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)*

8TH FLOOR MAPUA UNIVERSITY
MAKATI CAMPUS, 1191 PABLO
OCAMPO SR. EXTENSION AVE., BRGY.
STA.CRUZ, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	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)
1,993	July 30	March 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

8th Floor Mapua University Makati Campus, 1191 Pablo Ocampo Sr. Extension Ave., Brgy. Sta. Cruz, 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 deficiencie*

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)-(B) THEREUNDER

1. For the year ended: **March 31, 2025**

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** 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. **8th Floor Mapua University Makati Campus, 1191 Pablo Ocampo Sr. Extension Ave., Brgy. Sta. Cruz,, Makati City** **1205**
Address of principal office Postal Code

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

9. 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 June 30 – No debt registered pursuant to Sections 4 and 8 of the RSA

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

11. 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 [ ]

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of iPeople, inc. and Subsidiaries as of March 31, 2025 with comparative figures for the periods ended March 31, 2024, March 31, 2023 and December 31, 2024 and Schedule of Aging of Accounts Receivable are incorporated by reference as **Exhibit 1**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

Are there any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.	None
Does the registrant currently has, or anticipates having within the next twelve (12) months, any cash flow or liquidity problems?	No
Is the registrant in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments?	No
Has there been a significant amount of the registrant's trade payables have not been paid within the stated trade terms?	None
Describe internal and external sources of liquidity, and briefly discuss any sources of liquid assets used.	Sources of cash flow are from dividends.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

None

(iii) All 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.

None

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

There is no material commitment on capital expenditures other than those performed in ordinary course of trade of business.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. One provision of the Act stated that beginning July 1, 2020 until June 30, 2023, proprietary educational institutions and hospitals which are nonprofit shall be imposed a tax rate of 1%. Because of the enactment of the CREATE Act, income tax rate of schools was reduced from 10% to 1% from July 1, 2020 to June 30, 2023. In August 2023, the Securities and Exchange Commission (SEC) approved the merger of NTC and APEC, with NTC as the surviving entity. Both entities consider it to be in their best interests to merge into a single corporation to allow them to better achieve their goal of transforming lives through innovative education at affordable prices. Both entities are subsidiaries of IPO Other than matters discussed above, there is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income of the Group from continuing operations.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations;

None

(vii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item; The term "material" in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Statements of Comprehensive Income

The Group generated a higher consolidated net income of ₱326 million in the current year versus net income of ₱292 million in the same period last year. The higher net income in 2025 is driven by the better results of operations of IPO schools. IPO schools produced higher net income in 2025 due to higher student enrollment.

Revenues from school operations went up by 16% to ₱1.48 billion from ₱1.28 billion last year. The increase in revenues was due to higher enrolment in the current school year.

Costs of tuition and other fees went up by 21% or ₱154 million, while general and administrative expenses increased by 8% or ₱17 million higher than the same period last year. The higher expenses in 2025 were primarily driven by higher enrolment that directly affect the level of expenses, higher spending to continue to develop growth initiatives and higher depreciation expense. The Group's growth initiatives include the introduction of new programs in Business and Health Sciences as well as the offering of fully online programs of Mapua Malayan Digital College (MMDC) under Mapua Malayan Colleges Laguna. The introduction of new programs in business and Health Sciences is the result of the affiliation agreement with CINTANA Education in collaboration with Arizona State University.

Interest expense and other finance charges went down by 15% from ₱30 million last year to ₱26 million this year due to lower interest rates and payment of loans.

Statements of Financial Position

Total consolidated assets stood at ₱21.78 billion as of March 31, 2025. There is no significant change compared to ₱22.22 billion as of December 31, 2024. The minimal decrease in total assets is due to the collection of receivables.

Total consolidated current assets of ₱4.40 billion as of March 31, 2025 is 8% lower than the ₱4.80 billion as of December 31, 2024. The decrease is mainly because of lower receivables.

Receivables pertain mainly to matriculation and miscellaneous fees due from students. The 26% decrease in receivable is mainly due to the normal collection cycle during the school term. The level of receivables is higher at the start of the school term, and it will go down towards the end of the school term.

Prepaid expenses and other current assets went up to ₱591 million mainly because of higher prepaid expenses.

Total consolidated non-current assets as of March 31, 2025 is of ₱17.38 billion. There is no significant change in the balances of noncurrent assets.

Total consolidated liabilities were lower by 14% primarily because of the decrease in unearned income.

Current liabilities decreased to ₱3.13 billion in March 31, 2025 from ₱3.88 billion in December 31, 2024 due to the lower unearned income.

Unearned income is lower this year, from ₱1.29 billion in December 2024 to ₱425 million as of March 2025 due to revenue recognized during the period. Unearned income is higher at the start of the school term and will decline towards the end of the term when revenue is recognized.

Income tax payable in December 2024 was settled in April 2024. Tax liability for the quarter ending March 2025 is payable in May 2024.

Total noncurrent liabilities as of March 2025 is P1.60 billion. There is no significant change in the balances of noncurrent liabilities.

Total consolidated equity increased from ₱16.73 billion in December 2025 to ₱17.06 billion this year due to the net income during the period. Equity attributable to Parent is at ₱16.68 billion from ₱16.36 billion in December 2024.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

During summer and enrollment period, the school operations undergo a material change. For the purposes of this discussion, the summer period occurs two months from May to June or June to July of every year depending on each school's academic calendar.

During the summer term, student enrollment drops significantly because the majority of matriculating students go on break. Therefore, there is a seasonal shift in revenues as enrolment drops in the summer term. Despite the lower revenue during the summer term and enrollment period, the schools continue to carry the same periodic fixed costs resulting to lower net profits during the school summer period.

