Years
Buildings and improvements	10-40
Office furniture and equipment	5-10
Transportation equipment	5

Leasehold improvements are amortized over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization are credited to or charged against current operations.

When assets carried at cost are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as part of current operations. When land carried at revalued amount are retired or otherwise disposed of, the carrying amount, which is the fair value at the time of sale or disposal, is derecognized and no gain or loss is recognized.

Land at Revalued Amounts
Land is carried at its revalued amount. The appraised values used for revaluation were determined by independent firms of appraisers.

The initial cost of land consists of its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.

The appraisal increment (net of deferred tax) resulting from the revaluation is credited to OCI and accumulated in equity under "revaluation increment on land - net" account. Decreases in valuation is charged to profit or loss, except to the extent that it reverses the existing accumulated revaluation increment on the same asset and therefore such decrease is recognized in OCI. The decrease recognized in OCI reduces the revaluation increment on land - net account in equity. In case a subsequent revaluation increase of an asset reverses a revaluation decrease previously recognized in profit or loss, such increase is credited to income in profit or loss.

The same rules apply to impairment losses. An impairment loss on a revalued asset is first used to reduce the revaluation increment for that asset. Only when the impairment loss exceeds the amount in the revaluation increment for that same asset is any further impairment loss recognized in profit or loss.

Upon disposal, any revaluation increment relating to the land being sold is transferred to retained earnings.

Right-of-use Assets and Lease Liabilities
Effective January 1, 2019, upon adoption of PFRS 16, the Group recognizes right-of-use assets and lease liabilities on contracts that qualify as leases under PFRS 16. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and 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 and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment. Refer to the accounting policies on Impairment of Nonfinancial Assets.

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, 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. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases of office space. It also applies the low-value assets recognition exemption to leases that are considered of 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.

Business Combination and Goodwill

An acquisition of a business (i.e. an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors) is a business combination. Business combinations are accounted for using the acquisition method. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Any excess of the acquisition cost over the net fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill. 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 interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

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. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill at least annually.

The goodwill recognized in the Group's consolidated statement of financial position pertains to the acquisition of MESI and merger with AEI as disclosed in Notes 6 and 12.

Intangible Assets Other Than Goodwill
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Subsequently, intangible assets are measured at cost less accumulated amortization and provision for impairment loss, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The estimated useful life of intangible assets is assessed as either finite or indefinite. The estimated useful lives of intangible assets recognized as a result of the merger with AEI (see Note 6) are as follows:

	Number of Years
Intellectual property rights	Indefinite
Student relationship	5-7
Software cost	3

The estimated useful lives of intangible assets with finite lives are assessed at the individual asset level. Intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is 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 assets.

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 useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible assets and is recognized in the consolidated statement of comprehensive income when the intangible asset is derecognized.

Impairment of Nonfinancial Assets
Property and equipment, student relationship, right-of-use assets, and other noncurrent assets
The Group assesses as of reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the 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 assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An assessment is made at each financial reporting date as to whether there is an 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 revalued amount, in which case the reversal is treated as revaluation increase in OCI to the extent that it reverses a revaluation decrease of the same asset that was previously recognized in OCI. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill and intellectual property rights
Goodwill and intellectual property rights are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment on goodwill and intellectual property rights are determined by assessing the recoverable amount of the cash-generating unit, to which these assets relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Equity
The Group records common stock at par value for all shares issued and outstanding, and additional paid-in capital for the excess of the total contributions received over the aggregate par values of the equity shares. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of 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. When any member of the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity investments.

Retained earnings represent accumulated earnings less dividends declared and any adjustment arising from application of new accounting standards, policies or correction of errors applied retroactively.

The individual accumulated earnings of the subsidiaries are available for dividend declaration when these are declared as dividends by the respective subsidiaries as approved by their respective BOD or BOT, as applicable.

Revenue and Income Recognition
Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the goods or service. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements.

Revenue from schools and related operations consist of the following:

Revenue from tuition and other matriculation fees
Revenue from tuition fees and other matriculation fees are recognized over time over the corresponding school term using the output method (i.e., time lapsed over the service period such as semester or school year, depending on the curriculum registered). Upon enrollment, students have the option to pay the tuition and other matriculation fees in full or on installment.

Other student-related income
Other student-related income is recognized at a point in time when the promised goods are delivered to the customer or at point in time when services has been rendered. These mainly consist of the following:

Admission, examination and other fees
Admission, examination and other fees are recognized as income when examination has been granted by the school and related services have been provided to the students (at point in time).

Seminar income
Seminar income is recognized as income over the corresponding term or as the services are rendered (at point in time or over time).

Miscellaneous income
Miscellaneous income is recognized when earned (at point in time).

Following are contract balances relative to PFRS 15:

Receivables
A receivable represents 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 assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the payment is due, a contract asset is recognized for the earned consideration that is conditional.

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 a customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The Group's contract liabilities represent the unearned income on tuition fees (presented under unearned income) and accounts payable to students (presented under accounts payable and other current liabilities) and

will be recognized as revenue when the related educational services are rendered. Accounts payable to students are advance collections from students to be applied to the next school year or school term.

Costs and Expenses
The Group's costs and expenses constitute costs of operating the business recognized in the consolidated statement of comprehensive income as incurred.

Cost of schools and related operations
Cost of schools and related operations constitute expenses directly related to the Group's school and related operations which include expenses for salaries and wages of teaching and academic support personnel, student welfare activities, and all other student-related costs and expenses. Cost of schools and related operations are recognized as expense when the school and related services have been provided to the students.

General and Administrative Expenses
These expenses constitute costs of administering the business. General and administrative expenses, except for rent expense, are recognized as incurred.

Interest and Financing Charges
Interest and financing charges, excluding capitalizable borrowing costs, is recognized as expense in the period in which it is incurred.

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Retirement Benefits
Retirement benefits cost is actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Retirement benefits cost comprises the following:
- Service costs
- Net interest on the net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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 high quality corporate 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 profit or loss.

Remeasurements comprising actuarial gains and losses (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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.

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).

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 authorities. 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 balance sheet liability method, on all 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. Deferred tax assets are recognized for all deductible temporary differences, net operating loss carry over (NOLCO) and minimum corporate income tax (MCIT) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

When a subsidiary is disposed, and said subsidiary has a single asset, land, which is classified as property and equipment carried at revalued amount in the consolidated financial statements, the tax paid on disposal of the subsidiary, emanating from the difference between the cost of the land and its selling price, is taken to OCI in the consolidated statement of comprehensive income. The related tax, e.g. capital gains tax (CGT), is netted against the reversal of deferred tax liability on revaluation increment of land sold through sale of subsidiary.

Deferred income tax that relates to items that are recognized: (a) in other comprehensive income shall be recognized in other comprehensive income; and (b) directly in equity shall be recognized directly in equity.

Deferred income tax assets and liabilities are offset if a legally enforceable right to offset current income tax against current income tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current income tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, on each future period in which significant amounts of deferred income tax assets and liabilities are expected to be settled or recovered. Subsidiaries operating in the Philippines file income tax returns on an individual basis. Thus, the deferred tax assets and deferred tax liabilities are offset on a per entity basis.

Leases – Group as Lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the leased term on the same bases as rental income. Rental income is recognized on a straight-line basis over the term of the lease.

Foreign Currency-denominated Transactions and Translation
Foreign currency-denominated transactions are recorded using the prevailing exchange rates at the time of transactions. Foreign currency-denominated monetary assets and liabilities are translated to Philippine Peso closing rate of exchange prevailing at the reporting date. Exchange gains or losses arising from foreign currency are charged to profit or loss.

Basic Earnings Per Share (EPS)
Basic earnings per common share is computed based on weighted average number of issued and outstanding common shares, less treasury shares, after giving retroactive effect for any stock dividends. Diluted earnings per share, if applicable, is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There are no dilutive potential common shares that would require disclosure of diluted earnings per common share in the consolidated financial statements.

Segment Reporting
The Group's operating business are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 28 to the consolidated financial statements.

Provisions
Provisions are recognized when (a) the Group has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Events after the Financial Reporting Date
Post year-end events up to the date of the auditor's report that provide additional information about the Group's position at financial reporting date (adjusting event) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed when material to the consolidated financial statements.

5. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair valuation of land
The Group measures land at revalued amount with changes in fair value being recognized in other comprehensive income. The Group engaged an independent firm of appraisers to determine the fair value as at December 31, 2021 and 2020. The key assumptions used to determine fair value are disclosed in Note 11.

As at December 31, 2021 and 2020, the fair value of land amounted to ₱6,460.8 million and ₱6,219.8 million, respectively (Note 11).

Estimation of allowance for ECL on tuition and other fees receivables
The Group generally uses provision matrix to calculate ECL for tuition and other fees receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will then consider directly relevant forward-looking information. At every reporting date, the historical observed default rates are updated and forward-looking factors specific to the debtors and the economic environment are updated to consider the impact of the coronavirus pandemic.

The Group also applied weights to various scenarios in the computation of the allowance for ECL to incorporate impact of uncertainty due to the current economic conditions such as the impact of the coronavirus pandemic. The amount of ECL 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.

Allowance for ECL on tuition and other fees receivables and related carrying value are disclosed in Note 8.

Leases under PFRS 16 – Estimating the IBR
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses IBR to measure lease liabilities. The IBR is the rate of interest that an entity 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 right-of-use asset in a similar economic environment. The IBR therefore reflects what the entities 'would have to pay', which requires estimation when no observable rates are available (such

as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

The Group's right-of-use assets and lease liabilities are disclosed in Note 31.

Estimation of useful lives of student relationship
The Group estimates the useful lives of student relationship based on the period over which the assets are expected to be available for use which represents the number of years that the students are expected to stay until they graduate. The Group reviews the estimated useful lives based on factors that include asset utilization, internal technical evaluation and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the aforementioned factors. A reduction in the estimated useful lives of student relationship would increase amortization expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of student relationship from the effectivity of the merger. The carrying values of student relationship amounted to ₱43.8 million and ₱78.8 million as of December 31, 2021 and 2020, respectively (Note 6).

Impairment of nonfinancial assets
The Group assesses impairment on its property and equipment, intangible assets (other than goodwill and intellectual property rights) and noncurrent assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for overall business, and significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As to the Group's property and equipment, student relationship and noncurrent assets, no impairment loss was recognized, except for the allowance for impairment in value of land amounting to ₱15.8 million as of December 31, 2020, and the 2021 impairment in student relationship attributable to APEC (Notes 6, 10, 11 and 13). The impairment in land was reversed in 2021 with the increase in fair value based on the appraisal report obtained from SEC-accredited independent firms of appraisers as at December 31, 2021.

In 2021, the Group performed an impairment testing on the property and equipment and right-of-use assets of APEC due to the continuing losses and significant decline in number of students. In assessing the impairment, the Group determines the recoverable amount using value in use with details disclosed in Note 31. There is no impairment loss recognized on these assets in 2021. The carrying value of these assets are disclosed in Notes 10 and 31.

Impairment of goodwill and intellectual property rights are assessed at least on an annual basis. In assessing the impairment, the Group determines the recoverable amount using value in use with details disclosed in Notes 6 and 12. There is no impairment loss recognized on these assets in 2021, 2020 and 2019. The carrying value of these assets are disclosed in Notes 6 and 12.

Estimation of pension obligations and other retirement benefits
The determination of the Group's pension cost and liabilities is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate which were disclosed in Note 25 and to which the cash flows are most sensitive to. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect the retirement expense and related asset or liability.

As at December 31, 2021 and 2020, the net pension liabilities amounted to ₱124.2 million and ₱168.1 million, respectively, while net pension assets amounted to ₱18.1 million and ₱4.7 million as at December 31, 2021 and 2020, respectively (Note 25).

Deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets 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 income tax assets to be utilized. Where there is no absolute assurance that each legal entity in the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized, deferred tax assets are not recognized.

Deferred tax assets recognized and temporary differences on which deferred tax assets were not recognized are disclosed in Note 23.

Provisions and contingencies
The Group is currently involved in certain legal proceedings and claims in the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The ultimate disposition of these matters cannot be determined with certainty. The Group will exhaust all legal remedies available to it in defending itself in these claims and proceedings (Notes 14 and 31).

6. Business Combination and Transactions with Non-Controlling Interests

Business Combination
As disclosed in Note 1, on October 1, 2018, the BOD of iPeople, inc. executed a MOA for a proposed Plan of Merger between iPeople, inc. and AEI with iPeople, inc. as the surviving entity with HI and AC owning 48.18% and 33.5%, respectively. The merger would bring together the educational groups of HI and AC.

On April 24, 2019, the SEC approved the merger between iPeople, inc. and AEI, with iPeople, inc. as the surviving entity, and to take effect five business working days thereafter or May 2, 2019. On said date, iPeople, inc. issued 295,329,976 common shares from its unissued capital stock to AC, the parent company of AEI. iPeople, inc., being the surviving corporation, is deemed to have acquired all the assets and to have assumed all the liabilities of AEI in a business combination accounted for under the acquisition method. In exchange for the transfer of the net assets of AEI to iPeople, inc., iPeople, inc. issued to AC an aggregate of 295,329,976 shares with par value of ₱1.0 per share for a total fair value of ₱3,591.21 million based on iPeople, inc.'s quoted closing rate per share as of

May 2, 2019. The excess of the fair value of shares issued over the par value was recognized as additional paid-in capital.

Assets acquired from AEI includes investments in the following subsidiaries:

Subsidiaries	Ownership Interest
Affordable Private Education Center, Inc. doing business under the name of APEC Schools (APEC)	100.00%
National Teachers College doing business under the name/s and style/s of The National Teachers College (NTC)	99.79%
University of Nueva Caceres (UNC)	58.63%
AC College of Enterprise and Technology, Inc. (ACCET)	100.00%
LINC Institute, Inc. Doing Business under the Name and Style of LINC Academy (LINC)	100.00%

The purchase price allocation has been finalized. The fair values of the identifiable assets and liabilities acquired and goodwill arising as at the date of acquisition follows (amounts in thousands):

Assets	
Cash and cash equivalents	₱1,291,500
Trade and other receivables	231,421
Other current assets	188,222
Land classified as property and equipment (Note 11)	2,038,085
Other property and equipment (Note 10)	725,681
Right-of-use assets (Note 31)	363,029
Intellectual property rights	523,103
Student relationship	116,009
Other noncurrent assets	102,717
	5,579,767
Liabilities	
Accounts and other payables	319,124
Loans payable	260,000
Deferred tax liabilities	432,946
Leased liabilities (Note 31)	374,622
Other liabilities	77,815
	1,464,507
Total identifiable net assets at fair value	4,115,260
Non-controlling interest	(537,520)
Goodwill (Note 12)	13,472
Cost of acquisition	₱3,591,213

The non-controlling interests have been measured at the proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

Acquisition-related costs incurred in 2019 were recognized as expense.

Analysis of 2019 cash flows on acquisition follows:

Cash acquired from the subsidiaries (included in cash flows from investing activities)	₱1,291,500
Transaction costs of the acquisition (included in cash flows from operating activities)	(7,523)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities)	(2,953)
Net cash flows on acquisition	₱1,281,024

Based on the valuation performed, the Group has identified other intangible assets such as the intellectual property rights with infinite life and student relationship with an estimated useful life of 5 years to 7 years based on the contractual relationship between the school entities and its students. These assets are attributed from the acquisition of operating schools NTC, APEC and UNC. The carrying value and movement of student relationship as of and for the year ended December 31 follows:

	2021	2020
Cost from business combination	**₱116,009**	₱116,009
Accumulated amortization:		
Beginning balance	**(37,184)**	(14,874)
Amortization and impairment (Note 20a)	**(35,064)**	(22,310)
Ending balance	**(72,248)**	(37,184)
Balance at end of the year	**₱43,761**	₱78,825

Amortization amounted to ₱22.3 million in both years. In 2021, the Group recognized ₱12.8 million impairment loss on student relationship attributable to APEC due to the significant decline in students because of the impact of coronavirus pandemic.

As of December 31, 2021 and 2020, the Group performed impairment testing on intellectual property rights using the income approach. Key assumptions used are as follows:

- Revenue projections and long-term growth rate (3% for 2021 and 2020). Revenue projections based on financial budgets approved by management and considers the impact of the K to 12 Basic Education Program effective 2016 and the coronavirus pandemic. The long-term growth rate is the expected growth rate in the education industry sector.
- Discount rates (14% to 15% for 2021 and 13% to 14% for 2020). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.
- Royalty rates (1% to 6% for 2021 and 2020). This is based on the publicly available information on franchising of educational institutions in the Philippines, with consideration on the operational risk of the involved entity.

In 2021 and 2020, management assessed that no impairment loss should be recognized.

Transactions with Non-Controlling Interests

On May 9, 2019, the Parent Company acquired the 281,642 shares of MESI owned by HI, representing 7% ownership in MESI. With this acquisition, MESI became a 100%-owned subsidiary of the Parent Company. The ₱354.2 million excess of the consideration paid over the book value of non-controlling interest acquired was recognized in equity by debiting "Equity reserve".

In December 2019, the Parent Company acquired 2,743 additional shares of UNC from various stockholders representing 24.99% ownership in UNC. With the acquisition, the Parent Company now owned 83.62% of UNC. The ₱123.8 million excess of book value of non-controlling interest acquired over the consideration paid was recognized in equity by crediting "Equity reserve".

7. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱2,360**	₱2,139
Cash in banks (Note 15)	**448,853**	344,874
Cash equivalents (Note 15)	**1,152,916**	971,989
	₱1,604,129	₱1,319,002

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents have terms with 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 income from cash in banks and cash equivalents amounted to ₱6.0 million, ₱10.7 million and ₱22.6 million in 2021, 2020 and 2019, respectively (Note 22).

8. Receivables

This account consists of:

	2021	2020
Tuition and other fees	**₱1,246,586**	₱1,160,745
Advances to officers and employees	**21,529**	21,882
Others	**54,626**	31,418
	1,322,741	1,214,045
Allowance for ECL	**(289,890)**	(177,748)
	₱1,032,851	₱1,036,297

Tuition and other fees receivable pertain to tuition and other matriculation fees which are normally collected during the school term. This also includes receivable from Department of Education (DepEd) amounting to ₱140.8 million and ₱138.8 million as at December 31, 2021 and 2020, respectively, arising from the Senior High School (SHS) Voucher Program wherein qualified SHS students are given assistance on tuition fees. These receivables are noninterest-bearing and are generally collectible within one year.

Advances to officers and employees consist mostly of advances subject to liquidation, interest-bearing receivables pertaining to car loan and noninterest-bearing telephone charges, hospitalization bill and library and printing charges. Receivables from employees are settled through salary deductions. Interest income from advances to officers and employees amounted to ₱0.1 million, ₱0.2 million and ₱0.1 million in 2021, 2020 and 2019, respectively (Note 22). These receivables are noninterest-bearing and are generally collectible within one year.

The changes in allowance for ECL as at December 31 follow:

	2021			
	Tuition and other fees	**Trade**	**Others**	**Total**
Balance at beginning of year	**₱168,978**	**₱3,393**	**₱5,377**	**₱177,748**
Provisions for the year (Note 21)	**114,229**	**–**	**–**	**114,229**
Write-off	**(2,087)**	**–**	**–**	**(2,087)**
Balance at end of year	**₱281,120**	**₱3,393**	**₱5,377**	**₱289,890**
Gross receivables	**₱1,246,586**	**₱4,964**	**₱49,662**	**₱1,301,212**

	2020			
	Tuition and other fees	Trade	Others	Total
Balance at beginning of year	₱125,261	₱3,393	₱6,191	₱134,845
Provisions for the year (Note 21)	48,755	–	–	48,755
Write-off	(5,038)	–	(814)	(5,852)
Balance at end of year	₱168,978	₱3,393	₱5,377	₱177,748
Gross receivables	₱1,160,745	₱5,482	₱47,818	₱1,214,045

9. Prepaid Expenses and Other Current Assets

	2021	2020
Prepaid expenses	**₱192,032**	₱99,553
Restricted funds (Note 15)	**34,816**	30,960
CWT	**7,298**	12,676
Books inventories	**5,095**	3,983
Office supplies	**3,805**	2,802
Input VAT	**1,539**	597
Others	**146,436**	120,033
	₱391,021	₱270,604

Prepaid expenses mainly include prepayments for membership fees, subscriptions, and insurance, among others.

Restricted funds significantly pertain to funds held for government and private entities and invested in money market placements exclusively for use in government programs such as CWTS, NSTP, for financing of scholars of certain private entities, and for the purpose of undertaking socio-economic studies, and development projects (Note 14).

Others relate to rent deposits and other supplies. This also includes payments made on certain claims that are under protest (Note 31).

10. Property and Equipment

The rollforward analysis of this account follows:

	2021				
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Balance at beginning of year	₱4,914,555	₱2,365,584	₱48,521	₱1,654,804	₱8,983,464
Acquisitions	46,919	85,600	6,353	72,498	211,370
Disposals/retirement	(120,388)	(4,398)	–	–	(124,786)
Reclassifications and adjustments	58,969	125,924	(2,897)	(82,222)	99,774
Balance at end of year	4,900,055	2,572,710	51,977	1,645,080	9,169,822
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	1,532,900	1,832,916	32,136	–	3,397,952
Depreciation (Notes 20 and 21)	198,864	156,312	7,063	–	362,239
Disposals/retirement	(120,388)	(2,223)	–	–	(122,611)
Reclassifications and adjustments	(21,317)	148,977	(2,426)	–	125,234
Balance at end of year	1,590,059	2,135,982	36,773	–	3,762,814
Net book value at cost	3,309,996	436,728	15,204	1,645,080	5,407,008
Land at revalued amounts (Note 11)	–	–	–	–	6,460,845
Total	₱3,309,996	₱436,728	₱15,204	₱1,645,080	₱11,867,853

	2020				
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Balance at beginning of year	₱4,835,054	₱2,235,728	₱49,552	₱1,020,920	₱8,141,254
Acquisitions	92,009	177,822	–	633,884	903,715
Disposals/retirement	–	(39,298)	–	–	(39,298)
Reclassifications and adjustments	(12,508)	(8,668)	(1,031)	–	(22,207)
Balance at end of year	4,914,555	2,365,584	48,521	1,654,804	8,983,464
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	1,362,597	1,665,887	29,293	–	3,057,777
Depreciation (Notes 20 and 21)	170,303	201,698	7,851	–	379,852
Disposals/retirement	–	(39,298)	–	–	(39,298)
Reclassifications and adjustments	–	4,629	(5,008)	–	(379)
Balance at end of year	1,532,900	1,832,916	32,136	–	3,397,952
Net book value at cost	3,381,655	532,668	16,385	1,654,804	5,585,512
Land at revalued amounts (Note 11)	–	–	–	–	6,219,772
Total	₱3,381,655	₱532,668	₱16,385	₱1,654,804	₱11,805,284

Construction in progress as at December 31, 2021 and 2020 mainly includes the general cost of construction of MESI's new school building in Makati City and other direct costs (Note 11).

Capitalized interest expense on loans obtained to finance the construction of school buildings amounted to nil and ₱58.0 million in 2021 and 2020, respectively (Notes 16 and 17).

The land and related improvements owned by MCMI with carrying value of ₱2,382.0 million and ₱2,361.5 million as of December 31, 2021 and 2020, respectively, were used to secure the long-term loans of MCMI as disclosed in Note 17.

As disclosed in Note 5, the Group performed an impairment testing of the property and equipment and right-of-use assets of APEC in which management assessed that there is no impairment. Details of the impairment testing is disclosed in Note 31.

11. **Land at Revalued Amounts**

This account, classified as property and equipment (see Note 10), consists of:

	2021	2020
Land at cost:		
Balance at beginning of year	**₱4,066,906**	₱5,100,906
Land sold through sale of subsidiary	–	(1,034,000)
Balance at end of year	**4,066,906**	4,066,906
Provision for impairment:		
Balance at beginning of year	**(15,763)**	(21,000)
Reversal during the year charged to profit or loss	**15,763**	5,237
Balance at end of year	–	(15,763)
Revaluation increment on land:		
Balance at beginning of year	**2,168,629**	2,480,949
Change in revaluation increment	**225,310**	600,321
Revaluation increment on land transferred to retained earnings as a result of the sale of subsidiary	–	(912,641)
Balance at end of year	**2,393,939**	2,168,629
	₱6,460,845	₱6,219,772

Land at revalued amounts consists of owner-occupied property wherein the school buildings and other facilities are located.

Land were appraised by SEC-accredited independent firms of appraisers to determine the revalued amounts as at December 31, 2021 and 2020, respectively.

The valuation was derived through the market approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject properties, adjusted based on certain elements of comparison (e.g. location, size and road frontage).

The parcels of land were valued in terms of their highest and best use which is categorized under Level 3 of the fair value hierarchy.

Location	**Valuation Techniques**	**Unobservable Inputs Used**	**Range 2021**	Range 2020
Makati and Intramuros, Manila	Market Approach	Price per square meter	**₱61,000 to ₱222,500**	₱48,000 to ₱100,800
Cabuyao, Laguna	Market Approach	Price per square meter	**₱10,412 to ₱14,042**	₱8,640 to ₱16,200
Davao City, Davao Del Sur	Market Approach	Price per square meter	**₱23,750 to 32,148**	₱13,553 to 40,800
Pandacan, Metro Manila	Market Approach	Price per square meter	**₱76,500 to ₱93,500**	₱51,300 to ₱85,500

Location	Valuation Techniques	Unobservable Inputs Used	Range 2021	Range 2020
San Jose Del Monte City, Bulacan	Market Approach	Price per square meter	**₱55,510 to 59,993**	₱50,468 to 59,993
Naga City, Camarines Sur	Market Approach	Price per square meter	**₱18,573 to ₱27,075**	₱15,750 to ₱31,050
Quiapo, Manila	Market Approach	Price per square meter	**₱70,837 to 130,625**	₱69,034 to 133,650

Net adjustment factors arising from external and internal factors (i.e. location, size and road frontage) affecting the subject properties as compared to the market listing of comparable properties, range from -5% to +50% in 2021 and from -55% to +35% in 2020.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the land.

In 2019, the Group recorded provision for impairment in value of ₱21 million on a parcel of land charged to profit or loss [presented under 'Other income (charges) - net] as there was no previous revaluation increment recognized on said land. Based on the 2021 and 2020 appraisal of the same parcel of land, there was an increase in value that resulted to the reversal of the impairment loss. The reversal was credited to profit or loss as "Other income (charges) - net" in the 2021 and 2020 statement of comprehensive income.

In December 2020, MESI sold its investment in subsidiary San Lorenzo Ruiz Investment Holdings and Services Inc. to HI for ₱1,946.6 million and paid CGT of ₱126.8 million on the gain on sale. MESI applied the ₱250.0 million earnest money received from HI in 2019 which was recorded as part of 2019 accounts payable (Note 15) as payment and the balance was paid in cash. The Group treated the sale of investment as disposal of the net assets of the subsidiary which mainly represents the land classified as property and equipment. As the land is carried at revalued amount, prior to the sale, the Group recorded revaluation increment of ₱188.7 million (gross of tax) to reflect the land's fair value of ₱1,946.6 million equivalent to the selling price of said land. The revaluation increment (net of tax) of ₱132.1 million was credited to OCI. Upon sale of the subsidiary in 2020, the Group recorded the following:

- Reversal through OCI of the deferred tax liability on revaluation increment of subsidiary's land amounting to ₱273.8 million;
- Recognition of CGT on the sale of the subsidiary through OCI amounting to ₱126.8 million, which is netted against Reversal of deferred tax liability on revaluation increment of land sold through sale of subsidiary in the consolidated statement of comprehensive income; and
- Transfer of revaluation increment of the subsidiary's land accumulated in equity (net of tax) amounting to ₱785.8 million to retained earnings.

Since the land of the sold subsidiary was carried at revalued amount, in accordance with the Group's accounting policy, gain or loss on sale will not recycle to profit or loss but the corresponding revaluation increment in equity is transferred to retained earnings.

12. Goodwill

The goodwill recognized in the consolidated statement of financial position amounting to ₱151.3 million as at December 31, 2021 and 2020 pertains to the ₱137.8 million goodwill from acquisition of MESI in 1999 and ₱13.5 million goodwill from the 2019 acquisition of AEI subsidiaries as disclosed in Note 6.

The Group performed impairment testing on goodwill arising from acquisition of MESI wherein MESI was considered as the CGU. No impairment testing was done on the ₱13.5 million goodwill as the Group assessed it as not material to the consolidated financial statements. In 2021, 2020 and 2019, management assessed that no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation
As at December 31, 2021 and 2020, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management covering a five-year period and considers the impact of coronavirus pandemic, among others.
- Long-term growth rates (4.84% for 2021 and 3.78% for 2020). The Long-term growth rate is the expected growth rate in the education industry sector.
- Discount rate (11% for 2021 and 10.9% for 2020). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to Parent Company's capital structure.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

13. Other Noncurrent Assets

This account consists of:

	2021	2020
Input VAT - net	**₱39,146**	₱39,563
Miscellaneous deposits	**27,081**	29,322
Creditable withholding tax	**22,714**	23,059
Computer software	**19,464**	9,036
Books and periodicals	**5,266**	7,047
	₱113,671	₱108,027

Miscellaneous deposits include rent deposits of the Group amounting to ₱15.0 million and ₱18.0 million as of December 31, 2021 and 2020, respectively.

Computer software is amortized over a period of three years. The rollforward analysis of computer software follows:

	2021	2020
Cost		
Balance at the beginning of the year	**₱44,025**	₱42,185
Additions	**15,479**	1,840
Balance at the end of the year	**59,504**	44,025
Accumulated Amortization		
Balance at the beginning of the year	**34,989**	32,844
Amortization (Notes 20 and 21)	**4,551**	2,275
Reclassifications	**500**	(130)
Balance at the end of the year	**40,040**	34,989
Net Book Value	**₱19,464**	₱9,036

14. **Accounts Payable and Other Current Liabilities and Unearned Income**

Accounts payable and other current liabilities consists of:

	2021	2020
Accounts payable	**₱397,869**	₱515,992
Accrued expenses	**385,599**	432,927
Funds payable	**240,628**	140,415
Other payables	**12,023**	66,251
	₱1,036,119	₱1,155,585

Accounts payable pertains to the Group's obligation to local suppliers. Accounts payable also includes payables to students which are considered Contract liabilities as disclosed below.

Accrued expenses consist of:

	2021	2020
Provisions (Note 31)	**₱159,266**	₱159,266
Payable to suppliers	**111,979**	124,460
Accrued salaries and wages	**19,222**	21,661
Accrued professional fees	**15,359**	21,515
Accrued interest	**18,057**	16,890
Accrued communication expense	**3,998**	15,042
Withholding taxes and others	**15,864**	12,003
SSS and other contributions	**5,136**	6,050
Contracted services	**5,665**	3,687
Accrued utilities	**4,311**	3,224
Output VAT payable	**5,181**	2,625
Insurance	**3,081**	1,594
Others	**18,480**	44,910
	₱385,599	₱432,927

Funds payable includes funds received by the Group from Department of Science and Technology (DOST), Commission on Higher Education (CHED) and private entities for their scholarship programs to be granted to the Group's students, and NSTP and CWTS fees collected from students.

Other payables include outstanding balance on the acquisition of additional shares from UNC amounting to nil as of December 31, 2021 and ₱60.68 million as of December 31, 2020.

Accounts payable, accrued expenses, and other payables are noninterest-bearing and are expected to be settled within a year after the financial reporting date. Funds payables are noninterest-bearing and are expected to be settled upon payout related to the funded projects and scholarship programs.

Unearned Income
Unearned income amounted to ₱658.4 million and ₱680.6 million as of December 31, 2021 and 2020, respectively. This mainly includes unearned tuition fees amounting to ₱655.6 million and ₱670.0 million as at December 31, 2021 and 2020, respectively.

Contract Liabilities
The Group's contract liabilities represent the unearned tuition fees (presented under unearned income) and accounts payable to students (presented under accounts payable). These will be recognized as revenue when the related educational services are rendered. Accounts payable to students are advance collections from students to be applied to the next school year or school term.

As at December 31, 2021, contract liabilities amounted to ₱691.44 million and these will be recognized as revenue in the following year. Contract liabilities as of January 1, 2021 amounting to ₱708.13 million were recognized as revenue in 2021. The decrease in contract liabilities in 2021 is mainly due to timing of enrollment period for School Year 2021-2022 and decrease in number of students for certain schools.

15. Related Party Transactions

Related party relationships exist when the entity has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the entity in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Following are the transactions with related parties and the balances as at December 31:

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
Controlling entity– HI				
a) Payable to HI				
	2021	**₱–**	**(₱13,566)**	**Noninterest-bearing; unsecured; due and demandable**
	2020	–	(5,941)	
Management fee and other professional fees (Notes 20 and 21)	**2021**	**51,534**	–	–
	2020	66,973	–	–
	2019	69,539	–	–
b) Receivable from HI				
	2021	–	**248**	**Noninterest-bearing; unsecured; due and demandable; no impairment**
	2020	–	206	
Reimbursements	**2021**	**229**	–	–
	2020	33	–	–

(Forward)

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
Entities under common control of HI				
c) Receivables from related parties				
	2021	**₱–**	**₱25,328**	**Noninterest-bearing; unsecured; due and demandable; no impairment**
	2020	–	25,824	
Reimbursements	2020	25,325	–	–
Rental income	**2021**	–	**483**	–
	2020	(467)	–	–
	2019	(2,447)	–	–
d) Payables to related parties				
	2021	–	**(569)**	**Noninterest-bearing; unsecured; due and demandable**
	2020	–	(13,325)	
Contracted services (Notes 20 and 21)				
	2021	**36,934**	–	–
	2020	37,660	–	–
	2019	61,556	–	–
e) Accounts payable (Notes 10 and 14)	**2021**	–	**(352)**	**Noninterest-bearing; unsecured; payable on demand**
	2020	(11,342)	(1,029)	
Entities under common control of PMMIC				
f) Cash and cash equivalents (Note 7)				
	2021	–	**1,146,315**	**Interest at prevailing deposit and short-term rates; unsecured; no impairment**
	2020	–	992,360	
Interest income (Note 22)				
	2021	**6,050**	–	–
	2020	10,734	–	–
	2019	22,630	–	–
g) Receivables from related parties				
	2021	–	**18**	**Noninterest-bearing; unsecured; due and demandable; no impairment**
	2020	–	18	
h) Insurance expense				
	2021	**13,279**	–	
	2020	12,803	–	
	2019	12,577	–	
Financial asset at FVTPL (Note 30)				
	2021	–	**9,213**	**Carried at fair value; No impairment**
	2020	–	9,705	
Restricted funds (Note 9)	**2021**	–	**34,816**	**Interest at prevailing deposit and short-term rates; unsecured; no impairment**
	2020	–	30,960	
Entities with significant influence				
i) Payable to related parties	**2021**	–	–	**Due on demand, noninterest-bearing; unsecured; no impairment**
	2020	–	(10,214)	
Management fee and other professional fees (Notes 20 and 21)	**2021**	**9,900**	–	
	2020	10,530	–	–
	2019	7,133	–	–
Others				
j) Accounts payable				
	2021	–	**(3)**	**Noninterest-bearing; unsecured; due and demandable; no impairment**
	2020	–	(2,205)	
Utilities				
	2021	–	–	–
	2020	167	–	
	2019	65	–	

(Forward)

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
Professional fees				
	2021	**₱449**	**₱–**	–
	2020	3,644	–	
	2019	3,044	–	
Others				
	2021	**453**	–	–
	2020	481	–	–

The Group's significant transactions with related parties follow:

a) Payable to HI
This account pertains to management and other professional fees charged by HI for administering the Group's operations (Notes 20 and 21).

b) Receivables from HI
This account pertains to fuel consumption, car plan and gym rental advanced by the Group. These are noninterest-bearing and are payable on demand.

c) Receivables from entities under common control of HI
Receivables from entities under common control of HI arise from HI subsidiaries' lease of the Group's canteen kiosks in its Makati and Intramuros properties and expenses advanced by the Group. The term of the lease is for one year and renewable with uniform rental payments.

d) Payables to entities under common control of HI
Payables to entities under common control of HI pertain to property management and janitorial and security services (contractual services).

e) Accounts payable to entities under common control of HI
Accounts payable pertains to the outstanding balance of general cost of construction of school buildings and other facilities and professional fees related to the building construction (Notes 10 and 14).

f) Cash and Cash Equivalents
The Company maintains cash and cash equivalent with its affiliate bank and earns interest income at prevailing deposit and short-term investment rates (Note 7).

g) Receivables from entities under common control of PMMIC
Due from entities under common control of PMMIC arises from RCBC's rental of the Group's office spaces in its Makati property.

h) Payables to entities under common control of PMMIC
The Group obtains property and personnel insurance with its affiliated insurance company, Malayan Insurance Company, Inc. (MICO). Insurance contract coverage pertains to the Group's fire, accident, group and other insurance policies.

i) Payable to related parties
Payable to related parties mainly pertains to management fees charged by AC for the administration of the Parent Company's operations.

j) Accounts payable to related parties
Pertains to the water utility bills and professional fees payable to other affiliates.

Other related party transactions follow:

a) The Group maintains its retirement fund with RCBC Trust Division (Note 25). Trust fees paid by the retirement plan to RCBC amounted to ₱1.23 million and ₱0.90 million for the years ended December 31, 2021 and 2020, respectively.

b) Compensation of key management personnel of the Group

The remuneration of directors and other members of key management are as follows:

	2021	2020	2019
Short-term benefits	**₱38,755**	₱37,044	₱36,158
Post-employment benefits	**1,400**	1,342	1,138
	₱40,155	₱38,386	₱37,296

Terms and conditions of transaction with related parties
Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. For the years ended December 31, 2021 and 2020, the Group has not recorded any impairment losses on receivables relating to amounts owed by related parties. This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

16. **Short-term Loans**

- In 2017, the Group, through MCMI, obtained a short-term loan (STL) facility with Bank of Philippine Island (BPI), which was earmarked from the long-term loan facility of the Group from same bank, to finance the construction of MCMI's school building. Each STL facility may be re-availed/renewed/extended within a period of one year provided that the sum of the terms of re-availments/renewals/ extension will not exceed 360 days. The STL facility may be converted into a 10-year term loan facility which shall be partially secured by the real estate mortgage on the real property of MCMI. The STL facility is secured by the Continuing Suretyship Agreement of MESI. Annual interest rates range from 4.50% to 4.75%.

  The Group, through MCMI, also obtained short-term loans from Land Bank of the Philippines (LBP) in 2020 amounting to ₱57.3 million, with annual interests ranging from 4.70% to 6.25%. The loans are secured by the land owned by MCMI.

  Outstanding balance of short-term loans obtained by MCMI amounted to ₱400.0 million and ₱375.0 million as at December 31, 2021 and 2020, respectively.

- In 2018, the Group, through MESI, obtained unsecured peso-denominated short-term loans with BPI amounting to ₱900.0 million with annual interest rates ranging from 5.50% to 6.00%, to finance the acquisition of land from HI and the construction of MESI's school building in Makati City (Notes 10 and 11).

  In 2020 and 2019, MESI obtained unsecured peso-denominated short-term loans with Robinsons Bank amounting to ₱150.0 million and ₱1,090.0 million, respectively, with annual interest rate of 5.30% to finance the construction of the new school building (Note 10). Full payment of the loans were made in 2020 amounting to ₱1,240.0 million.

- In 2019, the Group through APEC, availed of short-term, interest-bearing loan from a bank amounting to ₱70.0 million at 7.50% interest per annum payable monthly. This was fully paid in 2019.

The Group made payments amounting to ₱375.0 million and ₱1,254.3 million in 2021 and 2020, respectively. Total STL drawdowns in 2021 and 2020 amounted to ₱400.0 million and ₱230.5 million, respectively.

Interest expense charged to operations in 2021, 2020 and 2019 amounted to ₱6.7 million, ₱18.3 million and ₱37.2 million, respectively (Note 22). Interest expense that was capitalized as part of construction of MESI's building in 2021 and 2020 amounted to nil and ₱58.0 million, respectively (Note 10).

17. Long-term Loans

This account consists of the following as of December 31:

	2021	2020
Unsecured bank loans	**₱380,000**	₱380,000
Secured bank loans	**1,494,646**	1,492,275
Total loans	**1,874,646**	1,872,275
Less current portion	**21,001**	–
Noncurrent portion	**₱1,853,645**	₱1,872,275

Unsecured
The Group, through NTC, entered into a 10-year unsecured term loan facility with a third party local bank for ₱650.0 million to finance its building refurbishment and/or expansion (see Note 10). The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2021 and 2020, total drawdowns amounted to ₱380 million. The ₱300 million is subject to 5.5% fixed rate and the ₱80 million is subject to annual repricing based on higher of 5.5% or the prevailing one year benchmark rate or done rate of a liquid/active security, as agreed by the parties, with the same tenor if benchmark rate is not reflective of market rate, plus interest spread. In September 2021, the 80 million is converted to a 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity structure ratio of 3:1. As of December 31, 2021 and 2020, NTC has complied with its covenant obligations, including maintaining the required debt-to-equity ratio. For 2021 and 2020, interest expense recognized in profit or loss amounted to ₱21.3 million and ₱8.5 million in 2019.

Current portion and noncurrent portion of long-term loan as of December 31, 2021 amounted to ₱21.0 million and ₱359.0 million.

Secured
In 2019, the Group, through MCMI, entered into a ten-year secured long-term loan agreement with a local bank for ₱1,500.0 million to refinance the construction of MCMI's school buildings and facilities that were initially funded by short-term loans. MCMI made partial drawdowns against this agreement amounting to ₱680.0 million, ₱350.0 million and ₱470.0 million in January, June and July 2019, respectively. The loans were subject to prevailing borrower's rate, plus a minimum spread of 0.50% per annum, but in no case lower than 4% per annum, subject to quarterly repricing. MCMI shall repay the loan in 20 equal quarterly installments to start at the end of 21st quarter from the initial

drawdown date. The loans were secured by the land and related improvements owned by MCMI with carrying value of ₱2,382.0 million and ₱2,361.5 million as of December 31, 2021 and 2020, respectively, and suretyship of MESI (Note 10). The loans were subject to certain positive and negative covenants such as the requirement for MESI to maintain its debt service cover ratio of at least 1.0 at all times and its debt-to-equity ratio of at least 75:25 starting on the third year of the loan (January 2022) reckoned from initial drawdown date of January 2019.

MCMI incurred debt issue cost amounting to ₱11.2 million which is being amortized over the loan term of 10 years using the effective interest method. The amortization of debt issue cost amounting to ₱2.4 million in 2021 and 2020 were recorded as part of interest expense.