Financial Soundness Indicator
The company's top 10 key performance indicators as of the period ended March 31, 2025, March 31, 2024 and December 31, 2024 are as follows:

Financial ratios		**Unaudited March 2025**	Unaudited March 2024	Audited December 2024
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.41:1**	1.29:1	1.24:1
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**	1.07:1	1.10:1
Solvency Ratio *Shows how likely a Group will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.10:1**	0.09:1	0.26:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.28:1**	0.30:1	0.34:1
Asset to Equity Ratio *Shows how the Group's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.28:1**	1.30:1	1.33:1
Interest Rate Coverage *Shows how easily a Group can pay interest on outstanding debt*	EBIT* / Interest Expense Excluding Interest Expense on Lease Liabilities	**19.84:1**	14.78:1	7.18:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**2.01%**	2.07%	5.83%
Net profit margin *Reflect how much net income or profit is generated as percentage of revenue*	Net Profit / Revenue	**22.07%**	22.90%	16.24%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**1.50%**	1.47%	3.89%

- The current ratio is at 1.41 as of March 2025 compared to 1.29 as of March 2024 mainly due to increase in cash.
- Acid test ratio increased from 1.07:1 in 2024 to 1.22:1 in 2025 mainly due to increase in cash.
- Solvency ratio is higher in 2025 due to higher income and lower liabilities.
- Debt-to-equity ratio is at 0.28 for this year due to higher equity.
- Asset to equity ratio is at 1.28 in March 2025 versus 1.30 last year due to higher equity.
- Interest rate coverage ratio increased from 14.78 times as at March 2024 to 19.84 times this period because of lower interest expense incurred by the Group and higher income.
- Return on average stockholders' equity is lower this year at 2.01%, because of higher Stockholders' Equity.
- Net profit margin decreased from 22.9% last year to 22.07% as of this period because of the higher expenses of the Group.
- Return on asset is at 1.50% this year against 1.47% as of March 2024, because of the higher net income.

The above-mentioned ratios are applicable to the Group (Parent Company and its majority owned subsidiaries) as a whole.

PART II – OTHER INFORMATION

Item 3: First Quarter 2025 DEVELOPMENTS

Significant developments during the first quarter of 2025 were discussed in Part I Item 2: *Management Discussion and Analysis of Financial Condition and Results of Operations.*

Item 4: OTHER NOTES TO FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from related parties, financial assets, loans payable, accounts payable and accrued expenses, due to related parties, dividends payable, lease liability and long-term debt. The main purpose of these financial instruments is to manage working capital for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, market risk, and credit 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.

Risk Factors

iPeople, Inc. (IPO) is a holding company with significant involvement in education through its subsidiaries, is exposed to sector-specific risks which may impact reputation, stakeholder confidence, and overall business sustainability. IPO believes that risk management is the responsibility of all stakeholders and underscores the importance of an integrated risk management approach across 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 management team of the subsidiaries are responsible for managing their respective risk exposures and reports periodically to IPO.

As the risk environment for the Group continues to evolve, IPO periodically reviews and conducts a group-wide risk assessment, monitoring the identified risks to ensure that these are current and regularly taken into account. The following key risks have been identified which may impact the operations, objectives, and long-term value creation of the Group.

Reputational and Stakeholder Risk
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. The Group's reputation is closely linked to the performance and image of its education subsidiaries. Negative publicity or poor performance within any subsidiary may damage the Company's overall brand which may impact stakeholder confidence. A reputational setback in one subsidiary can cascade across the Group, affecting its ability to fulfill its growth and value objectives.

Competition and Market Risk
The Philippine and global economic condition may impact the student enrollment in IPO Schools and growth commitments to its stakeholders. The education landscape remains highly competitive, the

improvements in the public and private education and the evolving trends require the IPO and its subsidiaries to continuously innovate and adapt to maintain competitiveness and enrollment growth. The Company's lack of direct revenue-generating activities renders it dependent on subsidiary performance and vulnerable to broader economic trends.

Compliance and Regulatory Risk
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 education subsidiaries are subject to a range of legal and regulatory requirements like accreditation, licensing, environmental and other relevant local and national regulations. Failure to adapt to education-sector regulations or non-compliance may result in fines, legal action, reputational damage, and even the loss of accreditation or operating licenses.

Operational and Cybersecurity Risk
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 Groups' daily activities may result in financial losses. Disruptions in operations not only affect service delivery but can impact stakeholder trust and legal compliance. Increasing reliance on digital infrastructure exposes the group to additional risks. Cybersecurity threats and data breaches in student data, learning management systems, or infrastructure could lead to security incidents.

Technology Risk
The Company's business may be impacted by technological innovations and/or changes which may affect its operations, competitiveness, and financial results. The education industry is rapidly evolving, and technology is playing an increasingly important role in teaching and learning, which may significantly alter the way business operate. Dependence on technology for teaching, learning, and other administrative tasks exposes the Company to technological disruptions or online services. Inability to adapt to AI-driven educational and administrative transformations may place subsidiaries at a competitive disadvantage.

ESG and Sustainability Risk
The failure to address and manage the environmental, social, and governance concerns of the subsidiaries may impact the Company's reputation, financial performance, or result in regulatory fines. Climate change may affect school infrastructure and disrupt operations.

EXHIBIT 1

iPEOPLE INC. and SUBSIDIARIES

Interim Unaudited Consolidated Financial Statements

March 31, 2025, 2024 and 2023 (Unaudited)
and December 31, 2024 (Audited)

iPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Unaudited March 2025	Audited December 2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 15)	**₱2,545,064**	₱2,578,426
Receivables (Note 8)	**1,250,474**	1,695,037
Receivables from related parties (Note 15)	**2,883**	1,098
Prepaid expenses and other current assets (Note 9)	**590,847**	519,814
Financial assets at fair value through profit or loss (FVTPL)	**10,956**	8,022
Total Current Assets	**4,400,224**	4,802,397
Noncurrent Assets		
Property and equipment at cost (Note 10)	**5,539,151**	5,563,486
Land at revalued amounts (Notes 10 and 11)	**10,820,161**	10,820,161
Intellectual property rights (Note 6)	**447,676**	447,676
Goodwill (Notes 6 and 12)	**143,531**	143,531
Student relationship (Note 6)	**2,414**	2,971
Right-of-use assets (Note 27)	**324,861**	339,121
Net pension assets	**16,997**	16,997
Deferred tax assets – net	**657**	651
Other noncurrent assets (Note 13)	**83,359**	80,992
Total Noncurrent Assets	**17,378,807**	17,415,586
	₱21,779,031	₱22,217,983