Interest expense, including amortization of debt issue cost, amounted to ₱63.6 million in 2021 and 2020 and ₱58.3 million in 2019 (Note 22).

Outstanding balance of secured long-term loans as of December 31 follows:

	2021	2020
Principal	**₱1,500,000**	₱1,500,000
Unamortized debt issue cost	**(5,354)**	(7,725)
	₱1,494,646	₱1,492,275

18. **Equity**

Capital Stock

Capital stock consists of 2,000,000,000 authorized shares with 1,044,263,197 issued and outstanding common shares as of December 31, 2021 and 2020, with a par value of ₱1 per share.

On September 15, 1989, SEC approved the registration of the Parent Company's entire authorized capital stock with a Certificate of Permit to Sell Securities authorizing the sale of 25 billion shares worth ₱250.00 million. The Parent Company's capital stock was listed in both Manila and Makati Stock Exchanges on January 24, 1990. Actual number of shares initially listed is 15 billion at an offer price of ₱0.01 per share.

Below is the summary of the Parent Company's outstanding number of shares and holders of securities as at December 31:

Year	Number of shares registered	Number of holders of securities as at year end
January 1, 2020	1,044,262,925	2,017
Add (deduct) movement	–	(4)
December 31, 2020	1,044,262,925	2,013
Add (deduct) movement	272	(7)
December 31, 2021	1,044,263,197	2,006

Retained Earnings
In accordance with Revised Securities Regulation Code (SRC) Rule No. 68, the Parent Company's retained earnings available for dividend declaration as at December 31, 2021 and 2020 amounted to ₱1,259.2 million and ₱982.6 million, respectively. The Parent Company and its subsidiaries will declare dividends out of their retained earnings available for dividend declaration.

The retained earnings account in the consolidated statements of financial position includes the accumulated equity in undistributed earnings of consolidated subsidiaries amounting ₱6,256.53 million and ₱6,043.84 million as at December 31, 2021 and 2020, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD declared cash dividends as follows:

	2021	2020	2019
November 12, 2021, (₱0.239403 per share) to stockholders of record as of November 29, 2021, payable on December 22, 2021	**₱250,000**	₱–	₱–
April 8, 2021, (₱0.06 per share to stockholders of record as of May 7, 2021, payable on May 31, 2021	**62,656**	–	–
March 27, 2020, (₱0.070143 per share) to stockholders of record as of April 14, 2020, payable on May 8, 2020	–	73,248	–
June 28, 2019, (₱0.01373 per share to stockholders of record as of July 25, 2019, payable on August 16, 2019	–	–	14,338
March 29, 2019, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 15, 2019, payable on May 14, 2019	–	–	44,936
	₱312,656	₱73,248	₱59,274

On April 1, 2022, the BOD declared ₱167.08 million cash dividends (₱0.16 per share) to stockholders of record as of April 29, 2022, payable on May 20, 2022.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group considers its equity attributable to equity holders of the Parent Company as Capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and 2020.

As at December 31, 2021 and 2020, the Group is not subject to externally imposed capital requirements except for the long-term loan of NTC that is subject to debt to equity ratio requirement (Note 17).

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity attributable to equity holders of Parent Company. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1.

	2021	2020
Liabilities (a)	**₱5,008,841**	₱5,219,750
Equity (b)	**10,869,371**	10,252,416
Debt-to-equity ratio (a/b)	0.46:1.00	0.51:1.00

19. Revenue from Contracts with Customers

Revenue from schools and related operations consists of:

	2021	2020	2019
Tuition and other matriculation fees	**₱3,570,963**	₱3,223,956	₱2,949,845
Less: Scholarship grants and discounts	**(289,692)**	(273,208)	(119,911)
	3,281,271	2,950,748	2,829,934
Other student-related income:			
Seminar fee income	**6,444**	4,352	16,573
Miscellaneous	**63,352**	62,006	150,266
	₱3,351,067	₱3,017,106	₱2,996,773

Miscellaneous income consists of other student-related income which are other than payment for tuition fees. These include, but not limited to, entrance examination fees, exit examination fees, oral examination fees, graduation fees, certification of grades, good moral and other school credentials, photocopying printing, and bookstore sales, among others.

Disaggregation of the Group's revenue from contracts with customers based on the timing of revenue recognition:

	2021	2020	2019
Revenue from schools and related operations:			
Revenue from tuition and other matriculation fees (over time)	**₱3,281,271**	₱2,950,748	₱2,829,934
Other student-related income (at a point in time)	**69,796**	66,358	166,839
	₱3,351,067	₱3,017,106	₱2,996,773

For the Group's receivables and contract liabilities, these are disclosed in Notes 8 and 14, respectively.

20. Cost of Schools and Related Operations

Cost of schools and related operations account consists of:

	2021	2020	2019
Personnel expenses (Note 24)	**₱1,032,944**	₱1,037,808	₱927,214
Depreciation and amortization	**344,366**	367,984	336,843
Management and other professional fees (Note 15)	**91,716**	129,208	166,467
Student-related expenses	**70,926**	111,052	216,292
Periodicals	**94,060**	89,554	40,198
IT expense - software license	**79,620**	76,467	46,854
Utilities	**50,131**	61,547	128,761
Accreditation cost	**23,077**	31,682	11,122
Repairs and maintenance	**24,629**	20,049	34,664
Advertising	**30,388**	18,478	19,696
Tools and library books (Notes 10 and 13)	**15,992**	17,587	33,969
Research and development fund	**19,870**	10,738	16,211
Insurance	**10,325**	10,601	10,101
Taxes and licenses	**7,978**	7,321	2,880
Seminar	**7,621**	7,267	16,769
Office supplies	**2,432**	6,437	16,084
Laboratory supplies	**1,601**	3,728	7,955
Entertainment, amusement and recreation	**1,124**	1,210	1,375
Transportation and travel	**1,150**	917	2,163
Rent (Note 31)	**265**	184	430
Miscellaneous	**4,362**	5,589	4,012
	₱1,914,579	₱2,015,408	₱2,040,060

a. Details of depreciation and amortization follows:

	2021	2020	2019
Depreciation (Note 10)	**₱362,238**	₱379,852	₱333,986
Depreciation - ROU assets (Note 31)	**54,832**	58,985	47,234
Amortization - Student relationship (Note 6)	**35,064**	22,310	14,874
Amortization (Note 13)	**4,551**	2,275	1,518
	₱456,685	₱463,422	₱397,612

b. Depreciation and amortization expenses as function of expense follows:

	2021	2020	2019
Cost of schools and related operations	**₱292,352**	₱312,302	₱289,610
Cost of schools and related operations - ROU assets (Note 31)	**52,013**	55,682	47,233
	344,366	367,984	336,843
General and administrative expenses (Note 21)	**112,319**	95,438	60,769
	₱456,685	₱463,422	₱397,612

21. General and Administrative Expenses

This account consists of:

	2021	2020	2019
Personnel expenses (Note 24)	**₱195,388**	₱212,163	₱143,472
Management and other service fees (Note 15)	**136,951**	150,649	148,095
Depreciation and amortization (Notes 10, 13 and 20)	**112,319**	95,438	60,769
Provisions for doubtful accounts (Note 8)	**114,229**	48,755	79
Advertising	**40,147**	26,517	21,401
Taxes and licenses	**15,442**	19,970	15,485
Repairs and maintenance	**11,876**	15,422	17,388
Utilities	**12,839**	13,914	11,379
Insurance	**6,944**	5,125	5,394
Donations	**3,877**	4,452	3,767
IT expense - software license	**2,699**	3,983	3,478
Transportation and travel	**2,331**	2,900	5,123
Entertainment, amusement, and recreation	**2,326**	2,549	3,642
Commission	**3,184**	2,230	829
Seminar	**4,369**	2,087	11,269
Office supplies	**773**	1,720	4,094
Investor relations	**3,877**	1,306	9,765
Rent (Note 31)	**180**	547	3,361
Miscellaneous	**30,488**	10,215	12,671
	₱702,359	₱619,942	₱481,461

Management and other service fees consist of property management fees, janitorial and security service fees, lawyers, payroll specialists and others (Note 15).

Miscellaneous expense includes dues and subscriptions, manual and training materials, periodicals and other contracted services, among others.

22. Interest Income, Interest and Other Finance Charges

The Group's interest income consists of interest from the following sources:

	2021	2020	2019
Cash in banks and cash equivalents (Note 7)	**₱6,050**	₱10,734	₱22,630
Advances to officers and employees (Note 8)	**142**	163	128
	₱6,192	₱10,897	₱22,758

The Group's interest and other financing charges consist of interest on the following:

	2021	2020	2019
Short-term loans (Note 16)	**₱6,706**	₱18,305	₱37,210
Long-term loans (Note 17)	**84,870**	84,845	63,945
Interest expense on lease liabilities (Note 31)	**28,841**	35,384	22,752
Bank charges	**18,160**	13,228	5,431
	₱138,577	₱151,762	₱129,338

23. Income Tax

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes 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:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30% to 25%.

- Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit is reduced from 10% to 1% effective July 1, 2020 up to June 30, 2023 and 10% thereafter.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As of December 31, 2020, the impact of CREATE Act was considered as a non-adjusting subsequent event. Hence, the impact on current and deferred tax was recognized in the 2021 consolidated financial statements.

Benefit from (provision for) income tax consists of:

	2021	2020	2019
Current	**₱16,823**	(₱47,142)	(₱59,418)
Deferred	**13,552**	14,324	(8,177)
	₱30,375	(₱32,818)	(₱67,595)

The reconciliation of statutory tax rate of 25% in 2021 and 30% in 2020 to effective income tax rate follows:

	2021	2020	2019
Income before income tax at statutory rate	**25.00%**	30.00%	30.00%
Add (deduct) reconciling items:			
Difference in income tax rate	**(19.35)**	(21.87)	(14.51)
Impact of CREATE Act – current tax expense	**(4.20)**	–	–
Others	**(6.24)**	3.80	4.29
	(4.80%)	11.93%	19.78%

MESI, MHSSI, MCLI, MCMI, UNC, NTC and APEC are educational institutions which are subject to a lower or preferential income tax rate of 10% until June 2020 and 1% thereafter until June 2023.

The Group's net deferred tax assets and liabilities consist of the following:

	2021	2020
Deferred tax assets		
Allowance for ECL	**₱16,042**	₱22,846
NOLCO	**16,005**	–
Retirement asset	**5,987**	6,142
Deferred school fees	**84**	2,912
Unrealized foreign exchange loss	–	1
	38,118	31,901
Deferred tax liabilities - net		
Revaluation increment on land	**464,044**	454,013
Intellectual property rights and student relationship	**56,686**	60,193
Accruals	**(15,431)**	(15,431)
Retirement liabilities	**(10,539)**	(13,210)
Allowance for ECL	**(6,693)**	(4,556)
Allowance for inventory obsolescence	**(53)**	(53)
NOLCO	–	(1,164)
Others	**1,155**	(2,815)
	489,169	476,977
Net deferred tax liabilities	**₱451,051**	₱445,076

The movements of the Group's net deferred tax liabilities follow:

	2021	2020
Beginning	**₱445,076**	₱638,331
Provisions during the year	**(13,552)**	(14,324)
Reversal of deferred tax liability on revaluation increment of land sold through sale of subsidiary (Note 11)	–	(273,792)
Tax effects of:		
Revaluation increment on land (Note 11)	**16,471**	101,715
Remeasurement gains (losses) on defined benefit plans (Note 25)	**3,056**	(6,854)
	₱451,051	₱445,076

The Group did not recognize deferred tax assets on the following NOLCO, MCIT and temporary differences because the Group believes that it may not be probable that sufficient taxable income will be available in the future against which the tax benefit can be realized.

	2021	2020
Tax effect of:		
NOLCO	₱40,890	₱50,101
Allowance for ECL	1,703	1,703
Provision for retirement and others	1,020	1,005
Others	33	42
MCIT	1,838	1,396
	₱45,484	₱54,247

As at December 31, 2021 and 2020, the details of NOLCO and MCIT, which are available for offset against future taxable income and tax payable, respectively, follow:

	NOLCO		MCIT	
	2021	2020	2021	2020
Beginning balance	₱502,175	₱488,424	₱1,396	₱780
Additions	88,418	160,881	528	730
Expiration	(165,687)	(147,130)	(86)	(114)
Ending balance	₱424,906	₱502,175	₱1,838	₱1,396

		NOLCO			MCIT	
Year Incurred	Year of Expiration	2021	2020	Year of Expiration	2021	2020
2021	2026	₱88,418	₱–	2024	₱528	₱–
2020	2025	160,881	₱160,881	2023	730	₱730
2019	2022	175,607	175,607	2022	580	580
2018	2021	–	165,687	2021	–	86
		₱424,906	₱502,175		₱1,838	₱1,396

NOLCO incurred in 2021 and 2020 can be carried over for the next five years by the respective entities in accordance with the provision of Republic Act (RA) No. 11494, Bayanihan to Recover As One Act, with implementing guidelines covered by Revenue Regulations No. 25-2020.

24. Personnel Expenses

a. Details of personnel expenses are as follows:

	2021	2020	2019
Compensation	₱1,125,482	₱1,116,607	₱937,171
Retirement benefits (Note 25)	45,590	34,241	27,857
Miscellaneous benefits	57,260	106,099	105,658
	₱1,228,332	₱1,256,947	₱1,070,686

Miscellaneous benefits pertain to honoraria and mandatory government benefits, among others.

b. Personnel expenses as function of expense follows:

	2021	2020	2019
Cost of schools and related operations (Note 20)	**₱1,032,944**	₱1,037,808	₱927,214
General and administrative expenses (Note 21)	**195,388**	212,163	143,472
	₱1,228,332	₱1,249,971	₱1,070,686

25. **Retirement Plans**

The Group has a noncontributory and defined benefit retirement plan covering all of its regular employees. The benefits are based on the years of service and percentage of latest monthly salary. The retirement benefit is the only long-term benefit given to employees. Short-term benefits are expensed outright.

The most recent actuarial valuation was carried out in January 2022 for the retirement plan of the Group as at December 31, 2021.

The following tables summarize the components of amounts recognized in the consolidated statements of financial position for the retirement obligation/asset and pension expense recognized in the consolidated statements of comprehensive income.

	2021	2020
Net pension assets	**₱18,130**	₱4,727
Net pension liabilities	**124,152**	168,134

Components of pension expense follow:

	2021	2020	2019
Current service cost	**₱40,870**	₱37,410	₱27,182
Net interest cost on defined benefit obligation	**4,720**	4,320	675
Curtailment gain	**–**	(7,489)	–
Net pension expense (Note 24)	**₱45,590**	₱34,241	₱27,857

The net pension assets recognized in the consolidated statements of financial position as at December 31, 2021 and 2020 is as follows:

	2021	2020
Fair value of plan assets	**₱119,646**	₱56,484
Present value of defined benefit obligation	**(101,170)**	(51,603)
Effect of asset ceiling	**(347)**	(154)
	₱18,130	₱4,727

The net pension liabilities recognized in the consolidated statements of financial position as at December 31, 2021 and 2020 is as follows:

	2021	2020
Fair value of plan assets	**₱214,626**	₱280,889
Present value of defined benefit obligation	**(338,778)**	(449,023)
	(124,152)	(₱168,134)

The movements in the net pension liabilities (assets) follow:

	2021	2020
At beginning of year	**₱163,407**	₱97,645
Contribution paid	**(25,290)**	(29,058)
Net pension expense	**45,590**	34,241
Remeasurement gain (losses) recognized in OCI	**(69,154)**	60,852
Adjustments and reversals	**(2,667)**	–
Benefits paid	**(5,863)**	(273)
At end of the year	**₱106,023**	₱163,407

The net pension liabilities as of December 31 were derived as follows:

	2021	2020
Present value of defined benefit obligation	**₱440,079**	₱500,447
Fair value of plan assets	**(334,403)**	(337,194)
Effect of asset ceiling	**347**	154
Net pension liabilities	**₱106,023**	₱163,407

The reconciliation of the present value of defined benefit obligation is as follows:

	2021	2020
Beginning balance	**₱500,447**	₱416,105
Current service cost	**44,799**	37,410
Interest cost	**18,436**	20,346
Benefits paid	**(39,257)**	(26,202)
Curtailment gain	**(4,934)**	(7,489)
Remeasurement losses (gains) on obligation:		
Experience adjustments	**(27,979)**	5,940
Changes in demographic assumptions	**(2,527)**	5,878
Changes in financial assumptions	**(48,906)**	48,459
Ending balance	**₱440,079**	₱500,447

The reconciliation of the fair value of plan assets is as follows:

	2021	2020
Beginning balance	₱337,194	₱320,682
Benefits paid	(30,361)	(25,929)
Interest income	12,717	16,149
Contributions paid	25,187	29,058
Remeasurement gains (losses) on plan assets	(8,273)	(2,766)
Withdrawal	(1,582)	–
Adjustment to plan assets	(479)	–
Ending balance	₱334,403	₱337,194

Remeasurement losses (gains) recognized in OCI follow:

	2021	2020
Remeasurement losses (gains)	(₱77,661)	₱63,074
Return on assets excluding amount included in net interest cost	8,507	–
Total remeasurement losses (gains) recognized in OCI	(₱69,154)	₱63,074

The distribution of plan assets as at December 31, 2021 and 2020 is as follows:

	2021		2020	
	Amount	%	Amount	%
Cash and cash equivalents	₱121,900	36.48%	₱180,796	53.59%
Investments in:				
Government securities	151,080	45.21%	128,850	38.19%
Certificate of time deposits	-	-	-	-
Equity instruments	52,064	15.58%	28,731	8.52%
Interest and other receivables	10,381	3.11%	1,802	0.53%
Accrued trust fees	(1,022)	-0.37%	(2,806)	-0.83%
	₱334,403	100.00%	₱337,373	100.00%

Actual return on plan assets amounted to ₱8.26 million and ₱13.38 million in 2021 and 2020, respectively.

The Group plans to contribute ₱22.4 million in 2022.

The principal actuarial assumptions used in determining retirement expense are as follows:

	2021	2020
Discount rate:		
Beginning	3.65%-4.07%	4.79%-5.54%
End	4.95%-5.17%	3.65%-4.07%
Salary increase rate:		
Beginning	3.00%-5.91%	3.00%-6.00%
End	3.31%-5.00%	3.00%-5.91%

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of reporting period, assuming all other assumptions were held constant.

As at December 31, 2021

	Rate	Increase (Decrease)	PVO
Discount rate	**5.68%**	**+100bps**	**₱293,386)**
	4.86%	**-100bps**	**348,271**
Salary rate	**5.72%**	**+100bps**	**₱360,722**
	4.55%	**-100bps**	**298,365)**

As at December 31, 2020

	Rate	Increase (Decrease)	PVO
Discount rate	9.44%	+100bps	₱209,786
	6.37%	-100bps	375,256
Salary rate	4.50%	+100bps	₱375,817
	3.50%	-100bps	208,790

The sensitivity analysis above has been determined based on a method that extrapolates the impact of defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the balance sheet date. There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Group's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.

26. Earnings Per Share

Earnings per share amounts attributable to equity holders of Parent Company are computed as follows:

	2021	2020	2019
Net income attributable to equity holders of Parent Company (a)	**₱659,108**	₱245,818	₱254,588
Weighted average number of outstanding shares - net of treasury shares (b)	**1,044,263**	1,044,263	945,820
Earnings per share (a/b)	**₱0.6312**	₱0.2354	₱0.2692

There are no dilutive potential shares that would require disclosure of diluted earnings per share in the consolidated financial statements.

27. **Non-controlling Interest in Consolidated Subsidiaries**

This represents shareholdings in material subsidiaries not held by the Group. Proportion of equity interest held by non-controlling interests (NCI) in material subsidiaries for 2021 and 2020 follows:

	2021	2020
University of Nueva Caceres	**16.38%**	16.38%
National Teachers College	**0.21%**	0.21%

Non-controlling interests in material subsidiaries as at December 31 follows (in million pesos):

	2021	2020
University of Nueva Caceres	**₱245**	₱237
National Teachers College	**2**	3

Dividends paid to non-controlling interest in consolidated subsidiaries amounted to nil in 2021 and 2020.

As at December 31, 2021 and 2020, the summarized financial information attributable to non-controlling interests in material subsidiaries is shown below.

(In million pesos)

	University of Nueva Caceres		National Teachers College	
	2021	2020	**2021**	2020
Assets				
Current assets	**₱364**	₱329	**₱391**	₱284
Noncurrent assets	**1,400**	1,422	**1,271**	1,257
	₱1,764	₱1,751	**₱1,661**	₱1,541
Liabilities and Equity				
Current liabilities	**₱114**	₱130	**₱156**	₱114
Noncurrent liabilities	**153**	191	**447**	471
	267	321	**604**	585
Equity	**1,498**	1,430	**1,058**	956
	₱1,764	₱1,751	**₱1,661**	₱1,541
Attributable to:				
Equity holders of parent	**₱1,252**	₱1,196	**₱1,055**	₱953
Non-controlling interest	**246**	234	**3**	3
Net revenue	**₱342**	₱297	**₱390**	₱368
Gross profit	**185**	123	**209**	191
Net income (loss)	**27**	(23)	**81**	67
Attributable to:				
Equity holders of parent	**₱23**	(₱19)	**₱81**	₱66
Non-controlling interest	**4**	(4)	**0**	1

28. **Operating Segment Information**

Business Segment
The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resources allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRSs.

For management purposes, the Group is organized into business units based on the products and services it provides, which comprise of two (2) main groupings as follows:

Education - primarily consists of revenues of MESI, MCLI, MHSS, MCMI, NTC, UNC, and APEC in education.

Others - represent support services which cannot be directly identified with the reportable segment mentioned above.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

Segment assets and liabilities exclude deferred tax assets and liabilities.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

Capital expenditures consist of additions to property and equipment, including land acquisition.

(In million pesos)

	Education			Others			Elimination			Consolidated		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Revenues												
Income from external customers	**₱3,351**	₱3,017	₱2,997	**₱-**	₱-	₱-	**₱-**	₱-	₱-	**₱3,351**	₱3,017	₱2,997
Total Revenues	**₱3,351**	₱3,017	₱2,997	**₱-**	₱-	₱-	**₱-**	₱-	₱-	**₱3,351**	₱3,017	₱2,997
Net Income attributable to Parent Company	**₱814**	₱310	₱326	**₱589**	(₱1)	(₱17)	**(₱744)**	(₱63)	(₱55)	**₱659**	₱246	₱254
Other Information												
Segment assets	**₱16,336**	₱15,744	₱18,002	**₱6,067**	₱5,838	₱5,889	**(₱6,275)**	(₱5,870)	(₱7,618)	**₱16,129**	₱15,712	₱16,273
Segment liabilities	**5,436**	5,217	6,540	**114**	168	178	**(541)**	(165)	(178)	**5,009**	5,220	6,540
Deferred tax assets	**37**	28	20	**2**	2	–	–	2	–	**38**	32	20
Deferred tax liabilities	**380**	358	543	**42**	47	41	**67**	72	75	**489**	477	659
Cash flows arising from:												
Operating activities	**1,024**	523	804	**(75)**	(31)	(26)	**(100)**	(397)	210	**849**	95	988
Investing activities	**(82)**	893	(1,461)	**280**	(6)	121	**(391)**	333	317	**(194)**	1,220	(1,023)
Financing activities	**(412)**	(1,125)	832	**(301)**	(62)	(121)	**343**	35	(109)	**(370)**	(1,152)	602
Interest expense	**150**	153	130	–	–	–	**(12)**	(1)	(1)	**139**	152	129
Provision for income tax	**(28)**	35	71	**0**	1	1	**(3)**	(3)	(4)	**(30)**	33	68
Capital expenditures	**206**	847	347	**2**	7	–	**3**	48	1,090	**211**	902	1,437
Depreciation and amortization	**412**	432	399	**1**	–	–	**44**	31	(1)	**457**	463	398

29. Notes on Consolidated Statements of Cash Flows

- Changes in the Group's liabilities arising from financing activities follow:

	2020	Non-cash Changes: Declaration of Cash Dividend	Non-cash Changes: Amortization of debt issue cost	Non-cash Changes: Additions on Lease liabilities	Interest Expense	Cash Flows	2021
Short-term loans	**₱375,000**	**₱–**	**₱–**	**₱**	**₱–**	**₱25,000**	**₱400,000**
Long-term loans	**1,872,275**	**–**	**2,371**	**–**	**–**	**(21,001)**	**1,853,645**
Dividends payable	**565**	**312,656**	**–**	**–**	**–**	**(312,656)**	**565**
Payables to related parties	**29,481**	**–**	**–**	**–**	**–**	**(15,345)**	**14,135**
Lease liabilities	**392,582**	**–**	**–**	**3,599**	**28,841**	**(67,196)**	**357,826**
	₱2,669,903	**₱312,656**	**₱2,371**	**₱3,599**	**₱28,841**	**(₱391,198)**	**₱2,626,172**

	2019	Non-cash Changes: Declaration of Cash Dividend	Non-cash Changes: Liabilities assumed from Merger	Non-cash Changes: Additions on Lease liabilities	Interest Expense	Cash Flows	2020
Short-term loans	₱1,398,800	₱–	₱–	₱	₱–	(₱1,023,800)	₱375,000
Long-term loans	1,869,903	–	2,371	–	–	–	1,872,275
Dividends payable	565	73,248	–	–	–	(73,248)	565
Payables to related parties	15,411	–	–	–	–	14,070	29,481
Lease liabilities	419,340	–	–	6,684	35,384	(68,826)	392,582
	₱3,704,019	₱73,248	₱2,371	₱6,684	₱35,384	(₱1,151,804)	₱2,669,903

	2018	Non-cash Changes: Declaration of Cash Dividend	Non-cash Changes: Liabilities assumed from Merger	Non-cash Changes: Additions on Lease liabilities	Interest Expense	Cash Flows	2019
Short-term loans	₱2,240,000	₱–	₱70,000	₱–	₱–	(₱911,200)	₱1,398,800
Long-term loans	–	–	190,000	–	–	1,679,903	1,869,903
Dividends payable	57,018	59,274	1,054	–	–	(116,781)	565
Payables to related parties	13,015	–	–	–	–	2,396	15,411
Lease liabilities	–	–	374,622	71,066	22,752	(49,100)	419,340
	₱2,310.033	₱59,274	₱635,676	₱71,066	₱22,752	₱605,218	₱3,704,019

- Noncash investing activities in 2021, 2020 and 2019 pertain to the revaluation of land amounting ₱208.8 million, ₱600.3 million and ₱22.8 million, respectively (Note 11).

- Noncash investing activities in 2019 also include the non-cash business combination as disclosed in Note 6.

30. Financial Instruments

Fair Value of Financial Instruments

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as at December 31, 2021 and 2020:

	Carrying Amount	2021: Level 1	2021: Level 2	2021: Level 3	2021: Total
Financial assets measured at fair value:					
Financial assets at FVTPL	**₱9,213**	**₱9,213**	**₱–**	**₱–**	**₱9,213**

	Carrying Amount	2020 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets at FVTPL	₱9,705	₱9,705	₱–	₱–	₱9,705

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation techniques:

- *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

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, receivables from related parties, refundable deposits, accounts payable and accrued expenses, payables to related parties, dividends payable, and short-term loans*- carrying amounts approximate fair values due to the short-term nature of these accounts.

- *Financial assets at FVTPL* - the fair values are based on net assets value per unit (NAVPU).

- *Equity instruments at FVOCI* - fair values were determined using quoted market prices at financial reporting date. The investments are included within the level 1 of the hierarchy. The movement in the cost and gain on disposal in 2019 are as follow:

	2019
As at January 1	₱14,390
Changes in fair value	3,092
Disposal	(17,482)
As at December 31	₱–

  The remaining unrealized loss on equity instruments at FVOCI amounting to ₱880 was closed to retained earnings in 2020.

- *Long-term loans* - the carrying value approximates the fair value using the EIR method because future payments are discounted based on interest at market rate.

As at December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements. There are no financial assets and financial liabilities recognized at fair value based on Level 3 and there are no transfers in and out of Level 3 categories in 2021 and 2020. No financial instrument fall within Level 3.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, receivables from related parties, financial assets at FVTPL, refundable deposits, accounts payable and accrued expenses, payables to related parties, dividends payable, lease liabilities, and loans. The main purpose of these financial instruments is to raise finances for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks. The Audit Committee and the Risk Management Committee of the Board meets regularly and exercises an oversight role in managing risks.

The Group's risk management policies are summarized as follows:

Credit risk and concentration of credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Group's exposure to credit risk relates primarily to the inability of the debtors and students to pay and to fully settle the unpaid balance of tuition fees and other charges, respectively, which are owed to the Group based on the installment payment schemes. The Group manages its credit risk in accordance with its credit policies by maintaining strict policies like not allowing students to enroll in the following term unless the unpaid balance in the previous term has been paid. The Group also withholds the academic records and clearance of the students with unpaid balances. The Group's exposure to credit risk arising from its other receivables from debtors and related parties is managed through close account monitoring and setting of limits.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Group does not have any significant exposure to any individual customer or counterparty. With respect to credit risk arising from cash and cash equivalents, receivables, amounts due from related parties, financial assets at FVTPL, and refundable deposits, 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 December 31, 2021 and 2020, there are no collaterals held in relation to the Group's financial assets.

The table below shows the credit risk exposure on the Group's financial assets as at December 31, 2021:

	Gross carrying amount at default	Expected credit loss (Impaired)
Cash in banks	₱448,853	₱–
Cash equivalents	1,152,916	–
Receivables from:		
Tuition and other fees	1,246,586	280,682
Trade	4,964	3,873
Related parties	26,077	–
Others	71,190	5,335
Financial assets at FVTPL	9,213	–
Deposits	27,081	–
	₱2,986,880	₱289,890

December 31, 2020:

	Gross carrying amount at default	Expected credit loss (Impaired)
Cash in banks	₱344,874	₱–
Cash equivalents	971,989	–
Receivables from:		
Tuition and other fees	1,160,745	168,978
Trade	5,482	3,393
Related parties	26,048	–
Others	47,818	5,377
Financial assets at FVTPL	9,705	–
Deposits	29,322	–
	₱2,595,983	₱177,748

As disclosed in Note 4, the Group recognizes an allowance for ECLs for all debt instruments not held at fair value. 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.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

The Group's debt instruments at amortized cost comprise of cash and cash equivalents and refundable deposits that are considered to have low credit risk. Hence, it is the Group's policy to measure ECL on such instrument on a 12-month basis applying the low credit risk simplification and based on the PD which is publicly available. 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 tuition and other fees receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group generally uses a provision matrix to calculate ECL. The provision rates are based on days past due for groupings based on school term. The provision matrix is initially based on the Group's historical observed default rates. The Group will then consider directly relevant forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are considered.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The aging of tuition and other fees (current and past due accounts) and the ECL as at December 31 follows:

	2021						
		Past Due					
	Current	< 1 quarter	1 - 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	₱623,937	₱30,377	₱226,476	₱365,796	(₱281,120)	₱965,466

	2020					
		Past Due				
	Current	< 1 quarter	1 - 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	₱951,249	₱23,499	₱29,720	₱156,277	(₱168,978)	₱991,767

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due.

The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. The Treasury Department is responsible for monitoring the short-term loans and demand deposits of the Group. It assesses the status and maturity period of the loans and deposits to be able to determine the financial standing of the Group and whether the funds being maintained will be able to accommodate any maturing liabilities. Short-term and long-term funding are obtained to finance capital expenditures and working capital. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecasts approved by BOD. As at December 31, 2021, the Group has available short-term credit facilities with banks aggregating ₱50 million. In addition, the Group also has available long-term credit facilities with a bank amounting to ₱275 million as of December 31, 2021. Short-term loans obtained by the Group are renewable subject to the terms of the agreements.

The tables below summarize the maturity profile of the Group's financial assets held for liquidity purposes. The maturity groupings are based on the remaining period from the end of the financial reporting date to the contractual maturity date.

	2021			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial assets at amortized cost				
Cash	**₱448,853**	**₱–**	**₱–**	**₱448,853**
Cash equivalents	**1,152,916**	**–**	**–**	**1,152,916**
Receivables*	**581,425**	**429,817**	**–**	**1,011,322**
Receivables from related parties	**26,077**	**–**	**–**	**26,077**
Financial assets at FVTPL	**9,213**	**–**	**–**	**9,213**
Deposits	**–**	**–**	**27,081**	**27,081**
	₱2,218,484	**₱429,817**	**₱27,081**	**₱2,675,462**

**excluding advances to officers and employees*

	2020			
	On demand	Less than 1 year	More than 1 year	Total
Financial assets at amortized cost				
Cash	₱344,874	₱–	₱–	₱344,874
Cash equivalents	971,989	–	–	971,989
Receivables*	465,727	548,688	–	1,014,415
Receivables from related parties	26,048	–	–	26,048
Financial assets at FVTPL	9,705	–	–	9,705
Deposits	–	–	29,322	29,322
	₱1,818,343	₱548,688	₱29,322	₱2,396,353

**excluding advances to officers and employees*

The tables below summarize the maturity profile of the Group's other financial liabilities as at December 31 based on contractual undiscounted payments and contractual remaining maturities.

	2021			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Accounts payable and accrued expenses*	**₱550,955**	**₱69,535**	**₱–**	**₱620,490**
Payables to related parties	**14,135**	–	–	**14,135**
Dividends payable	**565**	–	–	**565**
Short-term loans	–	**400,000**	–	**400,000**
Lease liabilities	–	**50,551**	**303,231**	**353,782**
Long term loan	–	**21,001**	**1,858,999**	**1,880,000**
	₱565,655	**₱541,087**	**₱2,162,230**	**₱3,268,972**

**excluding payables to regulatory bodies, funds payable and provisions*

	2020			
	On demand	Less than 1 year	More than 1 year	Total
Accounts payable and accrued expenses*	₱694,629	₱149,233	₱–	₱843,862
Payables to related parties	29,481	–	–	29,481
Dividends payable	565	–	–	565
Short-term loans	–	375,000	–	375,000
Lease liabilities	–	73,371	438,409	511,780
Long term loan	–	–	1,880,000	1,880,000
	₱724,675	₱597,604	₱2,318,409	₱3,640,688

**excluding payables to regulatory bodies, funds payable and provisions*

31. Commitments and Contingencies

Lease Commitments

Group as a lessor

The Group's Intramuros and Makati campuses lease spaces to Digitel, Investment Managers, Inc. (IMI) and Bell Telecommunication Philippines, Inc. The lease terms cover lease periods of between three (3) years to ten (10) years with escalation rates ranging from 3.00% to 10.00%.

The future minimum rentals receivable under the aforementioned lease agreements follow:

	2021	2020
Within one year	**₱797**	₱870
More than one year but not more than five years	**3,643**	4,036
Later than five years	–	106
	₱4,440	₱5,012

Group as lessee
The Group leases building spaces for office and school sites and annexes from third-party lessors for a period ranging from one to ten years. The Group applies the 'short-term lease' recognition exemption for those leases with lease terms of one year or less.

Upon adoption of PFRS 16 in 2019, APEC recognized right-of-use assets and lease liabilities from these operating lease agreements. For those leases subjected to PFRS 16, the IBR used in the computation of lease liabilities ranges from 6.60% to 7.50% in 2021 and from 5.00% to 6.25% in 2020 (see Note 5).

The rollforward analysis of APEC's right-of-use assets follows:

	2021	2020
Net Book Value at January 1	**₱346,905**	₱387,981
Additions	**17,318**	17,909
Amortization (Note 20a)	**(54,832)**	(58,985)
Net Book Value at December 31	**₱309,391**	₱346,905

The following are the amounts recognized in the 2021 and 2020 statement of comprehensive income (Note 20):

	2021	2020
Depreciation expense of right-of-use assets	**₱54,832**	₱58,985
Interest expense on lease liabilities	**28,841**	35,384
Total amount recognized in profit or loss	**₱83,673**	₱94,369

The rollforward analysis of APEC's lease liabilities follows:

	2021	2020
As at January 1	**₱392,582**	₱419,340
Additions	**3,599**	6,684
Interest expense (Note 22)	**28,841**	35,384
Payments	**(67,196)**	(68,826)
As at December 31	**₱357,826**	₱392,582

The balance of lease liabilities as of December 31, 2021 and 2020 are as follows:

	2021	2020
Lease liabilities - current	**₱50,551**	₱44,174
Lease liabilities - noncurrent	**307,276**	348,408
As at December 31, 2021	**₱357,826**	₱392,582

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2021 and 2020:

	2021	2020
Within one year	**₱75,419**	₱73,371
More than one year but less than five years	**285,777**	291,870
Five years and more	**76,996**	146,539
	₱438,192	₱511,780

As disclosed in Note 5, the Group performed an impairment testing of property and equipment and right-of-use assets of APEC amounting to ₱355.18 million as of December 31, 2021 due to the continuing losses and significant decline in number of students due to the coronavirus pandemic. Key assumptions used are as follows:

- Revenue projections and long-term growth rate (3%). Revenue projections based on financial budgets approved by management and considered the impact of the coronavirus pandemic. The long-term growth rate is the expected growth rate in the education industry sector.
- Discount rate (11%). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.

In 2021, management assessed that no impairment loss should be recognized.

Provisions and Contingencies

- The Group is involved in certain claims arising from the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. The estimate of the probable costs for the resolution of these claims has been developed in consultation with external counsels handling the defense in these matters and is based upon an analysis of potential results. The ultimate disposition of these matters cannot be determined with certainty. The Group will exhaust all legal remedies available to it in defending itself in these claims and proceedings. Provisions as of December 31, 2021 and 2020 amounted to ₱159.3 million.

  The disclosure of additional details beyond the present disclosure may prejudice the Group's position and negotiation strategies with respect to these matters. Thus, as allowed under paragraph 92 of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided.

32. **Other Matters**

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon and other parts of the country and the community quarantine continues for selected areas in 2022.

The Group recognized the health and business risks posed by the virus to the general public and the need to join the collective effort in mitigating the spread of COVID-19. In the face of this global crisis, the Group remains collected and vigilant as it operates and maintains mitigation efforts to help safeguard the health and safety of its employees and students. Considering the evolving nature of this outbreak, the Group is continuously assessing at this time the impact to its financial position, performance and cash flows. The Group has taken measures to manage the risks and uncertainties brought about by the outbreak and will continue to monitor the situation

33. Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, 2020 and 2019 were approved and authorized for issuance by the BOD on April 1, 2022.

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
iPeople, inc.
3rd Floor, Grepalife Building
219 Sen. Gil J. Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of iPeople, inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 1, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0660-AR-4 (Group A)
October 22, 2019, valid until October 21, 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. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8853473, January 3, 2022, Makati City

April 1, 2022

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
iPeople, inc.
3rd Floor, Grepalife Building
219 Sen. Gil J. Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of iPeople, inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 1, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated 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 Group'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 consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0660-AR-4 (Group A)
October 22, 2019, valid until October 21, 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. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8853473, January 3, 2022, Makati City

April 1, 2022

IPEOPLE, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

Schedule	Content
I	Annex 68-D Reconciliation of Retained Earnings Available for Dividend Declaration
II	Annex 68-J Schedules • Schedule A. Financial Assets • Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties) • Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements • Schedule D. Long-term Debt • Schedule E. Indebtedness to Related Parties • Schedule F. Guarantees of Securities of Other Issuers • Schedule G. Capital Stock
III	Group Structure

IPEOPLE, INC. AND SUBSIDIARIES
ANNEX 68-J: SCHEDULES
DECEMBER 31, 2021

Below are the additional information and schedules required by Revised Securities Regulation Code Rule 68. This information is presented for purposes of filing with the SEC and is not required parts of the basic financial statements.

Schedule A. Financial Assets
As at December 31, 2021, the Group has no financial assets in Equity Securities.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to officers and employees of the Group with balances above ₱100,000 as at December 31, 2021:

Name	As at December 31, 2020	Additions	Liquidations/ Collections	As at December 31, 2021
Agapito, Benigno Jr.	₱286,125	₱–	₱95,375	₱190,750
Arenillo, Denise Jordan	241,702	–	104,181	137,521
Austria, Maria Rhodora	137,317	–	–	137,317
Camacho, Margarita	154,359	–	–	154,359
Caparanga, Alvin	162,500	–	–	162,500
Gan, Maria Eloisa	391,367	–	133,420	257,947
Kikuchi, Khristian	147,854	–	–	147,854
Lanuza, Dionisia	111,300	–	–	111,300
Lopez, Jonathan	278,829	–	77,889	200,940
Lozada, Katrina	128,764	–	–	128,764
Macayan, Jonathan	223,267	–	98,500	124,767
Manuel, Mark Christian	249,534	–	98,500	151,034
Mesina, James Ronald	308,233	–	103,250	204,983
Papas, Aileen Kate A.	363,007	–	115,854	247,153
Quisaot, Concordio	256,100	–	98,500	157,600
Robielos, Rex Aurelius	149,800	–	–	149,800
Teodoro, Gloria	175,500	–	–	175,500
Tiongco, Danilo R.	139,033	–	–	139,033
Uy, Francis Aldrine	208,161	–	99,125	109,036
Villa, Robert Joseph	335,933	398,720	92,864	641,789
Yap, Maria Elizabeth	428,321	–	117,176	311,145
Delos Santos, Mira	–	398,720	11,424	387,296
Francisco, Ruth C.	–	418,162	23,808	394,354
Hernaez, Alodia C.	–	389,000	–	389,000
Paglinawan, Arnold	–	406,500	40,652	365,848
Young, Michael	–	409,000	–	409,000
Adanza, Carina Victoria T.	–	409,000	75,020	333,980
Agbulos, Erlin C.	–	398,720	48,606	350,114
Songsong, Maribel	–	389,563	68,200	321,363
Balan, Ariel Kelly	–	351,317	98,500	252,817
	₱4,877,006	₱3,968,702	₱1,600,844	₱7,244,864

These advances pertain to the officers and employees car plan agreements. Such advances are interest-bearing and shall be liquidated on a monthly basis. There were no amounts written off during the year.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables with related parties, which are eliminated in the consolidated financial statements as at December 31, 2021:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Pan Pacific Computer Center, Inc.	₱1,104,410	₱–	₱–	₱1,104,410
Malayan Education System, Inc.	2,604,489	7,603,534	(3,247,955)	6,960,068
Malayan Colleges Laguna, Inc.	1,414,220	29,929,363	(25,934,309)	5,409,274
Malayan Colleges Mindanao, Inc.	–	12,434,042	(5,190,986)	7,243,056
University of Nueva Caceres	503,053	4,725,718	(4,646,688)	582,083
National Teachers College	–	3,551,542	(2,611,628)	939,914
Affordable Private Education Center, Inc.	–	896,000	(16,000)	880,000

Schedule D. Long-term debt

As at December 31, 2021, the Group has outstanding long-term debts as follow (in thousands):

Unsecured bank loans	₱380,000
Secured bank loans	1,494,646
	₱1,874,646

Unsecured

The Group, through NTC, entered into a 10-year unsecured term loan facility with a third party local bank for ₱650.00 million to finance its building refurbishment and/or expansion. The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2021, total drawdown from the long-term loan facility amounted to ₱380 million, which are subject to a 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity structure ratio of 3:1. As of December 31, 2021, NTC has complied with its covenant obligations, including maintaining the required debt-to-equity ratio. For 2021, interest expense recognized in profit or loss amounted to ₱21.3 million.