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 14 and 27)	**₱1,553,125**	₱1,465,908
Short-term loans (Note 16)	**1,000,000**	1,000,000
Current portion of long-term debt (Note 17)	**24,430**	32,574
Unearned income (Note 14)	**425,185**	1,290,123
Lease liabilities - current portion (Note 27)	**36,382**	50,638
Income tax payable	**58,398**	23,097
Payables to related parties (Note 15)	**18,081**	5,762
Dividends payable (Note 18)	**9,642**	9,642
Total Current Liabilities	**3,125,244**	3,877,744
Noncurrent Liabilities		
Long-term loans (Note 17)	**261,278**	261,277
Lease liabilities - net of current portion (Note 27)	**344,314**	344,314
Net pension liabilities	**132,816**	137,787
Deferred tax liabilities - net	**847,707**	855,449
Other noncurrent liabilities (Note 27)	**9,491**	9,492
Total Noncurrent Liabilities	**1,595,605**	1,608,319
Total Liabilities	**4,720,849**	5,486,063

(Forward)

	Unaudited March 2025	Audited December 2024
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)	**5,481,723**	5,481,723
Remeasurement losses on defined benefit plans	**(32,743)**	(32,743)
Equity reserve (Note 6)	**(230,494)**	(230,494)
Retained earnings (Note 18)	**7,126,670**	6,802,972
Equity attributable to equity holders of the Parent Company	**16,683,787**	16,360,089
Non-controlling interest in consolidated subsidiaries (Note 24)	**374,395**	371,831
Total Equity	**17,058,182**	16,731,920
	₱21,779,031	₱22,217,983

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, iNC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	January 1 to March 31		
	2025	2024	2023
REVENUE			
Tuition and other fees (Note 19)	**₱1,478,319**	₱1,275,725	₱1,073,364
COSTS AND EXPENSES			
Cost of tuition and other fees (Note 20)	**887,589**	733,156	614,039
GROSS PROFIT	**590,730**	542,569	459,325
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	**(226,772)**	(209,708)	(190,026)
INTEREST AND OTHER FINANCE CHARGES (Note 22)	**(25,907)**	(30,491)	(39,879)
INTEREST INCOME (Note 22)	**16,525**	15,504	14,324
OTHER INCOME (EXPENSE)	**4,133**	4,461	5,883
INCOME BEFORE INCOME TAX	**358,709**	322,335	249,627
PROVISION FOR INCOME TAX	**32,448**	30,184	1,837
NET INCOME	**326,261**	292,151	247,790
OTHER COMPREHENSIVE INCOME			
Other comprehensive income (loss):			
Reversal of DTL due to change in tax rate on FV deemed cost adj	**–**	–	–
	–	–	–
TOTAL COMPREHENSIVE INCOME	**₱326,261**	₱292,151	₱247,790
Net income attributable to:			
Equity holders of the parent (Note 23)	**₱323,698**	₱289,220	₱244,737
Non-controlling interest in consolidated subsidiaries	**2,563**	2,931	3,053
	₱326,261	₱292,151	₱247,790
Total comprehensive income attributable to:			
Equity holders of the parent	**₱323,698**	₱289,220	₱244,737
Non-controlling interest in consolidated subsidiaries	**2,563**	2,931	3,053
	₱326,261	₱292,151	₱247,790
Basic Earnings Per Share (Note 23)	**₱0.3100**	₱0.2770	₱0.2344

iPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Common Stock (Notes 6 and 18)	**Additional Paid-in Capital** (Note 6)	**Revaluation Increment on Land - net of tax** (Note 11)	**Remeasurement Gains (Losses) on Net Defined Benefit Plans**	**Equity Reserve** (Note 6)	**Retained Earnings** (Note 18)	**Total**	**Non - controlling Interest** (Note 24)	**Total**
Balances as at January 1, 2025	**₱1,044,263**	**₱3,294,368**	**₱5,481,723**	**(₱32,743)**	**(₱230,494)**	**₱6,802,972**	**₱16,360,089**	**₱371,831**	**₱16,731,920**
Net income	–	–	–	–	–	**323,698**	**323,698**	**2,564**	**326,261**
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	**323,698**	**323,698**	**2,564**	**326,261**
Dividends declared	–	–	–	–	–	–	–	–	–
Balances as at March 31, 2025	**₱1,044,263**	**₱3,294,368**	**₱5,481,723**	**(₱32,743)**	**(₱230,494)**	**₱7,126,670**	**₱16,683,787**	**₱374,395**	**₱17,058,182**
Balances as at January 1, 2024	₱1,044,263	₱3,294,368	₱4,516,945	(₱32,649)	(₱230,494)	₱6,165,650	₱14,758,083	₱326,445	₱15,084,528
Net income	–	–	–	–	–	289,220	289,220	2,931	292,151
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	289,220	289,220	2,931	292,151
Dividends declared	–	–	–	–	–	–	–	–	–
Balances as at March 31, 2024	₱1,044,263	₱3,294,368	₱4,516,945	(₱32,649)	(₱230,494)	₱6,454,870	₱15,047,303	₱329,376	₱15,376,679
Balances as at January 1, 2023	₱1,044,263	₱3,294,368	₱2,603,159	₱11,099	(₱230,494)	₱5,719,050	₱12,441,445	₱298,753	₱12,740,198
Net income	–	–	–	–	–	244,737	244,737	3,053	247,790
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	244,737	244,737	3,053	247,790
Dividends declared	–	–	–	–	–	(198,410)	(198,410)	–	(198,410)
Balances as at March 31, 2023	₱1,044,263	₱3,294,368	₱2,603,159	₱11,099	(₱230,494)	₱5,765,376	₱12,487,771	₱301,806	₱12,789,578

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	January 1 to March 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱358,709**	₱322,335	₱249,627
Adjustments for:			
Depreciation and amortization (Notes 10, 13, 20 and 21)	**142,576**	127,429	122,387
Interest expense and other finance charges (Note 22)	**25,907**	30,491	39,484
Provision for doubtful accounts (Notes 8 and 21)	**17,202**	11,905	5,518
Interest income (Note 22)	**(16,525)**	(15,504)	(14,324)
Unrealized foreign exchange loss (gain) - net	**626**	(381)	1,020
Unrealized market loss (gain) on financial assets at FVTPL	**(144)**	(100)	(116)
Operating income before working capital changes	**528,351**	476,175	403,596
Decrease (increase) in:			
Receivables	**427,361**	140,874	20,866
Prepaid expenses and other current assets	**(73,823)**	(44,849)	61,219
Increase (decrease) in:			
Accounts payable and other current liabilities	**82,899**	(26,526)	44,869
Unearned income	**(864,938)**	(322,360)	(67,438)
Other noncurrent liabilities	**-**	(1,885)	7,130
Net pension assets and liabilities	**(4,971)**	(3,678)	5,647
Net cash generated from operations	**94,879**	217,751	475,888
Interest paid	**(27,192)**	(30,491)	(39,879)
Income taxes paid	**708**	(956)	(736)
Interest received	**16,525**	15,461	14,274
Net cash flows from operating activities	**84,920**	201,764	449,547
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 10)	**(101,684)**	(103,712)	(193,285)
Computer software (Note 13)	**-**	(934)	(1,461)
Decrease (increase) in:			
Receivables from related parties	**(1,785)**	(826)	(1,056)
Other noncurrent assets	**(4,108)**	2,491	2,849
Net cash flows used in investing activities	**(107,577)**	(102,981)	(192,954)

(Forward)

	January 1 to March 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of long-term loans	**(8,143)**	(8,143)	(8,143)
Payment of lease liabilities (Notes 26 and 27)	**(14,255)**	(12,500)	(18,076)
Increase (decrease) in payables to related parties (Note 26)	**12,219**	10,436	1,340
Net cash flows used in financing activities	**(10,080)**	(10,207)	(24,879)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(626)**	381	(1,020)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(33,362)**	88,959	230,694
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,578,426**	1,807,164	1,961,428
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱2,545,064**	₱1,896,123	₱2,192,122

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. iPeople, inc. and its subsidiaries (collectively referred to as “the Group”) are 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).

In 2023, the Parent Company changed its principal office address to 8th Floor Mapua University Makati Campus, 1191 Pablo Ocampo Sr. Extension Ave., Makati City, from 3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City.

Merger with AC Education, Inc.
With the effectivity of the merger on May 2, 2019 between iPeople, inc. and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (AC), iPeople, inc. became 48.18% owned by HI and 33.5% owned by AC. Details of the merger are 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 financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at March 31, 2025 and December 31, 2024, and for each of the three years in the period ended March 31, 2025, 2024 and 2023.

The consolidated financial statements are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant 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		
	2025	2024	2023
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
People eServe Corporation	**100**	100	100
Pan Pacific Computer Center, Incorporated (PPCCI)	**100**	100	100
Affordable Private Education Center, Inc. doing business under the name of APEC Schools*	-	-	-
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	**83.01**	83.01	83.01
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

**In August 2023, SEC approved the merger of APEC and NTC, with NTC as the surviving entity*

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 ParentCompany 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 Groupobtains 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 anequity 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 comprehensiveincome (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.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. In transactions where the non-controlling interest is acquired or sold without loss of control, any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized as part of "Equity reserve" account in the equity attributable to the equity holders of the parent company in the consolidated statement of financial position.

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, 2024. The adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

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

  The amendments clarify:

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

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
    a) Lessee Derecognition of Lease Liabilities
    The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    b) Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Cost Method*
    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*
  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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 2024 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 Material Accounting Policies**

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.

Financial Instruments

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, short-term investments, 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).

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors below, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.00% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

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, short-term investments 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.

The Group's financial liabilities include loans and borrowings.

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

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.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of lfinancial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.00% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10.00% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

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 consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Prepaid Expenses and Other Current Assets
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.

Short-term investments
This pertains to interest bearing time deposits with terms of not more than one year and held for investment purposes.

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

Office supplies
Office supplies pertain to inventory of office and maintenance supplies used in the Group's operations.

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.

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

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 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 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.

Other Noncurrent Assets
Other noncurrent assets include creditable withholding taxes (CWTs) and value-added tax (VAT).

Creditable withholding taxes (CWTs) are amounts from income subject to expanded withholding tax which can be utilized as payments for income taxes provided that these are properly supported by certificates of creditable tax withheld at source.

Input VAT pertains to the 12% indirect tax paid by the certain Companies on local purchase of goods or services.

Input VAT and CWTs that are not expected to be fully applied against the output VAT and income tax liability, respectively, of the succeeding year are presented as noncurrent asset.

Impairment of Nonfinancial Assets
Property and equipment, intellectual property rights, 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.

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.

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 measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. 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. 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 in installment.

Other student-related income
Other student-related income is recognized at a point in time upon delivery of the promised goods 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).

Bookstore income
Bookstore income is recognized when goods have been delivered to the buyer (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).

Sale of goods is recognized as revenue upon delivery of the goods to the buyer (at point in time). Sale of services is recognized when services are rendered (over 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 (Unearned income)
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.

Reclassifications

If the Company changed the presentation or classification of items in its financial statements, if considered to be material, it shall reclassify the comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):

- the nature of the reclassification;
- the amount of each item or class of items that is reclassified; and,
- the reason for the reclassification.

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).

<u>Income Taxes</u>
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.

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

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.

Estimates and Assumptions

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

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, 2024 and 2023. The key assumptions used to determine fair value are disclosed in Note 11.

As at March 31, 2025 and December 31, 2024, the fair value of land amounted to ₱10,820.2 million (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 changes in forward-looking estimates are analyzed.

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. 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.

Estimation of useful lives of property and equipment and right-of-use asset
The useful lives of property and equipment and right-of-use asset are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment and right-of-use asset are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological and environmental changes and anticipated use of the assets tempered by related industry benchmark information. It is possible that future financial performance could be materially affected by changesin these estimates brought about by changes in factors mentioned. Any reduction in the estimated useful lives of the property and equipment and right-of-use asset and would increase depreciation and amortization expense.The estimated useful lives of property and equipment and right-of-use asset are discussed in Note 2.