Secured

In 2019, the Group, through MCMI, entered into a ten-year secured long-term loan agreement with a third party local bank for ₱1,500.00 million to refinance the construction of MCMI's school buildings and facilities that were initially funded by short-term loans. MCMI made partial drawdowns against this agreement amounting to ₱680.00 million, ₱350.00 million and ₱470.00 million in January, June and July 2019, respectively. The loans were subject to prevailing borrower's rate, plus a minimum spread of 0.50% per annum, but in no case lower than 4% per annum, subject to quarterly repricing. MCMI shall repay the loan in 20 equal quarterly installments to start at the end of 21st quarter from the initial drawdown date. The loans were secured by the land and related improvements owned by MCMI with carrying value of ₱2,382.0 million as of December 31, 2021 and suretyship of MESI. The loans were subject to certain positive and negative covenants such as the requirement for MESI to maintain its debt service cover ratio of at least 1.0 at all times and its debt-to-equity ratio of at least 75:25 starting on the third year of the loan reckoned from initial drawdown date or January 2022.

MCMI incurred debt issue cost amounting to ₱11.2 million which was being amortized over the loan term of 10 years using the effective interest method. The amortization of debt issue cost amounting to ₱2.4 million was recorded as part of interest expense in 2021.

Interest expense, including amortization of debt issue cost, amounted to ₱63.6 million in 2021.

Outstanding balance of long-term loans as of December 31, 2021 as follow:

	Amount
Principal	₱1,500,000
Unamortized debt issue cost	(5,354)
	₱1,494,646

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
As at December 31, 2021, the Group has no outstanding long-term debt to related parties.

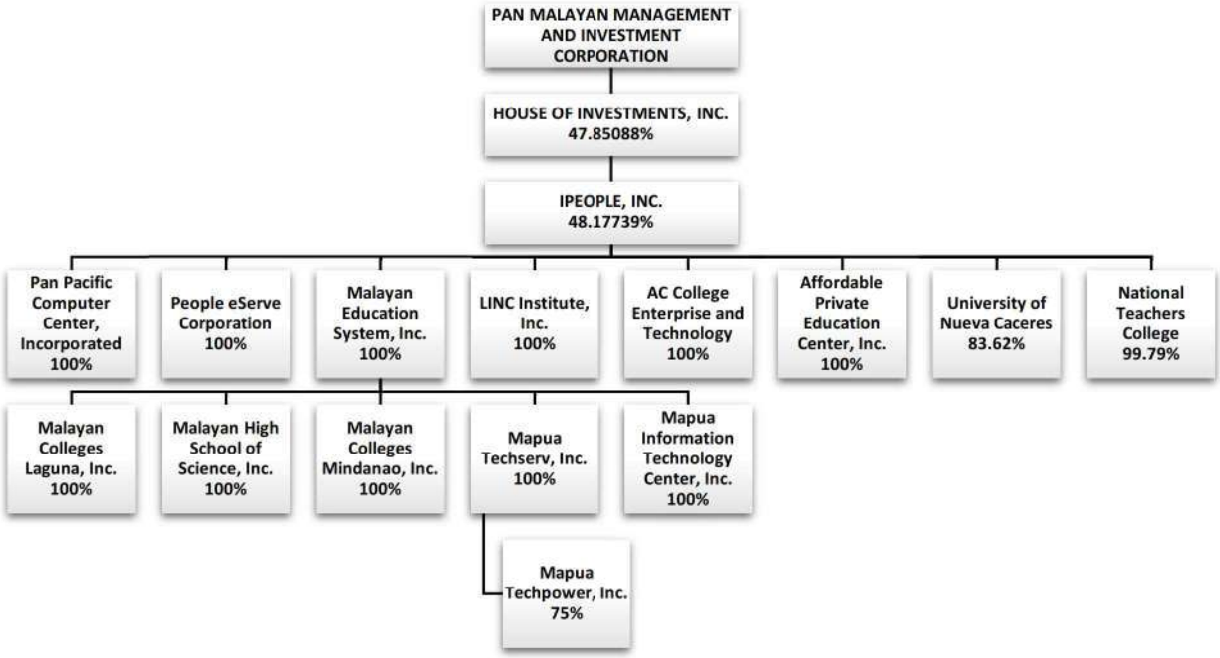
Schedule F. Guarantees of Securities of Other Issuers
As at December 31, 2021, the Group does not guarantee any securities.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	2,000,000,000	1,044,263,197	-	885,453,681	168,775	158,640,741

IPEOPLE, INC. AND SUBSIDIARIES
GROUP STRUCTURE
DECEMBER 31, 2021

Group Structure
Below is a map showing the relationship between and among the Group and its ultimate parent company and subsidiaries as at December 31, 2021:



SCHEDULE I

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-D: RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION*

DECEMBER 31, 2021

Items	Amount (in thousands)	
Unappropriated retained earnings, *as adjusted to available for distribution, beginning*		**₱982,640**
Add: Net income actually earned/realized during the period		
Net income (loss) during the period closed to retained earnings	**₱589,256**	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	–	
Unrealized actuarial gain	–	
Fair value adjustment (M2M gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP-gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Sub-total	–	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustments due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Sub-total	–	
Net income actually realized during the period		**589,256**
Add (Less):		
Dividends declaration during the year	**(312,656)**	
Appropriations of retained earnings during the period	–	
Reversal of appropriations	–	
Effects of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Transfer to retained earnings of fair value reserve of equity instruments	–	
		(312,656)
Total Retained Earnings, End Available for Dividend		**₱1,259,240**

**Based on December 31, 2021 Parent Company Supplementary Schedule.*

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-E: SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 AND 2020

Below are the financial ratios that are relevant to the Group's for the years ended December 31:

Financial ratios		**2021**	2020
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.40:1**	1.16:1
Acid-test ratio *Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately*	Current Assets – Prepaid expenses / Current Liabilities	**1.22:1**	1.04:1
Solvency Ratio *Shows how likely a Group will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.22:1**	0.14:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.46:1**	0.51:1
Asset to Equity Ratio *Shows how the Group's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.45:1**	1.50:1
Interest Rate Coverage *Shows how easily a Group can pay interest on outstanding debt*	EBIT* / Interest Expense Excluding Interest Expense on Lease Liabilities	**7.03:1**	3.67:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**6.14%**	2.39%
Net profit margin *Reflect how much net income or profit is generated as percentage of revenue*	Net Profit Margin / Revenue	**19.81%**	8.03%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**4.12%**	1.54%

**Earnings before interest and taxes (EBIT)*

ANNEX "A"

IPEOPLE, INC. AND SUBSIDIARIES

SUSTAINABILITY REPORT

iPeople, inc.

Sustainability Report (2021)

Contextual Information

Company Details	
Name of Organization	**iPeople, Inc.**
Location of Headquarters	3rd Floor Grepalife Building, Sen. Gil J. Puyat Avenue, Makati City
Location of Operations	With schools across Metro Manila, Calabarzon, Bicol Region, and Mindanao
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Report includes information from the following: 1. Malayan Education System, Inc. (Operating under the name Mapua University) – 1 school with 2 campuses (Mapua) 2. Malayan Colleges Laguna (A Mapua School), Inc. (MCL) 3. Malayan Colleges Mindanao (A Mapua School), Inc. 4. Malayan High School of Science, Inc. (MHSS) 5. Affordable Private Education Center, Inc. (Operating Under the Name APEC Schools) – 1 school with 23 branches (APEC) 6. University of Nueva Caceres (UNC) 7. National Teachers College (NTC)
Business Model, including Primary Activities, Brands, Products, and Services	**iPeople, Inc.** (IPO) provides quality and accessible education to students from kindergarten to post-graduate across all income segments. IPO through its subsidiary schools, aims to promote research and innovation that addresses the concerns of communities and solve problems of industries. IPO also aims to become one of the best in the fields of Science, Technology, Engineering, and Mathematics (STEM) and leverage on the strength of its subsidiary schools in STEM, Outcomes-Based Education (OBE), distance learning, and cost-effective EdTech. https://ipeople.com.ph/home/our-company/corporate-profile/
Reporting Period	January 1 to December 31, 2021
Highest Ranking Person responsible for this report	**Denise Jordan P. Arenillo** IPO Compliance and Sustainability Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics

Trainings and workshops were previously conducted and attended by the iPeople ("IPO") Senior Management, on identifying material topics, while reviewing the role of sustainability within the company. It is a process where sustainability issues were communicated with the top executives in the company and widened perspectives to determine performance, driven not just by financial metrics, but also non-financial aspects. The materiality principle IPO employed are as follows:

1. Understanding the Sustainability Context: This step encouraged the Company to think outside financial aspects and allow a framework driven by sustainability to guide the discussions on how their core business can contribute to society.

2. Identifying material topics: An initial list of material topics was identified by the IPO Senior Management and further validated through group discussions with sustainability point persons per school, including middle management, school heads, stakeholder touch points (to grasp stakeholder perspectives), and data handlers and verifiers whose functions are highly related to the theme of each group. In finalizing the material topics, the Company used the guide questions in the memorandum:

   (a) Is it a key capital/risk/opportunity?
   (b) Does our key business activities impact it?
   (c) Does our supply chain contribute significant impacts?
   (d) Does our product/service contribute significant impacts to the topic?
   (e) Is there a trend that will make the topic material in the future?

3. Defining Performance and Management Approach: Once the list of material topics were identified, the Company gathered metrics to measure business performance under the guidance of the GRI reporting standards, a globally recognized sustainability reporting tool. To further enhance this, management approaches were created to better improve and monitor performance against the set metrics.

The UN Sustainable Development Goals (SDGs) were also used as guidelines for identifying the Company's societal, environmental, and economic impact and value.

ECONOMIC

Economic Performance

Table 1. Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,583,857,526	PhP
Direct economic value retained	807,817,968	PhP
Direct economic value distributed:	2,776,039,558	PhP
a. Employee wages and benefits	1,240,321,396	PhP
b. Payments to suppliers and other operating costs	960,123,578	Php
c. Payments to Providers of capital; including dividends given to stockholders and interest payments to loan providers	405,678,459	PhP
d. Payments to government	23,420,205	PhP
e. Investments to community (e.g., donations, CSR)	146,495,920	PhP

Direct Economic Value
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

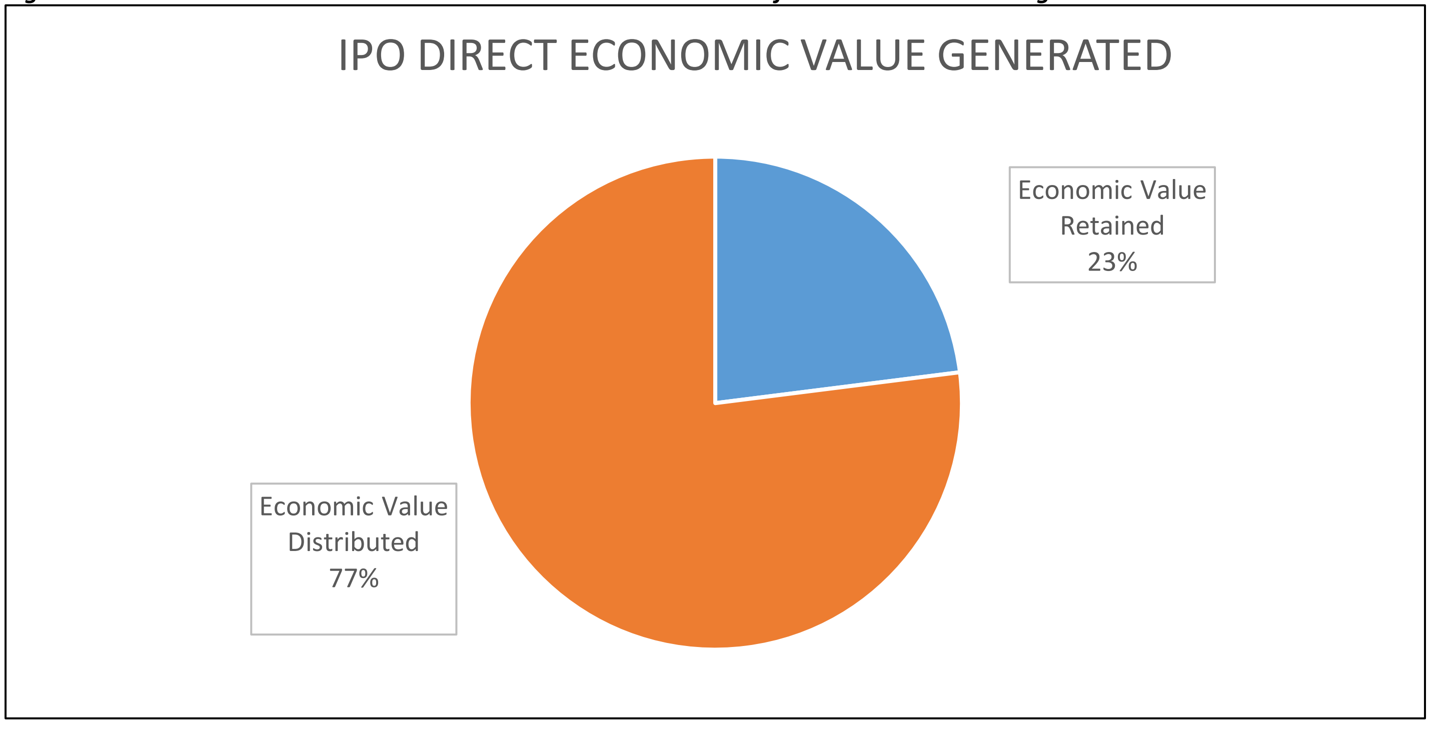
IPO's economic impacts are a result of its business activities and that of its subsidiary schools, and the scale of the impact will increase or decrease according to the scale of IPO's business. IPO's economic performance is still affected by the COVID pandemic, particularly in terms of student enrollment, and the way schools deliver their courses and services.

The Philippines, particularly the National Capital Region and other major cities, were placed ~~a~~ by the Philippine government through the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID), under various Community Quarantine classifications in 2020, and in 2021 under Alert Level Systems with varying degrees of restrictions on the population. This resulted in no face-to-face classes (with schools allowed limited face-to-face classes in the latter part of 2021) and restricted in-campus activities, and limited onsite work since majority of the employees are working remotely since 2020.

IPO schools, particularly Mapua, MCL and MCM, were able to avoid disruption of classes and operations, by immediately shifting to online classes with synchronous or asynchronous mode of delivery, using their Learning Management Systems, digital tools and online resources. These were improved and expanded in 2021. The other IPO schools (NTC, UNC and APEC) readily shifted to remote delivery using available digital tools, LMS and online resources during the COVID pandemic and even further enhanced their respective modes of delivery in 2021. Delivery of student services such as library services, guidance counselling and medical consultation continued to be conducted remotely in 2021.

Affected stakeholders in the economic aspect are students, faculty and staff, suppliers, local communities, and government. In 2021, IPO generated ₱3,583,857,526 of direct economic impact, of which 77% was distributed among suppliers, employees, providers of capital, government, and community investments/donations and 23% retained. This is a 6% improvement in last year's 83% economic value distributed and 17% economic value retained. Such reduction in expenses is primarily due to various cost-cutting measures implemented by the IPO schools to counteract the effects of the pandemic on the revenue.

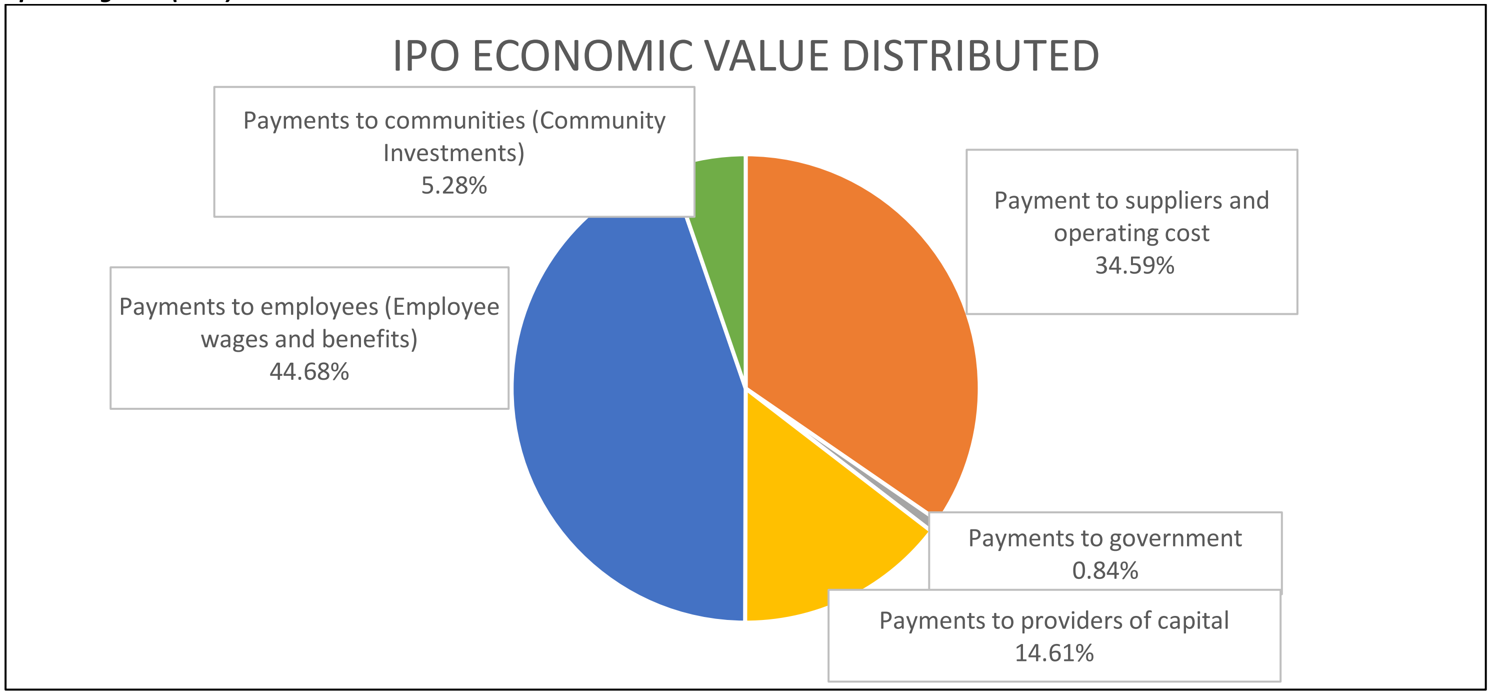
Figure 1. IPO Direct Economic Value Generated. IPO distributed 77% of direct economic value generated and retained 23%.



On the direct economic value distributed, majority of the value was distributed to employees as wages and benefits (47%) and as payment to suppliers and operating cost (32%).

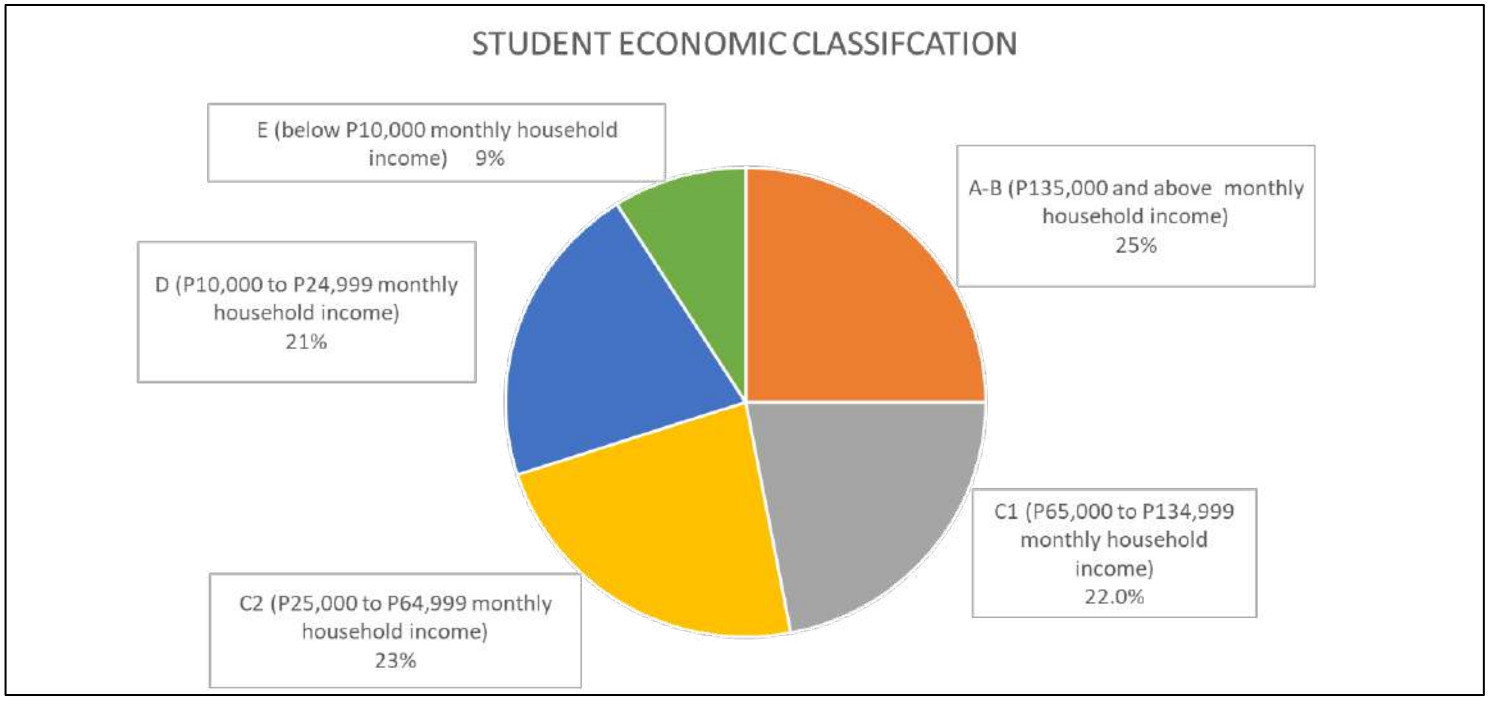
IPO's dedication to providing quality and accessible education was even highlighted during the time of the COVID pandemic with the distribution of 5% of its direct economic value generated in the form of scholarships, tuition discounts, and corporate social responsibility (CSR) projects. CSR projects in 2021 include providing technical expertise and assistance to the national and local governments and communities, and community outreach projects, and donations to the COVID 19 response. These projects involved the schools, employees, and students.

Figure 1. IPO Direct Economic Value Distributed. Majority of the value (45%) was distributed to employees as wages and benefits, followed by operating cost (34%).



In 2021, 49,083 students enrolled in IPO schools, from Elementary (K+12) to post-graduate. Fifty-three percent (53%) of the students also belonged to the lower economic segments E, D, and C2, wherein their monthly household income ranged from below ₱10,000 to ₱64,999.

Figure 3. IPO Student Economic Classification. Majority (53%) belong to the C2DE segment of the student population.



To increase the number of lower income and high-performing students (academic) enrolled in IPO schools during the time of the COVID pandemic, and to help ease the economic burden on their parents, IPO continued to provide scholarships amounting to ₱175,647,200.22 to around 3,183 students. IPO also continued to assist students in applying for government and privately funded scholarships. The government-funded scholarships and student subsidies amounted to ₱301,139,263.30 in 2021.

To ensure that students will continue their schooling despite the COVID-19 pandemic, IPO schools also provided discounts and rebates on tuition and fees, reasonable payment and installment arrangements, and implemented other policies to help students and their parents in the payment of their tuition fees.

IPO's achievements in graduating students that are ready for further education or for work can also be seen in the graduates' high employment rate despite the COVID pandemic. In 2021, IPO schools produced 15,610 graduates in senior high school, undergraduate, and post-graduate. 65% of the colleges graduates from IPO schools received job offers within 120 days of graduation, while 59 % received offers from multinational companies or from companies abroad. These graduates eventually become productive members of society. Aside from their individual benefit of earning a higher salary versus a non-graduate, graduates contribute more to economies through direct spending and taxes.

Aside from scholarships, providing affordable quality education that is accessible to lower income level segments is also embedded in the business model of some IPO schools. APEC Schools is a chain of private high schools offering affordable education from Grades 7 to 12, with the goal of preparing its graduates for immediate employment or to pursue higher education. It has managed to do this even while offering a tuition fee rate that is relatively lower compared to other private high schools since its establishment in 2012. In 2021, APEC Schools enrolled 9,158 students across all campuses, with 44% of which belong to segments D and E (with monthly household income of ₱24,999 and below). The schools also provided ₱6,682,158.00 in scholarships (excluding discounts, e.g., employee benefit, family discount, etc.).

At the holding company level, IPO identified risks, mostly resulting from the continued effects of the COVID pandemic, which are financial in nature, as well as those on health and safety of IPO schools' employees and students and will also have direct impact to its direct economic performance. In 2021, the COVID pandemic still had direct economic effect. Schools still had no face-to-face classes and had limited mobility of its workforce. This affected the schools' ability to optimize revenue generation with continued increase in schools' operational costs, particularly expenses for subscriptions to digital tools, learning management systems, online facilities and resources. Some of the IPO schools, particularly those catering to the lower income segment also suffered in terms of student enrollment due to family economic circumstances due to the pandemic.

Most of the IPO schools are located in the National Capital Region (NC), where face-to-face classes for Basic Education and Higher Education were still suspended for most of 2021. This resulted in continuing the remote/online learning for all IPO schools in 2021. Most of the IPO schools were able to shift to online classes in 2020 which they continued to improve in 2021, particularly for Mapua, MCL, MCM and MHSS since they have been using the Blackboard Learning Management System even prior to the COVID-19 pandemic. NTC, UNC and APEC also utilized their own learning management system, digital tools, online facilities and online resources to continue the delivery of courses remotely.

Executive management takes an active role overseeing the business operations of IPO schools. Management oversight is conducted through various meetings such as the regular IPO weekly operations meeting where current regulatory updates on the COVID pandemic as well as operational issues are discussed. Monthly IPO Management Committee (Mancom) meetings and executive sessions are also conducted. These meetings were conducted in addition to the various management meetings held regularly at the school level to address issues, monitor and assess the school's operations and performance during the pandemic. Discussion topics in 2021 include regulatory updates on the COVID pandemic, business developments, financial, subsidiary schools' operations and performance, governance, and regulatory compliance.

Implementation of the IPO Enterprise Risk Management Framework is carried out by the IPO Risk Team, which consists of Risk Officers from the schools in coordination with various units in the schools. The IPO Chief Risk Officer (CRO) oversees the IPO Risk Team. The IPO Sustainability Team, headed by the IPO Sustainability Officer, coordinates, supports and provides necessary feedback on sustainability-related issues and risks to the IPO Risk Team. IPO Internal Audit continues to provide valuable input to risk management through their regular audits. Risk related concerns are discussed during the quarterly Board Risk Oversight Committee (BROC) meetings. For a more detailed discussion on risks faced by IPO particularly on the effects of the COVID-19 pandemic, please refer to the Risk Management Section of the 2021 IPO Annual Report (Form 17A).

For 2021, IPO and all schools continued to implement protocols and procedures to manage each type of risk, particularly the health and safety risks due to the COVID pandemic as well as economic risks brought about by suspension of face-to-face classes, limitations on mobility of the workforce and low enrollment. To minimize the risk during the on-going COVID pandemic, IPO schools continued to strictly implement health and safety protocols to manage, prevent and control the health and safety risks based on the minimum standards provided under IATF, DOH and CHED regulations.

Since Mapúa pioneered, tested and instituted the use of online facilities as early as 2016, it has further enhanced its Learning Management System, the Cardinal Edge (powered by Blackboard), to improve the conduct of its synchronous (real-time online classes) and asynchronous online delivery of courses. Mapua and MCL also expanded their online course offerings to include CHED approved fully online degree programs. Other IPO schools also conducted online classes by using Learning Management Systems, online tools, online resources and facilities. This enabled IPO schools to continue online classes with minimal disruption in 2021.

IPO schools continue to manage the economic risks resulting from the pandemic (i.e., relatively low enrollment, health and safety concerns), IPO schools continue their intensified online marketing campaigns through the tireless efforts of their respective marketing teams. New and effective strategies to attract more students are constantly being implemented to effectively cascade academic and other relevant information on the schools.

The IPO schools upgraded their online facilities and obtained more online resources. New online program offerings, fully online degree programs (for Mapua and MCL), certificate courses (Coursera), scholarships and discounts were likewise offered.

Fully online undergraduate degree programs started in 2020 were still being offered in 2021, with Mapua and MCL being given authority by CHED to offer fully online undergraduate courses This is in addition to Mapua's fully online postgraduate degree courses previously offered. The IPO schools also continued implementing fully online admission and examinations, and the use of e-books and online resources instead of traditional school textbooks for all undergraduate and Senior High School students through subscriptions to online resources and libraries. IPO schools likewise invested in subscription and use of online videoconferencing facilities such as Zoom, MS Teams, BB Collaborate, etc., and various digital tools and online learning resources to facilitate and/or supplement online learning. The pandemic crisis drove creativity, resulting in expansion of course offerings by incorporating select Coursera subjects either as part of IPO schools' curricula or electives.

IPO schools also continued to improve online processes, maintained alternative work arrangements, used videoconferencing for online meetings, online trainings and webinars, and encouraged the use of online facilities to transact business. This enabled the schools to have limited onsite workforce, which did not hamper operations during the COVID pandemic. Online support services were also improved and expanded in 2021, with online medical consultation and counselling provided for employees and students, and constant monitoring for COVID cases of employees and students conducted.

Discussion on Opportunities

IPO and its subsidiary schools are currently looking for more opportunities to expand its programs, offering more fully online BS programs. With the intensified and efficient use of other online and remote learning, and expansion of current programs offered ~~with~~ in partnerships with various universities and online resource providers, and mitigation of the effects of the COVID 19 pandemic, IPO aims to overcome the challenges of the pandemic and deliver on its promise of providing quality education and preparing the youth for the future. Preparations are also underway for limited face to face classes in 2022 pursuant to existing government and CHED guidelines.

Climate-related risks and opportunities

Although currently, climate-related risks are already being discussed by IPO's Board Risk Oversight Committee (BROC) and the IPO Sustainability Team, IPO does not yet have a complete working plan for addressing climate-related risks to the group. The Company is putting together the system to understand its vulnerabilities at different climate change scenarios to be able to fully disclose on this. Due to the challenges posed by the current COVID pandemic, IPO will begin work on the plan for climate related risks after the COVID pandemic, and possibly be able to disclose in 2022.

Governance – Disclose the organization's governance around climate-related risks and opportunities

1) Describe the board's oversight of climate-related risks and opportunities

IPO has a Board Risk Oversight Committee (BROC), an extension of the full Board of Directors, which meets every quarter to discuss key risks and opportunities of the company. One of the BROC's main roles is to review management's effectiveness in managing risks. The BROC also provides direction and guidance on how the company will not only respond to risks, but also take advantage of opportunities. Starting 2022 onwards, monitoring efforts towards meeting goals set forth in the to-be-developed Environmental Impact Reduction Plan (EIRP) will be communicated and evaluated by the BROC.

Risks and opportunities related to climate change is one topic in these meetings, and its effect to operations and strategy are discussed. Typhoons and floods have become more frequent. Such phenomena impact employee safety and well-being. IPO has policies and procedures in place to protect its employees.

2) Describe management's role in assessing and managing climate- related risks and opportunities

Assessment of climate risks is led by IPO Sustainability and Risk Management through the IPO Sustainability Team under the IPO Sustainability Officer and the IPO Risk Team under the IPO CRO. Currently, risks identified are those that relate to natural occurrences such as flood, typhoons, pandemics and earthquakes. For 2022, IPO Sustainability and Risk Management will present plans for adoption by the Board that would ensure that climate-related risks, in addition to natural calamities and pandemics, are adequately identified and addressed.

Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

1) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

Performance targets for climate change risk are currently under evaluation by IPO Sustainability Team and Risk Management. These will be part of the EIRP.

2) Describe the impact of climate- related risks and opportunities on the organization's businesses, strategy and financial planning.

IPO acknowledges the existence of climate change and its intensifying effect. The company has set aside sufficient funds for managing the effects of this risk to the company. As awareness of climate change risk increases throughout IPO, additional risks and opportunities identified and required funding (if necessary) will be integrated onto the operations of the company.

3) Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios including a 2°C or lower scenario

IPO's experience during COVID pandemic has shown that continuing the conduct of classes online can be done on a large scale, effectively and efficiently, with an inadvertent effect of reducing in the energy and water consumption in the IPO schools for the duration of the pandemic. This also lowered the GHG emissions of the company in 2021. Nonetheless, IPO will continue to assess other vulnerabilities at different climate change scenarios.

The Company is committed to identify and understand its vulnerabilities at different climate change scenarios. Due to the challenges posed by the current COVID pandemic, IPO will begin work on the plan for climate related risks after the COVID pandemic, and possibly be able to disclose in 2022.

Risk Management – Disclose how the organization identifies, assesses, and manages climate-related risks

1) Describe the organization's processes for identifying and assessing climate- related risk

The company has a Risk Management Council composed of IPO top management. It meets every quarter to discuss the top risks and opportunities to the company and strategies needed to manage such risks. All risk-related concerns are presented to the BROC. Recommendations by the BROC are implemented by management, the IPO Risk Team, and overseen by the CRO. The IPO Sustainability Team, headed by the IPO Sustainability Officer, coordinates, supports and assists the IPO Risk Team in implementation of sustainability related recommendations. For the following year, IPO aims to incorporate climate change risk strategies, mitigation measures, and opportunities. In addition, the IPO Sustainability Team will coordinate the IPO Risk Team and the IPO CRO in initiating climate risk management.

2) Describe the organization's processes for managing climate- related risks

Managing climate-related risks will be led by IPO Sustainability Team in coordination with the IPO Risk Team and the IPO CRO. Risk identification and management strategies are formulated at this level, then elevated to the RMC, and overseen by the BROC.

3) Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization's overall risk management

Identification and assessment of climate change risks is led by the IPO Risk Team and the IPO CRO, supported the IPO Sustainability Team and the RMC, overseen by the BROC. IPO's current Risk Management process will - incorporate climate-related risks. The Company believes climate change risk is an integral part of the business and just like traditional risks, they must be prudently managed.

Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material

1) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process

From 2022 onwards, the scope of climate change risk will be expanded to possibly include the need for IPO to make a commitment in reducing the impact of its operations on the environment. The Company will decide on the metrics that will be used to measure climate change impact and incorporate into its EIRP.

2) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets

From 2022 onwards, IPO will commit to doing its part in limiting a global rise in temperature to under 2°C by 2030. IPO will develop strategies aimed at reducing the environmental impact of its operations, specifically those that would limit a rise in global temperatures by 2°C. Using data collected from the previous year, IPO will commit to reducing its environmental impact by consistently reducing GHG emissions, materials consumption, and waste generation.

Procurement Practices

Table 2. Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers[1]	95	%

1 "Local suppliers" were defined as suppliers with operations in the Philippines.

Procurement Practices
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Aside from providing accessible high-quality education to Filipinos, IPO further contributes to nation-building by purchasing from local suppliers when possible. Risks related to procurement include rush orders (and thus the risk of not getting the best price due to time constraints) and lack of suppliers for what operations need.

At the YGC Group level, all suppliers are vetted and accredited. As of 2021, APEC Schools, UNC, and NTC supplier and accreditation policies are still in the process of evaluating possible integration into YGC procurement.

With 95% procurement spend on local suppliers, IPO directly impacts its suppliers and its schools (as the end-users of the purchased goods and services). Prices for repeat items are agreed upon beforehand with suppliers to prevent price increases due to rush orders. For schools not yet enrolled into the YGC Group, there is coordination with the Procurement Departments of other schools to increase the pool of potential suppliers.

Discussion on Opportunities

While the preference to purchase from local suppliers when possible is being practiced, there is no formal policy nor target metric for this. A formal policy and target metric is currently under consideration. Developing SME suppliers that employ PWDs and other vulnerable group to provide them access to economic opportunities may also be considered. to standardize procurement across all IPO schools, IPO plans to integrate the procurement policies of all IPO schools into the YGC Group.

Anti-corruption

Table 3. Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to[1]	61%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2]	65%	%
Percentage of directors and management that have received anti-corruption training[3]	23%	%
Percentage of employees that have received anti-corruption training[4]	1%	%

[1] Only the Mapua Schools (Mapua, MCL, MCM and MHSS) have communicated the anti-corruption practices to all their employees (100%).
[2] Based on Mapua, MCL, MCM, MHSS and IPO parent.
[3] Based on Mapua and IPO parent only. Only Mapua and IPO parent have data on the directors who received anti- corruption.
[4] Based on UNC only (no other school or entity has disclosed data on employee anti-corruption training).

Table 4. Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Anti-Corruption

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO abides by the highest ethical standards and legal principles. Pursuant to this, IPO implements strict anti-corruption protocols and procedures that cover all employees, from officers to rank-and-file employees.

Any incident of corruption within IPO's ranks or operations has serious implications and risks on the Company's operations and reputation and opens the Company to possible legal consequences. As IPO works within the education sector, damage to reputation is of particular importance since it will also affect reputation and the ability of the subsidiary schools to attract students.

IPO follows the highest ethical and legal standards set by its parent company, House of Investments (HI), and the Yuchengco Group of Companies (YGC). Among the policies issued and enforced in IPO are the following which are found in the IPO website:

- YGC Code of Business Conduct and Ethics: https://ipeople.com.ph/wp-content/uploads/2018/08/YGC-Code-of-Business-Conduct-Ethics.pdf
- HI Related Party Transactions: https://ipeople.com.ph/wp-content/uploads/2018/09/IPO-Policy-on-Related-Party-Transactions.pdf
- HI Conflict of Interest: https://ipeople.com.ph/wp-content/uploads/2018/08/CODE-OF-BUSINESS-CONDUCT-AND-ETHICS.pdf
- HI Insider Trading: https://ipeople.com.ph/wp-content/uploads/2018/08/iPeople-Audit-and-Related-Party-Transactions-Charter-Revised-1.pdf
- HI Whistleblowing Policy: https://ipeople.com.ph/wp-content/uploads/2018/08/IPEOPLE-WHISTLE-BLOWER-POLICY-AND-RECEIVING-GIFTS.pdf

The above-mentioned policies cover all IPO employees, as well as consultants, contractors, and subcontractors (e.g., housekeeping and security personnel) working in the Company's premises. Employees are required to re-familiarize themselves with the policies and sign commitments that they read and understand the policies.

IPO's Revised Manual on Corporate Governance also states that officers and employees hold a position of trust. Thus, officers and employees shall avoid situations where their personal interest is in conflict or appears to be in conflict with the interest of the Company or its clients. More details on provisions of said Manual can be found in the Company's website: https://ipeople.com.ph/pdf/ipeople-manual-on-corporate-governance/. Suppliers must also abide by the Supplier Code of Conduct. For IPO parent and the Mapua schools, supplier accreditation is done at the YGC Group level. APEC Schools, NTC, and UNC have their own supplier accreditation policies and procedures. For termination of contracts with suppliers on account of corruption, an internal investigation is conducted IPO schools' Administration, which includes the Legal Department and Human Resources (if employees are involved). The usual requirements of due process are followed, such as notice and opportunity to be heard before actual termination.

Discussion on Opportunities

By looking at the extent to which IPO schools have disseminated and trained the Company's stakeholders on anti-corruption, as well as the extent to which these are also carried out in the operating schools, there is much opportunity for anti-corruption procedures to be implemented in the Company. For 2022, IPO plans to roll out the group wide anti-corruption policies currently being implemented by the Mapua, MCL, MCM and MHSS to the other IPO schools.

As stated in the YGC Code of Business Ethics, "YGC member-companies needing stricter or more extensive guidelines applicable to their particular industry or business line should create and maintain their own specific business codes, but the latter should be suppletory and must not permit more lenient standards or in any way be inconsistent with this Code." IPO may pursue crafting a version of this Code that is more tailor-fit to an academic setting. Moreover, the Company will be stricter in communicating anti-corruption policies and procedures and ensure 100% coverage for employees and business partners for the next report.

ENVIRONMENT

Resource Management

Energy Consumption

Table 5. 2021 Energy consumption within the organization

Disclosure	Quantity	Unit	Quantity	Units
Energy consumption (renewable sources)	0	kWh	0	GJ
Energy consumption (gasoline)	7,296.14	Liters	249.53	GJ
Energy consumption (LPG)	0	m^3	0	GJ
Energy consumption (diesel)	18,783.87	Liters	642.41	GJ
Energy consumption (electricity)	4,535,915.83	kWh	16,329.30	GJ

Reference for gigajoules conversion: Biomass Energy Data Book which refers to GREET, The Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation Model, GREET 1.8d.1, developed by Argonne National Laboratory, Argonne, IL, released August 26, 2010.

There was a significant recorded reduction in energy consumption particularly for electricity, diesel and gasoline consumption in 2021 compared to the figures in 2020, as seen in the Table below:

Table 6. 2020 vs. 2021 Energy Consumption

Disclosure	2020 Quantity	2021 Quantity	Unit	Increase/ Decrease	% Change
Energy consumption (renewable sources)	0	0	kwh	0	0
Energy consumption (gasoline)	7,466.79	7,296.14	Liters	(170.65)	(2.29%)
Energy consumption (LPG)	0	0	m^3	0	0
Energy consumption (diesel)	18,783.87	17,867.91	Liters	(915.96)	(4.88%)
Energy consumption (electricity)	4,535,915.83	2,900,627.21	kWh	(1,635,288.62) *	(36.05%)

* Significant decrease in electricity consumption in the IPO schools due to suspension of face-to-face classes and limited on-site activities and operations since March 2020.

Energy consumption and reduction
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO's school operations are dependent on a consistent source of energy. Without electricity, the classrooms and equipment will not run, and school operations will be disrupted. Fuel is used for the Company's service vehicles and for the backup generators. Energy consumption impacts the students, faculty, and employees in the schools.