There is no change in the estimated useful lives of property and equipment and right-of-use asset as of March 31, 2025 and December 31, 2024.

The carrying values of depreciable property and equipment (i.e., excluding construction in progress) and right-of-use asset are disclosed in Notes 10 and 27, respectively.

Impairment of nonfinancial assets
Impairment of goodwill and intellectual property rights (nonfinancial assets with indefinite useful) 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. The carrying value of these assets and details of the impairment testing are disclosed in Notes 6 and 12.

In 2024, 2023, and 2022, the Group performed an impairment testing of the property and equipment and right-of-use assets of APEC aggregating to ₱290.1 million, ₱376.7 million, and ₱416.0 million as of December 31, 2024, 2023, and 2022 respectively, due to the continuing losses and significant decline in the number of students. In assessing the impairment, the Group determines the recoverable amount using value in use, with details disclosed in Note 27. As of December 31, 2024, December 31, 2023, and December 31, 2022, management assessed that these assets are not impaired considering that the calculated recoverable amount is higher than the carrying value (see Note 27).

Determining the Incremental Borrowing Rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (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 determines 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 lease liabilities are disclosed in Note 27.

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 March 31, 2025 and December 31, 2024, the net pension liabilities amounted to ₱132.8 million and ₱137.8 million, respectively, while net pension assets amounted to ₱17.0 million as at March 31, 2025 and December 31, 2024.

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
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. An estimate of the provision is based on known information at the end of the reporting period. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information. The ultimate disposition of these matters cannot be determined with certainty.

Based on the legal grounds of certain claims and assessments, the Group’s outstanding provision for losses is disclosed in Note 27. The Group will exhaust all legal remedies available to it in defending itself in these claims and proceedings.

6. Intangible Assets Arising from the Merger

As a result of the merger which was disclosed in Note 1, 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 in exchange for the transfer of the net assets of AEI. The excess of the fair value of shares issued over the par value was recognized as additional paid-in capital.

The Group recognized the following intangible assets in 2019 as a result of the merger:

Intellectual property rights	₱523,103
Student relationship	116,009
Goodwill (Note 12)	13,472
	₱652,584

Intellectual property rights have infinite life and the student relationship have 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.

Intellectual Property Rights

As of December 31, 2024 and 2023, the Group performed impairment testing on intellectual property rights using the income approach (royalty relief method) wherein recoverable value is computed based on royalty savings. Key assumptions used are as follows:

- Revenue projections and long-term growth rate (3% for 2024 and 2023). Revenue projections are based on financial budgets approved by management and the BOD. The long-term growth rate considers the expected growth rate in the education industry sector.
- Discount rates (14% to 15% for 2024 and 14% to 16% for 2023). 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 (0.5% to 5% for 2024 and 2023). 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.

The Group's impairment testing on intellectual property rights resulted to the recognition of impairment loss on APEC amounting to ₱10.4 million, ₱32.8 million and ₱32.2 million 2024, 2023 and 2022, respectively. The carrying value of intellectual property rights as of December 31, 2024 and 2023 amounted to ₱447.7 million and ₱458.1 million, respectively.

Student Relationship
The carrying value and movement of student relationship as of March 31, 2025 and December 31, 2024 follows:

	2025	2024
Cost from business combination	**₱116,009**	₱116,009
Accumulated amortization:		
Beginning balance	**(113,038)**	(109,977)
Amortization and impairment (Note 20a)	**(557)**	(3,061)
Ending balance	**(113,595)**	(113,038)
Balance at end of the year	**₱2,414**	₱2,971

Amortization amounted to ₱0.6 million in 2025, ₱0.8 million in 2024 and ₱1.2 million 2023.

7. Cash and Cash Equivalents

This account consists of:

	Unaudited March 2025	Audited December 2024
Cash on hand	**₱2,152**	₱2,454
Cash in banks (Note 15)	**965,388**	728,570
Cash equivalents (Note 15)	**1,577,524**	1,847,402
	₱2,545,064	₱2,578,426

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 ₱16.48 million, ₱15.46 million and ₱14.27 million in 2025, 2024 and 2023, respectively (Note 22).

8. Receivables

This account consists of:

	Unaudited March 2025	Audited December 2024
Tuition and other fees	**₱1,535,316**	₱1,982,461
Advances to officers and employees	**54,029**	52,893
Others	**113,429**	94,781
	1,702,774	2,130,135
Allowance for ECL	**(452,300)**	(435,098)
	₱1,250,474	₱1,695,037

Tuition and other fees pertain to tuition and other matriculation fees which are normally collected at end of every school term before the students can proceed to the next term. This also includes receivable from Department of Education (DepEd) amounting to ₱122.7 million and ₱161.7 million as at March 31, 2025 and December 31, 2024, 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 are related to employee benefits, calamity loan, and advances for use in Company's operational requirements. These receivables are noninterest-bearing and are generally collectible within one year.

Others pertain to receivables from concessionaires, tenants, contractors and suppliers among others. These receivables are noninterest-bearing and are generally collectible within one year.
The changes in allowance for ECL as at March 31 and December 31 follow:

	March 2025		
	Tuition and other fees	**Others**	**Total**
Balance at beginning of year	**₱422,621**	**₱12,477**	**₱435,098**
Provisions for the year (Note 21)	**17,202**	**–**	**17,202**
Write-off	**–**	**–**	**–**
Balance at end of year	**₱439,823**	**₱12,477**	**₱452,300**
Gross receivables	**₱1,535,316**	**₱113,429**	**₱1,648,745**

	December 2024		
	Tuition and other fees	Others	Total
Balance at beginning of year	₱372,093	₱12,477	₱384,570
Provisions for the year (Note 21)	68,814	–	68,814
Write-off	(18,286)	–	(18,286)
Balance at end of year	₱422,621	₱12,477	₱435,098
Gross receivables	₱1,982,461	₱94,781	₱2,077,242

9. Prepaid Expenses and Other Current Assets

	Unaudited March 2025	Audited December 2024

Prepaid expenses	**₱384,363**	₱314,595
Short-term investments	**57,860**	56,332
CWT	**12,811**	16,227
Bookstore inventories	**23,642**	25,662
Office supplies	**5,304**	4,189
Others	**106,867**	102,809
	₱590,847	₱519,814

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

Short-term investments earn interest at the prevailing investment rates and have maturity of less than one year.