Increased energy consumption means increased costs for the Company. However, an inadvertent effect of pandemic was the significant energy reductions for 2021 due to the continued suspension of face-to-face classes and limited in-campus activities.

Even with the pandemic, the schools continued the implementation of preventive maintenance for facilities and equipment, replacement of LED lights from fluorescent units, replacement of non-inverter air conditioning units to inverter-type, as well as behavioral approaches such as checking and shutting off all electrical equipment when not in use. This is in line with environmental programs were established particularly for Mapua to monitor and reduce consumption of electricity in line with its ISO 14001:2015 Certification.

Discussion on Opportunities

IPO is still in the process of integrating management approaches and identifying opportunities. However, individually, the IPO schools have continued to monitor and implement energy reduction/saving policies such the use of energy efficient lights and appliances (LED lights, inverter appliances); implement energy conservation policies where lights and appliances are turned off when there are no classes or activities and will continue to implement these on a wider scale to further reduce energy consumption.

Water Consumption

Table 7. 2020 vs. 2021 Water Consumption

Disclosure	2020 Quantity	2021 Quantity	Units	Increase/ Decrease	% Change
Water withdrawal	331,810.38	44,951.07	Cubic meters	(268,859.31)	(81%)
Water consumption	258,313.76	35,118.02	Cubic meters	(223,195.74)	(86%)
Water recycled and reused	12,313.84	1,674.08	Cubic meters	(10,639.76)	(86.3%)

Water consumption
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Water is a necessity for IPO and its subsidiary schools' operations and its students, faculty, employees. The main risk associated with water withdrawal and consumption is water shortage. This was not experienced in 2021 due to lower water consumption due to the COVID pandemic and water supply in Metro Manila was sufficient. For schools, water consumption was significantly reduced mainly due to continued suspension of face-to-face classes and limited on-site operations in 2021.

In 2021, the IPO schools continued to implement various programs and activities to reduce water use such as reducing watering of plants, and quickly fixing leaks or other defects. Water reduction initiatives such as regular preventive maintenance, installation of low-flow fixtures, and usage of rainwater collection systems were already in place which contributed to the reduction in consumption. Both Mapua and MCM collect rainwater for use such as cleaning and watering plants.

Discussion on Opportunities

IPO is still in the process of integrating approaches and identifying opportunities across all subsidiary schools. However, individually, the schools already implemented several initiatives designed to conserve water (i.e., collection of rainwater for watering plants and immediate repair of leaks). These initiatives may be further enhanced and improved to help in the water conservation efforts of the company.

Materials Used by the Organization

Table 8. 2020 vs. 2021 Materials used by the Organization

Disclosure			2020	2021	% Change
	Material	Units	Quantity		
Materials used by weight or volume:					
Renewable	Paper	reams	9,569.51	2,866	(70%)
non-renewable	n.a	kg/liters	0	0	0
Percentage of recycled input materials used to manufacture the organization's primary products and services		%	0		

Materials consumption
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As IPO has several educational institutions under its fold, the most significant material that the Company consumes is paper. Paper is used in all aspects of the schools' operations: from application, admissions, enrollment, teaching, recording of grades, student services, to contracts and administrative work. Employees, faculty, students, suppliers, contractors and academic partners all use paper in a considerable amount.

In 2021, IPO consumed 2,866 reams of paper which is a drastic reduction from 9,569.51 reams consumed in 2020. This is mainly due to the effects of suspension of face-to-face classes resulting in the online or remote delivery of classes, which significantly decreased the need for paper for IPO. IPO schools implemented online application and examination for prospective students, fully online degree programs, online classes and examinations to lessen paper consumption, and the use of e-books instead of regular textbooks. Paperless transactions (i.e., online filing of leave for employees, online enrollment, and submission of reports on Blackboard for students) were also implemented. Implementation of online delivery of classes and online processes resulted in reduction in paper consumption. All these resulted in a 70% reduction of paper consumption in 2021. Though resources are renewable, the Company also recognizes that the process of making paper has considerable environmental impact if it is not sustainably sourced. The individual schools continue to implement various programs designed to reduce paper consumption.

Discussion on Opportunities

The IPO schools are committed to continuing paper-less processes adopted in 2021 so paper consumption is not expected to go back to pre-Covid pandemic levels. IPO is also looking for ways to (1) integrate more paper reduction initiatives in its processes, and (2) further improve current programs and practices among the subsidiary schools designed to reduce paper consumption.

Ecosystems and Biodiversity

Table 9. Ecosystems and biodiversity

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	#
Habitats protected or restored	None	ha
IUCN Red List species and national conservation list species with habitats in areas affected by operations	None	

Ecosystems and biodiversity
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

This topic is not material to IPO as the Company does not have operations in or adjacent to protected areas or areas of high biodiversity value. However, the schools still participate in environmental-related CSR activities, such as helping safeguard protected areas. Mapua regularly conducts native tree-planting activities and takes care of the trees already planted in a protected site in Rizal as part of its CSR activities.

Environmental impact management

Air Emissions

Table 10. 2020 vs. 2021 GHG Emissions

Disclosure	Units	2020 Quantity	2021 Quantity	% Change
Direct (Scope 1) GHG Emissions[1]	Tonnes CO2e	95	63.25	(33%)
Energy indirect (Scope 2) GHG Emissions[2]	Tonnes CO2e	3230.50	2065.83	(36%)
Emissions of ozone-depleting substances (ODS)	Tonnes CO2e	0	0	0

1 Scope 1 emissions calculated using Greenhouse Gas Protocol calculation tools: https://ghgprotocol.org/calculation-tools

2 Scope 2 emissions calculated using Grid Emissions Factors (GEFs) provided by the Department of Energy (DOE): https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef

GHG Emissions
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Greenhouse gases (GHGs) are responsible for anthropogenic climate change, and climate change will have a severe impact on IPO's areas of operations through stronger and more frequent weather disturbances, changes in rainfall patterns, flooding, increasing surface temperature, and the like. Therefore, monitoring and controlling the Company's GHG emissions is also an important contribution to nation-building.

The Company's GHG emissions are dependent on the type and amount of energy used. Majority of the Company's GHG emissions are Scope 2 due to the extensive use of electricity in operations. In 2021, there was a 33% reduction in Scope 1 direct emissions while a 36% decrease in Scope 2 emissions was recorded.

The IPO schools have strict implementation of preventive maintenance for facilities and equipment, replacement of LED lights from fluorescent units, replacement of non-inverter air conditioning units to inverter-type, as well as behavioral approaches such as checking and shutting off all electrical equipment when not in use. Environmental programs were established by Mapua to reduce the consumption of electricity and in line with of its ISO 14001:2015 Certification.

Discussion on Opportunities

The Company is still in the process of integrating approaches and identifying opportunities across all its subsidiaries.

Air Pollutants

Table 11. List of Air Pollutants

Disclosure	Quantity	Units
NO_x	Not applicable	kg
SO_x	Not applicable	kg
Persistent organic pollutants (POPs)	Not applicable	kg
Volatile organic compounds (VOCs)	Not applicable	kg
Hazardous air pollutants (HAPs)	Not applicable	kg
Particulate matter (PM)	Not applicable	kg

Air pollution
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO potential sources of air pollutants are standby generator sets. As these are for standby only, they are only used if grid power is unavailable. All generators requiring Permit to Operate (PTO) are compliant to the PTO's conditions, including NOx and CO emissions. Compliance is met through emissions testing and quarterly submission of the Self-Monitoring Report (SMR) to DENR. Thus, air pollution is not a material topic for the Company.

Discussion on Opportunities

IPO is still in the process of integrating approaches and identifying opportunities across all schools. However, individually, the subsidiary schools such as Mapua, MCL, MCM and NTC through research and innovation can help find solutions to reduce air pollution.

Solid and Hazardous Wastes

Table 12. 2020 vs 2021 Solid Waste Generated

Disclosure	2020 Quantity	2021 Quantity	Units	% Change
Total solid waste generated	74,769.14	29,312.41	kg	(60.80%)
Reusable	0	0	kg	0
Recyclable	18,946.67	11,422.94	kg	(39.71%)
Composted	0	0	kg	0
Incinerated	0	0	kg	0
Residuals/Landfilled	55,822.47	17,889.47	kg	(67.95%)

Solid waste

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Solid waste is produced from discarded school and office materials, as well as wastes from the kitchens and cafeterias. Solid waste is a risk to both human health and the environment. Improper disposal of solid waste can lead to the spread of diseases and the release of harmful substances into the environment. It is also violation of R.A. No. 9003 and will pose regulatory risks and serve as a poor example to the Company's stakeholders, especially to the students. It will also have an impact on aesthetics and cleanliness of the schools.

The waste generated by IPO comes from the thousands of students, faculty, staff, and visitors who use the school facilities. However, due to the COVID pandemic, there was a drastic reduction in the solid waste generated, resulting from the continued suspension of face-to-face classes and limited on-site operations in the IPO schools' campuses, the amount of solid waste generated continue to be reduced significantly.

Even with limited onsite operations during the COVID pandemic, solid waste management in the schools is practiced through consistent reminders on solid waste management, waste segregation at source, recycling programs, waste reduction programs (e.g., promotion of Bring Your Own containers/cups/utensils in order to reduce single-use plastic) and having a Materials Recovery Facility (MRF) in each school.

Solid waste disposal is done by DENR-accredited waste haulers and disposed at accredited landfills.

Discussion on Opportunities

IPO is still in the process of integrating approaches and identifying opportunities across all schools. However, each subsidiary school may explore ways to further reduce or find alternative uses for its solid waste.

Hazardous Waste

Table 13. 2020 vs 2021 Hazardous Waste Generated

Disclosure	2020 Quantity	2021 Quantity	Units	% Change
Total weight of hazardous waste generated	2,792.97	1,827.91	kg	(34.55%)
Total weight of hazardous waste transported	2,792.97	1,827.91	kg	(34.55%)

Hazardous Waste
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Hazardous waste poses a serious risk to human health and safety and the environment. Risks include accidental spills, deliberate releases into the environment, improper storage, and improper disposal. These risks, if left unmanaged, may lead to injuries, potential fatalities, potential death of flora and fauna, and severe pollution of the environment. This may also result in legal and regulatory repercussions for the Company.

Hazardous wastes are a serious health and safety concern. As such, all existing regulations on hazardous waste handling, storage, transport, and treatment/disposal are strictly observed. Majority of the hazardous wastes produced by the schools are chemical waste from the school laboratories. Students who work with chemicals in their laboratory classes (prior to the suspension of face-to-face classes due to the COVID pandemic in March 2020) are taught proper laboratory safety techniques. They are also not allowed to work without proper supervision and safety equipment, such as lab gowns and goggles. Laboratory assistants are licensed chemists to ensure that they know how to safely handle hazardous wastes. Appropriate personal protective equipment (PPE) are also provided.

The wastes are stored in a secured, on-site hazardous waste storage room. Treatment/disposal is done via DENR-accredited hazardous waste haulers and treaters. Records are kept via the Certificate of Treatment provided by these treaters.

Discussion on Opportunities

Existing protocols, procedures, and technologies used are currently being assessed to improve the school's processes as to minimize the generation of hazardous waste.

Effluents

Table 14. Effluents

Disclosure	Quantity	Units
Total volume of water discharge	9,833	Cubic meters
Percent of wastewater recycled[1]	4.77%	%

1 Only MCM recycles its wastewater.

Effluents
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Improper wastewater discharge has a negative effect on the environment through pollution, increased sedimentation, and potentially spreading diseases. It may lead to legal and regulatory issues for IPO.

The IPO subsidiary schools are either connected to a centralized sewage treatment plant (STP) of the government accredited water concessionaires such as Maynilad or Manila Water, connected to its own septic tank, or operates its own STP like MCM. These are all in compliance with DENR requirements on wastewater discharge.

MCM is the only school within IPO that operates its own STP. The STP has a Discharge Permit, and wastewater parameters are monitored and complied with in accordance with the permit requirements. This is accomplished through regular monitoring and preventive maintenance. MCM uses the treated wastewater for watering the landscape. This solution is also being adopted in the new Mapua campus in Makati.

The rest of the schools are connected to the centralized sewage treatment plants of government accredited water concessionaires (i.e., Manila Water or Maynilad, etc.).

Discussion on Opportunities

IPO is still in the process of integrating approaches and identifying opportunities across all schools. However, individually, the subsidiary schools may explore ways to reuse treated water.

Environmental compliance

Table 15. Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

Environmental Compliance
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO strives to comply with all environmental laws applicable to the Company's operations. Any non-compliance has regulatory risk, resulting in fines and/or sanctions which could disrupt the schools' operations and/or classes. The Company did not receive any fines or sanctions for the reporting period.

The company ensures that all subsidiary schools comply with applicable environmental laws. Most of the schools are required to have their own Pollution Control Officers who are tasked to closely monitor their respective school's compliance.

Discussion on Opportunities

No opportunities were identified during this reporting period.

SOCIAL

Employee Management

Employee Hiring and Benefits

Table 16. Employee data

Disclosure	Quantity	Units
Total number of employees[1]	2561	#
a. Number of female employees	1352	#
b. Number of male employees	1208	#
Attrition rate[2]	6%	rate
Ratio of lowest paid employee against minimum wage	1.05:1	ratio

1 Direct hires (computed as permanent employees +temporary employees +new hires – turnover for 2021)
2 Attrition rate is computed as (number of new hires – number of turnover)/(average of total no. of employees of previous year and total no. of employees of current year. May also be considered as Labor Turnover.

Table 17. Consolidated employee benefits

List of Benefits	Y/N	% coverage to female employees	% of female employees who availed for the year	% coverage to male employees	% of male employees who availed for the year
SSS	Y	75%	68%	45%	40%
PhilHealth	Y	75%	68%	32%	30%
Pag-ibig	Y	75%	68%	37%	39%
Parental leaves[1]	Y	34%	34%	14%	34%
Vacation leaves[1]	Y	63%	60%	88%	85%
Sick leaves[1]	Y	63%	60%	62%	62%
Medical benefits (aside from PhilHealth)	Y	64%	59%	38%	38%

List of Benefits	Y/N	% coverage to female employees	% of female employees who availed for the year	% coverage to male employees	% of male employees who availed for the year
Housing assistance (aside from Pag-ibig)	N	0%	0%	0%	0%
Retirement fund (aside from SSS)[2]	Y	15%	9%	1%	1%
Further education support[3]	Y	17%	17%	2%	1%
Company stock options	N	0%	0%	0%	0%
Telecommuting[4]	Y	63%	54%	83%	83%
Flexible Working Hours[5]	Y	37%	36%	65%	63%

"Coverage" was defined as the proportion of employees who are entitled to receive that benefit.
"Availed" was defined as the proportion of covered employees who used the benefit. Benefits discussed are available to Permanent employees
1 Parental, vacation, and sick leaves are provided upon regularization
2 Offered by Mapua schools (MESI, MCL, MCM, MHSS), NTC, and UNC. Not offered by IPO parent company and APEC Schools.
3 Offered by MESI, MCL, MCM, NTC, and UNC. Not offered by iPeople parent company, MHSS, and APEC
4 Offered by all IPO schools due to the COVID pandemic
5 Offered by all IPO schools on a limited scale due to the COVID pandemic

Employee data and benefits
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO requires highly educated and competent faculty to provide the best education to its students and establish its reputation of providing quality and accessible education. In 2021, the risks reported include delays in hiring qualified personnel, lack of qualified personnel for the position, and high personnel turnover. Inadequate number of faculty may result in operational disruptions (as some subjects may not be offered), and burnout of existing faculty (due to taking additional load to fill the gaps).

Faculty members are vital to the schools' operations. IPO subsidiary schools address the risk of losing good faculty by offering competitive salaries; providing benefits which are comparable to the other schools and above the minimum set by law; opportunities for training and development and for further study is given; research opportunities and incentives for research publications; and support for local and international paper presentations. Children of employees also receive discounts if enrolled in IPO schools. IPO also invests in a company culture that is nurturing and supportive.

IPO and its subsidiary schools experience high employee turnover in 2021 because of the pandemic. There was a continued reduction of personnel for the IPO schools, since some of the processes were digitized, classes were done remotely or online or converted to online processes. As a result, some job positions became redundant or obsolete. The reduction was effected either through resignation, redundancy program or retirement of employees.

Discussion on Opportunities

The Company is still in the process of integrating approaches and identifying opportunities across all schools. However, individually, the IPO are implementing policies to attract competent and distinguished faculty, but regularly evaluate the current employee salaries benefits to ensure that they are still competitive and at par with industry standards.

Employee Training and Development

Table 18. Employee Training Data

Disclosure	Quantity	Units
Total training hours provided to employees[1]	307,872.50	hours
a. Female employees	141,312.50	hours
b. Male employees	166,560.00	hours
Average training hours provided to employees[1]	120.22	hours/employee
a. Female employees	123.20	hours/employee
b. Male employees	116.98	hours/employee

1 Includes both permanent and temporary employees

Employee training and development
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Aside from supporting further education, IPO invests in its people through continuous in-house and external training to promote career and professional growth. Without this continued investment, IPO risks high employee attrition, operational disruptions, low quality of education provided to students, and loss of Company reputation.

IPO schools have regular assessment programs to assess the needs of their teaching and non-teaching employees. They also provide opportunities for training, certifications, and attendance in seminars and conferences to upgrade their skills. Faculty members are given opportunities for further study and research; incentives for publication; and support for paper presentations both local and international. Most of the training conducted for faculty and staff were in relation to the shift to online delivery on classes and services. Schools also have strong in-house training programs with CPD credits (APEC Schools) and in-house training for employees (Mapua). All schools have training facilities in various forms. Majority of the training in 2021 was conducted online and which aimed to improve the online or remote delivery of courses. These online trainings or webinars included topics on the use digital tools and online processes, and certifications. Most trainings in 2021 was still conducted online due to restrictions because of the COVID pandemic.

Discussion on Opportunities

IPO and its subsidiary schools are regularly reviewing best practices and processes, leveraging on the YGC and AC connections, to effectively identify and improve career gaps reviews and designing more effective training programs for employees.

Labor-Management Relations

Table 17. Labor- Management Relations Data

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements[1]	26.94	%
Number of consultations conducted with employees concerning employee-related policies	As needed	#

1 Only Mapua has unions for its teaching and non-teaching personnel.

Employee training and development
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Only 26.94% of IPO employees are members of two separate Collective Bargaining Units (unions) and are covered by two separate Collective Bargaining Agreements (CBAs). Mapua is the only school with unions: the Faculty Association of Mapua Institute of Technology (FAMIT) [faculty union] and the Mapua Institute of Technology Labor Union (MITLU) [non-teaching employees' union]. The unions represent all permanent employees of Mapua University, except for the confidential permanent employees and the Deans of the Schools. CBAs providing for employee benefits and other terms are effective for a period of three to five years. Financial items in the CBA are negotiated after three (3) years, while non-financial or political items are negotiated every five (5) years.

Risks due to negative relations with the union include effect on operations (work stoppage or strike); financial risk (effect on enrollment, productivity), and reputation (loss of confidence in the company by its stakeholders. Unresolved issues with the union may lead to unfair labor practice (ULP), which may be grounds for filing administrative (labor), civil, or criminal cases.

Proactively engaging with the union through informal dialogues and regular Labor Management Council (LMC) meetings and the adherence to transparent and frequent communication under CBA processes reduces the probability of employer-employee dispute. Through engaging and negotiating in good faith, the company and the union execute agreements that are fair and equitable to all concerned.

Discussion on Opportunities

To ensure that there is a fair and transparent resolution of all union-related issues, Mapua holds the regular LMC sessions every 2 months or whenever there is a relevant issue which needs to be resolved. LMC sessions may also be used as avenues to eventually agree on the policies that would be beneficial to both management and the employees and to ensure that good relations between the union and the company is maintained.

Diversity and Equal Opportunity

Table 18. Diversity and Equal Opportunity Data

Disclosure	Quantity	Units
% of female workers in the workforce[1]	55.53%	%
% of male workers in the workforce[1]	44.47%	%
Number of employees from indigenous communities and/or vulnerable sector*	8	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).
1 Includes both Permanent and Temporary employees

Diversity and equal opportunity
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO implements policies that provide equal opportunity to all employees regardless of sex, gender identity, race, or religion. This is evident in hiring faculty members and employees where such are not considered as factors in hiring.

At present, a number of employees are solo parents and thus belong to the vulnerable sector. These members of the vulnerable sector are given the benefits and consideration due to them in accordance with law and existing company policies.

Such activities for solo parents and adult learners include online lectures and trainings conducted in partner communities of Mapua, as stated in the table below:

Table 19. List of Online Trainings and Seminars for Solo Parents and Adult Learners

SCHOOL	ADULT EDUCATION/TRAINING
Mapua University	Basic Electrical Circuits
	PC Troubleshooting and Networking
	Python App Development
	Micro Video Lectures for ALEAP
	Basic Welding Workshop

IPO 's CSR projects on diversity and equal opportunity continue to cater to women and children. Majority of IPO 's CSR projects also focuses on child education. Young members of the vulnerable sectors who are supported through education early on in their lives, have a greater chance to finish their schooling and to become gainfully employed later on.

Other projects continued to focus on child education which were conducted by Mapua for partner communities in Pandacan, Manila. Modules and micro-video lectures to supplement classroom subjects were continued until 2021, such as those mentioned in the table below:

Table 21. List of Online Modules for Children

SCHOOL	CHILD EDUCATION
UNC	Brigada Pabasa
Mapua	English Made Easy
	Exploring Singaporean Mathematics
	Art, Art Baby
	Mathang-Isip
	Letralino (smooth drive to our future)
	Literacy and Talent Program for Children
	Pagbasa at Pagintindi para sa Kinabukasan
	VocabuStory
	Glow Slime (The Science of Slime)
	Matematika Sa Pandacan Tungo Sa Magandang Kinabukasan
	MATHikayat
	Back To Your Roots
	MATHALINO
	Pangunahing Kaalaman, Kailangan ng Kabataan
	Explore Beyond Stories
	Mga Alaala ni Bonifacio
	LEARN-ingning

Discussion on Opportunities

IPO is currently evaluating its policies and practices to strengthen its commitment to provide equal opportunity to all and look at possibly working with its partners to provide employment and other opportunities for the vulnerable sector.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Table 22. Occupational Health and Safety Data

Disclosure	Quantity	Units
Safe Man-Hours	3,781,884	Man-hours
No. of work-related injuries	186	#
· Employees	16	#
· Students	170	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	24	#

Occupational Health and Safety
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO considers the health and safety of its students, faculty, and staff as a top priority. Risks include unsafe facilities, lack of accessible healthcare in times of emergency, and lack of knowledge on proper safety procedures and what to do in times of emergency – all of which lead to potential loss of human life and reputation, as well as regulatory penalties.

Standard policies and procedures govern responses to health and safety incidents. For 2021, IPO schools continued to implement their respective Health and Safety Protocols based on IATF, CHED, DOH and DTI regulations on prevention and control of COVID-19 and ensured that there is strict compliance cross all the IPO schools. Health and safety reminders and bulletins on COVID 19 are also regularly communicated school-wide through postings in their websites, emails, and social media.

Safety drills are also conducted regularly as required by law and the schools' policies, however for 2021, the only scheduled drills during the middle and latter part of the year were conducted due to the COVID pandemic. First aid training is also given to both employees and students. Policies and emergency procedures are in place and may be readily implemented in case of natural disasters such as floods, fires, earthquakes, and other situations such as bomb threats and pandemic events (i.e., COVID pandemic).

In addition, as a minimum health standard each school has a clinic staffed with healthcare providers to address injuries or sickness that occur on-campus. In 2021, there was only limited face-to-face for medical courses were allowed only on the latter part of the year. The usual protocol for students who work with chemicals in the laboratories was strictly implement including proper laboratory safety procedures. They were also not allowed to work without proper supervision and safety equipment, such as lab gowns and goggles. Certified and trained laboratory assistants were on hand to assist then and ensure the safe handling of chemicals.

Discussion on Opportunities

IPO is the process of evaluating its health and safety protocols to ensure that such protocols cover all circumstances that may affect the health and safety of its employees and students, particularly in the event of calamities, natural disasters, and pandemic events. This includes the possibility of having regular structural audits to monitor and ensure the structural health of school buildings and other structures within the schools' campuses, and regular review and audit of the IPO schools health and safety protocols which cover pandemic events such as the COVID pandemic.

Labor Laws and Human Rights

Table 23. Legal actions on Forced or Child Labor

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Table 24. Policies Disallowing Violation of Human Rights

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	Not explicitly stated in company policy but done as a matter of practice
Child labor	N	Not explicitly stated in company policy but done as a matter of practice
Human Rights	Y	The Employee Manuals of each school and IPO Parent

Labor laws and human rights

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO strictly observes human rights laws, particularly those against forced labor and child labor. While forced labor and child labor are not explicitly addressed in company policy, it is addressed as a matter of practice as the Company complies with all relevant national and local laws in the areas where it operates in. Risks for non-compliance of labor laws include regulatory penalties, loss of reputation for the Company, and even civil and criminal penalties.

As a matter of policy, IPO schools do not tolerate bullying or harassment of any kind. The IPO schools have strict anti-bullying policies for students. These policies are specifically included in their student manuals, in compliance with existing laws against bullying. These policies also provide for the instances covered and the procedure for handling cases of bullying, including intervention, remedial measures, and penalties in case of violation.

IPO and its subsidiary schools also have strict sexual harassment policies that are incorporated in their respective employee manuals. The policies include the circumstances which constitute sexual harassment, the process for filing complaints, conduct of investigation and hearings, and the penalty for violation of the policies.

Seminars and orientations are also conducted to ensure that employees and students are aware of the policies and to make sure that they comply with the provisions of the manuals.

Discussion on Opportunities

The Company is still in the process of integrating approaches and identifying opportunities across all schools. However, individually, the subsidiary schools are evaluating their current policies to update them and ensure that these policies comply with new laws and issuances.

Supply Chain Management

Supply chain management is performed at the YGC Group level. All vendors are screened and vetted, and purchases adhere to procurement policies, procedures and guidelines. The YGC Group has a supplier accreditation policy.

Table 25. Sustainability Topics Considered in Supplier Accreditation

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	Not explicitly mentioned in the Supplier Accreditation Policy, but potential suppliers must submit copies of relevant valid environmental permits as part of the Supplier Document Checklist required for accreditation.
Forced labor	N	Not explicitly mentioned in the Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Child labor	N	Not explicitly mentioned in the Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Human rights	N	Not explicitly mentioned in the Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Bribery and corruption	Y	Code of Ethics for Suppliers, section on Bribes, Kickbacks, and Gifts from Suppliers

For IPO parent and all Mapua Schools (MESI, MCL, MHSS and MCM) the accreditation of suppliers in handled by the YGC Group. The other schools (NTC, APEC Schools, and UNC) have their own supplier accreditation process.

Supply chain management
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO schools' operations require large amounts of supplies and outsourced personnel. Oftentimes in the supply chain, the end-users (such as IPO) are more visible to the public compared to their suppliers. Thus, any non-compliance or negative perception of IPO suppliers may result in reputational risks for the Company, as well as possible regulatory non-compliance.

Each vendor undergoes a strict vetting and accreditation process. As part of the accreditation process, they are required to submit valid proof of compliance with all applicable regulations, such as business permit, DOLE clearance, and environmental permits. For the duration of a contract with a service provider (e.g., janitorial services), their progress billing payment will not be released without proof of remittance of Social Security System (SSS), Philhealth, and Pag-ibig remittances for their employees deployed in YGC companies.

Discussion on Opportunities

YGC Group procurement may consider the potential inclusion of ESG Policies in the accreditation process, particularly in the questionnaires and forms required from suppliers.

Relationship with Community

Table 26. Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Operation of schools (K-12, undergraduate, post-graduate)	Luzon, Mindanao	The poor (Class D and E) as part of NSTP Adoption of Communities	No	None	None

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

Table 27. Free and Prior Informed Consent and Certification Pre-conditions

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: **NOT APPLICABLE**

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

Significant impacts on local communities
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO schools have significant impact on the local communities around the school as hubs for thousands of students, faculty, and staff,. In areas near the schools, there is a significant number of businesses that cater to the needs of the students (e.g., eateries, photocopying services, dormitories, etc.). These contribute to the economic development of the area. However, a potential negative impact is the increased traffic around the school areas due to increased travel around the area to service students.

IPO works with the local government units (LGUs) to develop traffic routing schemes to lessen the schools' impacts on the traffic situation, and that vehicles and people around the schools do not hamper or impede the flow of traffic. In 2021, the schools coordinated with the LGUs on the implementation of health and safety protocols mandated under IATF, DOH and CHED guidelines during the COVID pandemic

IPO, through its subsidiary schools, continue to offer online platforms to deliver classes, distance learning modules, and fully online programs so as to diversify its offerings and to lessen the risk and burden of students to go to school especially during the COVID pandemic. Currently, all IPO schools deliver online classes on a school-wide level since students are unable to go to school for face-to-face classes. Fully online degree programs continued to be offered, as well as online application, examinations enrollment and the use of e-books to minimize the need for onsite transactions which lessen the need for students to go to the IPO school campuses.

Discussion on Opportunities

The Company is still in the process of integrating approaches and identifying opportunities across all schools. However, the schools have already implemented several online and distance learning projects.

Customer Management

Customer Satisfaction

Table 28. Customer Satisfaction: Net Promoter Score and Happiness Survey

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		
Net Promoter Score	44.37[1]	No. Done internally by the school
Student Happiness Survey	3.65[2]	No. Done internally by the school

1 Net Promoter Score is based on UNC, NTC and APEC.
2 Student Happiness Survey is based on NTC, Mapua, MCM and UNC schools as due to the COVID pandemic the other schools had not yet completed their student happiness surveys at the time of data collection and no data is available.

Customer management
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO ensures that its offered programs, from K-12, undergraduate, and postgraduate, comply with applicable laws and regulations and meet the needs and expectations of students and parents in terms of knowledge and experience gained, overall school experience, and value for money.

Methodologies for student evaluations of the schools' services vary per school and grade level. In 2021, students were asked to provide online evaluations of teachers and the schools' services and asked to answer the Net Promoter Score and Student Happiness surveys. The feedback from the evaluation is used to improve the schools' delivery of services, and develop programs and plans which address various student issues and concerns.

Discussion on Opportunities

IPO continue to use these methods to improve their delivery of service. However, the surveys and methodologies are periodically reviewed to ensure that they provide a fair and accurate evaluation.

Health and Safety

Table 29. Complaints on Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Health and Safety
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO considers health and safety to be a top priority. Risks include the spread of diseases and pandemic events, natural disasters such as floods, fires, earthquakes, and other situations such as bomb threats. Policies and emergency procedures, safety and health protocols are in place and may be readily implemented in case of pandemic events or natural disasters. Orientations and briefings and safety and emergency drills are regularly conducted. Videos on safety procedures in case of earthquakes and fires were also made as part of the information and awareness campaigns to ensure employees and students know what to do in case of fires, floods, earthquakes, and other emergency situations.

Health and safety protocols on the COVID pandemic continued to be implemented in 2021, in accordance with IATF, DOH and CHED regulations, including implementing a group-wide COVID vaccination program for employees.

IPO schools have Health and Safety Committees that regularly meet to update policies and discuss issues on health and safety. They also have written policies and guidelines to address complaints concerning health and safety. Schools are required to have licensed healthcare professionals (doctors, nurses, and dentist) on-site to provide adequate healthcare to students and employees. Aside from these, they also have designated Health and Safety Officers. To involve the population, awareness campaigns and seminars on health and safety are regularly conducted, as well as fire and earthquake drills. For 2021, the awareness campaigns were done online through regular postings and bulletins in websites and social media.

Discussion on Opportunities

IPO regularly evaluates the health and safety programs of the subsidiary schools (1) to ensure that all scenarios and the risks involved which affect the health and safety of students and employees are covered, particularly for the current COVID pandemic, and to (2) improve current programs to fill in gaps in the processes.

Marketing and Labelling

Table 30. Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and Labelling
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO takes particular care to not misrepresent itself to its customers and other stakeholders. Risks include loss of reputation of the company, especially with the widespread use and reach of social media. The schools' reputation is part of its marketing strength.

Marketing teams of the IPO Schools evaluate and check all marketing materials to ensure that information and claims made on the schools' successes are accurate. For time-sensitive information, such as rankings, certifications, and board exam passing rates, time references are always included in materials. Periodic review of the schools' websites and other relatively permanently available materials are also done to ensure that they are updated and contain accurate the information. IPO has policies and procedures to address complaints on marketing and false or inaccurate information.

Discussion on Opportunities

IPO and its subsidiary schools regularly evaluate current marketing and communication strategies of the schools. This is to ensure that the strategies are appropriate and responsive to the needs of the schools. Plans to upgrade the skills of its current marketing teams which includes crisis communications, management training, and social media management are also being evaluated.

Customer privacy

Table 31. Customer Privacy Data

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	1	#
No. of complaints addressed	1	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

** Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Customer privacy
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As IPO and its subsidiary schools are primarily education providers, they collect and have access to personal and sensitive information of students and employees.

As a matter of policy, IPO and its subsidiaries respect and uphold data privacy rights and ensure that all personal data collected from students, their parents or guardians, employees, and other third parties are processed pursuant to provisions of the Data Privacy Act of 2012 as reflected in their respective Data Privacy Manuals.

Designated Data Privacy Officers are tasked to ensure compliance with the Data Privacy Act by implementing the data privacy policies of the schools. They also conducted seminars and orientations on the data privacy to ensure that the schools also strictly comply not only with the Data Privacy Act, but also with the provisions of the Manual of Regulations on Private Higher Education (MORPHE) and the Manual of Regulations on Private Schools (MRPS) on the confidentiality of student records and information. Privacy notices and data privacy statements are present in school forms so that students and parents are informed of how their information will be used. The schools also have policies and protocols in place to handle complaints and inquiries on data privacy. The one instance in 2021 that there was a reported complaint and acted upon by the school concerned pursuant to its data privacy policies. Such complaint was immediately addressed and the resolved by the school concerned.

Audits of the data privacy policies and their implementation are also regularly conducted for some of the schools. Online modules on data privacy are regularly cascaded to and answered by employees to ensure that they understand and apply the data privacy policies.

Discussion on Opportunities

IPO and its subsidiary schools regularly evaluate policies on customer privacy to ensure that they continue to secure the student and employee records and data, and that the policies are updated and compliant with current laws and regulations.

Data Security

Table 32. Data Breaches

Disclosure	Quantity	Units
No. of data breaches, security incidents, including leaks, thefts and losses of data	1*	#

* Security Incident- Unauthorized Disclosure of Personal data

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

IPO schools have IT policies on data security that are strictly implemented and regularly updated by their respective departments. Data security drills and exercises are also conducted. Students, faculty, and staff are informed about data security through awareness campaigns on the prevention of cybersecurity crimes and data security issues.

The schools have their respective policies and procedures in case of data breach, or violation of data security policies. The schools also have existing data management policies, guidelines, and procedures for handling and reporting data breaches. Audits of the data security policies and systems are also regularly conducted for some of the schools. Online modules on data security are regularly cascaded and answered by employees to ensure that understand and apply the data security policies.

In 2021, there was only one (1) data security incident involving unauthorized disclosure of personal data (school and email addresses) which was reported to the National Privacy Commission within 72 hours, acted upon by the school concerned, including notification of the affected users within 72 hours, and resolved immediately pursuant to the Data Privacy Act of 2012 and its Implementing Rules and Regulations and the school's data privacy policies, including the breach management procedure. The full report, including the annexes (privacy impact assessment, IT security and data privacy policies, proof of notification) was likewise submitted to the NPC five (5) days after the incident was reported, and within the period provided under the Data Privacy Act. The incident was resolved, and all relevant regulatory and reportorial requirements were complied with by the school concerned.

Discussion on Opportunities

IPO and its subsidiary school are strictly implementing their respective data privacy policies to ensure that they continue to secure the student and employee records and data. These policies are regularly updated to ensure that they are compliant with current laws and regulations, and that these are cascaded with the students and employees.

UN SUSTAINABLE DEVELOPMENT GOALS

Table 33. Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Education from kindergarten to post-graduate (depending on the school)	4.3 Equal access to affordable technical, vocational, and higher education 4.B Expand higher education scholarships for developing countries 4.C Increase supply of qualified teachers in developing countries 8.6 Promote youth employment, education, or training	Inaccessible to lower-income Filipinos particularly since online or remote delivery is being implemented Increase in number of internally funded-scholarships and discounts is not cost-effective for the schools High quality of graduates results in high demand and pay offered by companies both here and abroad, which results in loss of employees (e.g. qualified faculty) for IPO	Partnerships for scholarships (government and private) Internally-funded scholarships and discounts to allow the lower income segments to enroll. Offer competitive pay, benefits, and incentives for employees and faculty such as opportunity for further study, research incentives, and support for paper presentation
Research and development	Innovation and research that contributes to knowledge and/or contributes to an improved quality of life for Filipinos.	Cost of R&D (overspending)	Develop commercially viable projects, those that are "useful to society", and those that may solve problems of communities or provide solutions to industries; Partner with government agencies (DOST) for funding of R&D projects.

* *None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

Education

Composed of seven (7) schools with various campuses in Luzon and Mindanao, IPO offers education from kindergarten to post-graduate (depending on the school). In 2021, 49,083 students were enrolled in IPO schools, from Basic Education (K+12) to post-graduate. Fifty-three percent (53%) of the students also belonged to economic segments E, D, and C2, with monthly household income ranging from below ₱10,000 to ₱64,999.

In 2021, IPO continued to provide ₱175,647,200.22 in scholarships to 3,183 students. IPO also assisted students in applying for government scholarships in the total amount of ₱301,139,263.30. Discounts and rebates on tuition and fees were also given to students as a result to the suspension of face-to-face classes and shift to remote/online learning due to the COVID-19 pandemic amounting to around ₱48,164,587.25.

Aside from scholarships, providing affordable quality education that is accessible to the segments with lower income levels is also embedded in the business model of some IPO schools. APEC Schools offering affordable education from Grades 7 to 12, with the goal of preparing its graduates for immediate employment and/or to pursue higher education. It has managed to do this even while offering a tuition fee rate that is relatively lower compared to other private high schools. In 2021, APEC Schools enrolled a total of 8,872 students across all campuses, with 44% of them belonging to segments D and E (with monthly household income of ₱24,999 and below).

IPO's achievements in graduating students that are ready for higher education and/or employment is seen in high graduates' employment rate (65%). In 2021, IPO schools produced 15,260 graduates in senior high school, undergraduate, and post-graduate. Of these, 65% received job offers within 120 days of graduation, with 59% offered employment by multinational corporations or are offered jobs abroad. These graduates then become productive members of society.

The schools also continue to assist students in applying online for jobs through a centralized and revamped online internship program, online career coaching and career fairs, and activities designed to mimic the job application process.

For those taking board exams, the schools have correlation programs designed to assist and ensure that the examinees are prepared to take the board examinations. This is supplemented by holding review sessions that, in turn, translate to higher passing rates in the board examinations. However, due COVID-19 pandemic, most board examinations scheduled in early and mid-2021 were postponed to a later date in 2021. The IPO schools consistently have passing rates which are well-above the national passing rates, which is proof of the quality of graduates that the schools are producing. The following table shows the passing rates for top-performing courses for 2021:

Table 32. 2021 Board Passing Rates for Top-Performing Courses

School	Top-Performing Courses	Board Exam Passing Rate (%) (First-time Takers)	Board Exam Passing Rate (%) (Overall with re-takers)	National Average Passing Rate (%)
Mapua	Civil Engineering	72.67%	70.81%	36.67%
	Electronics Engineering	64.89%	66.67%	47.84%
	Electrical Engineering	89.47%	85.37%	64.40%
	Chemical Engineering	60.00%	54.55%	47.28%
	BS Chemistry	83.33%	71.43%	36.31%
MCL	Civil Engineering	75%	75%	36.67%
	Electrical Engineering	100%	100%	64.40%
UNC	Nursing	91%	87.50%	51.45%

Research and Development

Table 33. 2021 Research and Development Investment and Output

Disclosure	Unit	2021
Research and Development Spending	Php	59,005,454.63
Research Papers Published in ISI and/or SCOPUS Indexed Journals	Number	335
Commercialized Research	Number	2

Research and Development is a key product of the IPO schools. While Research and Development in itself is not an SDG goal, it underpins the success of the SDGs.

In 2021, IPO Schools spent a total of ₱59,005,454.63 of internal university funds for Research and Development (amount does not include research funding received from external sources, such as government, funding agencies, etc.). Among the IPO Schools, Mapua was able published 335 research papers in ISI and/or SCOPUS-indexed journals. IPO schools have also taken other measures to improve research output, such as developed an institutional research agenda, revising their Research Incentive Policy, and providing support for presentation of papers in conferences both in the Philippines and abroad.

Mapua University also serves as an incubator for commercialized research. Mapua aims to replicate the previous success of its first commercialized research resulting from a research project funded by the Department of Science and Technology- Philippine Council for Industry, Energy, and Emerging Technology Research and Development (DOST-PCCEIERD), the Universal Structural Health Evaluation and Recording (USHER) System which is designed to assess and provide real time status on the structural health of buildings and other structures. A spin-off company was established under the FASTRAC project, also funded by the DOST-PCCIERD, based on the market and technical validation of the USHER project. To further enhance its capability to generate commercially viable research, Mapua has set the groundwork and signed the necessary contracts to establish with the help of DOST-PCCIERED in 2021, the DOST-Mapua Think and Tinker Laboratory, which is a technology business incubator (TBI) that intends to build and develop digital learning tools and solutions for education with a focus on various emerging technologies and industries. The DOST-Mapua Think and Tinker Laboratory is set to be formally launched in early 2022.

SEC CiFSS-OST Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Mon 5/2/2022 5:27 PM

Greetings!

SEC Registration No: 0000166411
Company Name: IPEOPLE INC.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City,
1307, Metro Manila, Philippines

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

Gmail

Ma. Cristina Alejandria <ipeopleinc2020june@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

---

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, May 2, 2022 at 4:46 PM
To: IPEOPLEINC2020JUNE@gmail.com
Cc: JONLOPEZ@ipeople.com

Hi IPEOPLE INC.,

Valid files

- EAFS000187926AFSTY122021.pdf
- EAFS000187926OTHTY122021.pdf
- EAFS000187926ITRTY122021.pdf
- EAFS000187926RPTTY122021.pdf
- EAFS000187926TCRTY122021-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-78JG9JH9031RTV42ZNYXXRTS202VQVTRYX**
Submission Date/Time: **May 02, 2022 04:46 PM**
Company TIN: **000-187-926**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.