Bookstore inventories pertain to uniforms, lanyard, and other official school merchandise.

Others relate to rent deposits and other supplies. This also includes payments made on certain claims that are under protest (Note 27). The disclosure of additional details regarding certain claims beyond the present disclosure may prejudice the Group's position and negotiation strategies with respect to such claims. Thus, as allowed under paragraph 92 of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided.

10. Property and Equipment

The rollforward analysis of this account follows:

	March 2025				
	Buildings and Improvements	**Office Furniture and Equipment**	**Transportation Equipment**	**Construction In Progress**	**Total**
Cost					
Balance at beginning of year	**₱6,885,670**	**₱3,529,733**	**₱90,087**	**₱90,351**	**₱10,595,841**
Acquisitions	**35,612**	**65,165**	**3,707**	**50,538**	**104,483**
Disposals/retirement	**–**	**–**	**(3,976)**	**–**	**(3,976)**
Reclassifications and adjustments	**10,615**	**126**	**–**	**(10,615)**	**126**
Balance at end of year	**6,931,897**	**3,595,024**	**89,818**	**79,736**	**10,696,474**
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	**2,225,443**	**2,753,576**	**53,336**	**–**	**5,032,355**
Depreciation (Notes 20 and 21)	**58,085**	**65,329**	**2,604**	**–**	**126,018**
Disposals/retirement	**–**	**–**	**(3,976)**	**–**	**(3,976)**
Reclassifications and adjustments	**(595)**	**3,513**	**8**	**–**	**2,926**
Balance at end of year	**2,282,933**	**2,822,418**	**51,972**	**–**	**5,157,323**
Net book value at cost	**4,648,963**	**772,606**	**37,846**	**79,736**	**5,539,151**
Land at revalued amounts (Note 11)	**–**	**–**	**–**	**–**	**10,820,161**
Total	**₱4,648,963**	**₱772,606**	**₱37,846**	**₱79,736**	**₱16,359,312**

	December 2024				
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					

Balance at beginning of year	₱6,626,686	₱3,152,363	₱61,675	₱37,974	₱9,878,698
Acquisitions	258,984	377,496	28,412	50,933	715,825
Disposals/retirement	–	–	–	–	–
Reclassifications and adjustments	–	(126)	–	1,444	1,318
Balance at end of year	6,885,670	3,529,733	90,087	90,351	10,595,841
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	₱2,001,924	₱2,499,274	₱45,897	₱–	₱4,547,095
Depreciation (Notes 20 and 21)	223,504	236,774	7,808	–	468,086
Disposals/retirement	–	–	–	–	–
Reclassifications and adjustments	15	17,528	(369)	–	17,174
Balance at end of year	2,225,443	2,753,576	53,336	–	5,032,355
Net book value at cost	4,660,227	776,157	36,751	90,351	5,563,486
Land at revalued amounts (Note 11)	–	–	–	–	10,820,161
Total	₱4,660,227	₱776,157	₱36,751	₱90,351	₱16,383,647

Construction in progress as at March 31, 2025 mainly includes the general cost of renovations in Intramuros and Makati Campus which is expected to be completed in 2025.

11. Land at Revalued Amounts

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

	Unaudited March 2025	Audited December 2024
Land at cost	**₱4,066,906**	₱4,066,906
Revaluation increment on land:		
Balance at beginning of year	**6,753,255**	5,652,133
Change in revaluation increment	**–**	1,101,122
Balance at end of year	**6,753,255**	6,753,255
	₱10,820,161	₱10,820,161

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, 2024.

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.

Presented below are the land location and the ranges of the land fair value per square meter based on the appraisal reports.

	Range	
Location	**2024**	2023
Makati and Intramuros, Manila	**₱132,098 to ₱261,630**	₱130,050 to ₱235,715

	Range	
Location	**2024**	2023
Cabuyao, Laguna	**₱15,000 to ₱17,700**	₱8,507 to ₱16,335
Davao City, Davao Del Sur	**₱40,950 to 63,000**	₱41,535 to 49,140
Pandacan, Metro Manila	**₱132,300 to ₱156,400**	₱126,000 to ₱151,200
San Jose Del Monte City, Bulacan	**₱57,915 to 61,506**	₱56,012 to 60,493
Naga City, Camarines Sur	**₱7,930 to ₱14,960**	₱27,075 to ₱28,500
Quiapo, Manila	**₱211,500 to 261,000**	₱206,900 to 300,200

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 -20% to +5% in 2024 and from -30% to +20% in 2023.

The balance of the revaluation increment presented in equity in the statements of financial position as of December 31, 2024 and 2023 are as follow:

	2024	2023
Appraisal increase	**₱6,753,255**	₱5,652,133
Less deferred tax liability (Note 23)	**1,271,532**	1,135,188
	₱5,481,723	₱4,516,945

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 property and equipment to materially exceed its recoverable amount.

12. Goodwill

The goodwill recognized in the consolidated statement of financial position amounting to ₱143.5 million and ₱151.3 million as at December 31, 2024 and 2023 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 (see 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 2024, management assessed that there is an impairment loss in goodwill acquired from APEC in 2019, amounting to ₱7.8 million, nil in 2023 and 2022.
Key assumptions used in the value in use (VIU) calculation
As at December 31, 2024 and 2023, 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 and the BOD covering a five-year period.

- Long-term growth rates (3.05% for 2024 and 4.66% for 2023). The long-term growth rate considers the historical growth rate of MESI and the long-term growth rate for the education industry sector.
- Discount rate (11.8% for 2024 and 11.4% for 2023). 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.

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:

	Unaudited March 2025	Audited December 2024
Input VAT - net	**₱26,642**	₱26,932
Miscellaneous deposits	**37,168**	31,864
Creditable withholding tax	**8,947**	9,453
Computer software	**6,055**	7,795
Books and periodicals	**4,547**	4,948
	₱83,359	₱80,992

Miscellaneous deposits include rent deposits of the Group amounting to ₱14.95 million and ₱14.99 million as of March 31, 2025 and December 31, 2024, respectively. It also includes security deposit amounting to ₱22.2 million and ₱16.9 million as of March 31, 2025 and December 31, 2024, respectively.

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

	Unaudited March 2025	Audited December 2024
Cost		
Balance at the beginning of the year	**₱73,574**	₱70,222
Additions	**-**	1,957
Reclassifications	**-**	1,395
Balance at the end of the year	**73,574**	73,574
Accumulated Amortization		
Balance at the beginning of the year	**65,779**	54,747
Amortization (Notes 20 and 21)	**1,740**	9,719
Reclassifications	**-**	1,313
Balance at the end of the year	**67,519**	65,779
Net Book Value	**₱6,055**	₱7,795

14. Accounts Payable and Other Current Liabilities and Unearned Income

Accounts Payable and Other Current Liabilities
Accounts payable and other current liabilities consists of:

	Unaudited March 2025	Audited December 2024
Accounts payable	**₱626,196**	₱599,836
Accrued expenses	**337,367**	298,823
Funds payable	**364,386**	351,507
Provisions (Note 31)	**191,769**	187,628
Other payables	**33,407**	28,114
	₱1,553,125	₱1,465,908

Accounts payable pertains to the Group's obligation to local suppliers. Accounts payable also includes payables to students which are considered contract liabilities amounting to ₱25.8 million and ₱18.5 million as at March 31, 2025 and December 31, 2024, respectively.

Accrued expenses consist of:

	Unaudited March 2025	Audited December 2024
Payable to suppliers	**₱128,481**	₱139,081
Contracted services	**37,139**	34,234
Accrued professional fees	**21,607**	20,500
Withholding taxes and others	**19,378**	19,104
Accrued salaries and wages	**50,744**	11,697
Output VAT payable	**12,581**	10,352
Accrued communication expense	**7,711**	9,551
SSS and other contributions	**10,411**	7,223
Accrued utilities	**7,200**	6,816
Accrued interest (Note 18)	**4,677**	5,962
Student welfare	**6,561**	5,297
Insurance	**2,870**	1,251
Others	**28,008**	27,755
	₱337,367	₱298,823

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 andare expected to be settled upon payout related to the funded projects and scholarship programs.

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.

Unearned Income
Unearned income consists mainly of unearned tuition fees and seminar fees amounting to ₱425.2 million and ₱1,290.1 million as at March 31, 2025 and December 31, 2024, respectively, which are considered contract liabilities.

Contract Liabilities

As at March 31, 2025, contract liabilities amounted to ₱425.2 million and these will be recognized as revenue in the next period. Contract liabilities as of December 31, 2024 amounting to ₱1,290.1 million were recognized as revenue in 2025.

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 March 31:

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
Controlling entity – HI				
a) Payable to HI				
	2025	**₱–**	**(₱13,122)**	**Noninterest-bearing; unsecured; due and demandable**
	2024	–	(₱15,731)	
Management fee and other professional fees (Notes 20 and 21)	**2025**	**30,336**	**–**	**–**
	2024	30,693	–	–
	2023	22,139	–	–
b) Receivable from HI				
	2025	**–**	**232**	**Noninterest-bearing; unsecured; due and demandable; no impairment**
	2024	–	737	
Entities under common control of HI				
c) Receivables from related parties				
	2025	**–**	**2,633**	**Noninterest-bearing; unsecured; due and demandable; no impairment**
	2024	–	1,713	
Rental income	**2025**	**(2,804)**	–	**–**
	2024	(2,771)	–	–
	2023	(2,345)	–	–

(Forward)

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
d) Payables to related parties				
	2025	**₱–**	**(₱2,029)**	**Noninterest-bearing; unsecured; due and demandable**
	2024	–	(435)	
Contracted services (Notes 20 and 21)				
	2025	**17,988**	**–**	**–**
	2024	3,004	–	–
	2023	4,627	–	–
Entities under common control of PMMIC				
e) Cash and cash equivalents (Note 7)				
	2025	**–**	**1,242,588**	**Interest at prevailing deposit and short-term rates; unsecured; no impairment**
	2024	–	1,326,987	
Interest income (Note 22)				
	2025	**16,479**	**–**	**–**
	2024	15,461	–	–
	2023	14,274	–	–
g) Receivables from related parties				
	2025	**–**	**18**	**Noninterest-bearing; unsecured; due and demandable; no impairment**
	2024	–	18	
Insurance expense				
	2025	**8,078**	**–**	
	2024	4,726	–	
	2023	4,845	–	
Financial asset at FVTPL (Note 30)				
	2025	**–**	**10,956**	**Carried at fair value; No impairment**
	2024	–	9,867	
Short-term investments (Note 9)	**2025**	**–**	**57,860**	**Interest at prevailing deposit and short-term rates; unsecured; no impairment**

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
	2024	–	65,357	
Entities with significant influence				
h) Payable to related parties	**2025**	**–**	**(2,930)**	**Due on demand, noninterest-bearing; unsecured; no impairment**
	2024	–	(2,977)	
Management fee and other professional fees (Notes 20 and 21)	**2025**	**2,977**	**–**	
	2024	2,977	–	–
	2023	2,835	–	–

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 administeringthe subsidiaries' operations (Notes 20 and 21).

b) Receivables from HI
This account pertains to fuel consumption, car plan and gym rental advanced by the Group. Theseare 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 theGroup's canteen kiosks in its Makati and Intramuros properties and expenses advanced by theGroup. 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) Cash and Cash Equivalents
The Company maintains cash and cash equivalent with its affiliate bank and earns interest incomeat prevailing deposit and short-term investment rates (Note 7).

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

g) 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'sfire, accident, group and other insurance policies.

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

Terms and conditions of transaction with related parties
Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. For the quarters ended September 30, 2024 and 2023, 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 July 2023, MMCM availed ₱1.0 billion short-term loans from RCBC and BPI at 6.5% and 7.3% interest rate, respectively. The short-term loans were rolled over in January 2025. The loan will mature on July 9, 2025.

Interest expense charged to operations in 2025 and 2024 amounted to ₱15.3 million, ₱19.2 million, respectively (Note 22).

17. **Long-term Loans**

This account consists of the following as of March 31 and December 31:

	Unaudited March 2025	Audited December 2024
Unsecured bank loans	**₱293,851**	**₱293,851**
Less: Current portion of unsecured bank loans	**32,574**	**32,574**
Noncurrent portion of long-term loans	**₱261,277**	**₱261,277**

<u>Unsecured</u>
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, 2020, total drawdown from the long-term loan facility 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 was converted to a 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity (D:E) structure ratio of 3:1. As of March 31, 2025 and December 31, 2024, NTC has complied with its covenant obligations, including maintaining the required D:E ratio.

Interest expense recognized in profit or loss in 2025, 2024 and 2023 amounted to P4.1 million, P4.5 million and P32.6, respectively (Note 22). The interest expense recognized in profit or loss in 2023 includes the interest expense amounted to ₱25.5 million, related to a secured loan of the Group, through MMCM, amounting to ₱1,500.0 million which was paid fully in July 2023.

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 March 31, 2025 and December 31, 2024, with a par value of ₱1 per share.

On September 15, 1989, SEC approved the registration of the Group'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 Group'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 March 31, 2025:

Year	Number of shares registered	Number of holders of securities as at year end
January 1, 2024	1,044,263,197	1,997
Add (deduct) movement	–	(5)
December 31, 2024	1,044,263,197	1,992
Add (deduct) movement	–	1
March 31, 2025	1,044,263,197	1,993

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 March 31, 2025 and December 31, 2024 amounted to ₱1,803.1 million and ₱1,797.6 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 ₱7,022.87 million and ₱6,722.04 million as at March 31, 2025 and December 31, 2024, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD declared cash dividends as follows:

	2025	2024	2023
April 8, 2025, (₱0.25 per share) to stockholders of record as of May 8, 2025, payable on or before May 30, 2025	**₱259,244**	₱–	₱–
April 5, 2024, (₱0.19 per share) to stockholders of record as of May 3, 2024, payable on or before May 24, 2024	–	198,410	–
March 31, 2023, (₱0.19 per share) to stockholders of record as of April 28, 2023, payable on or before May 19, 2023	–	–	198,410
	₱259,244	₱198,410	₱198,410

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 83.01% 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".

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 March 31, 2025 and December 31, 2024.

As at March 31, 2025 and December 31, 2024, the Group is not subject to externally imposed capital requirements except for the long-term loan of NTC (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.

	2025	2024
Liabilities (a)	**₱4,720,849**	₱5,533,448
Equity (b)	**16,683,787**	16,360,089
Debt-to-equity ratio (a/b)	**0.28:1.00**	0.34:1.00

19. Revenue from Contracts with Customers

Revenue from schools and related operations consists of:

	2025	2024	2023
Tuition and other matriculation fees	**₱1,489,828**	₱1,293,654	₱1,087,113
Less: Scholarship grants and discounts	**(55,524)**	(57,140)	(45,039)
	1,434,304	1,236,514	1,042,074
Other student-related income and auxiliary services	**44,015**	39,211	31,290
	₱1,478,319	₱1,275,725	₱1,073,364

Other student related income and auxiliary services income consists of seminar fees and 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 bookstoresales, among others.

Revenue from tuition and other matriculation fees are recognized over time and for other student related income and auxiliary services income, the revenue is recognized over time or at a point in time.

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:

	2025	2024	2023
Personnel expenses	**₱417,758**	₱354,538	₱293,339
Depreciation and amortization	**117,979**	98,713	92,881
Management and other professional fees (Note 15)	**51,666**	57,844	38,246
Student-related expenses	**54,520**	45,827	33,711
Periodicals	**41,332**	40,172	33,930
IT expense - software license	**62,328**	34,063	30,624
Utilities	**33,979**	33,620	28,482
Repairs and maintenance	**11,761**	11,786	7,591
Advertising	**29,178**	11,681	12,075
Tools and library books (Notes 10 and 13)	**8,838**	10,099	6,991
Accreditation cost	**13,241**	9,471	8,376
Research and development fund	**12,959**	8,526	7,934
Insurance	**5,699**	3,558	3,968
Seminar	**4,744**	3,450	962
Office supplies	**1,421**	1,991	1,321
Laboratory supplies	**3,449**	1,853	1,057
Transportation and travel	**1,935**	1,686	2,226

	2025	2024	2023
Rent (Note 27)	**991**	1,578	2,304
Taxes and licenses	**917**	688	6,024
Entertainment, amusement and recreation	**373**	506	456
Miscellaneous	**12,521**	1,506	1,541
	₱887,589	₱733,156	₱614,039

a. Details of depreciation and amortization follows:

	2025	2024	2023
Depreciation (Note 10)	**₱126,018**	₱113,215	₱103,579
Depreciation - ROU assets (Note 27)	**14,260**	11,841	16,031
Amortization - Student relationship (Note 6)	**557**	765	1,182
Amortization (Note 13)	**1,741**	1,608	1,595
	₱142,576	₱127,429	₱122,387

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

	2025	2024	2023
Cost of schools and related operations	**₱103,719**	₱86,872	₱77,433
Cost of schools and related operations - ROU assets (Note 27)	**14,260**	11,841	15,448
	117,979	98,713	92,881
General and administrative expenses (Note 21)	**24,597**	28,716	29,506
	₱142,576	₱127,429	₱122,387

21. General and Administrative Expenses

This account consists of:

	2025	2024	2023
Personnel expenses	**₱49,270**	₱49,151	₱58,355
Management and other service fees (Note 15)	**71,255**	51,048	50,691
Depreciation and amortization (Notes 10, 13 and 20)	**24,597**	28,716	29,506
Advertising	**17,906**	16,787	10,722
Provisions for doubtful accounts (Note 8)	**17,202**	11,905	5,581
Taxes and licenses	**11,316**	10,778	8,606
IT expense - software license	**4,292**	6,355	281
Utilities	**5,427**	5,594	5,405
Repairs and maintenance	**4,607**	4,614	3,063
Provision for losses	**4,141**	3,758	-
Insurance	**2,205**	2,690	1,849
Transportation and travel	**1,930**	2,462	1,543
Office supplies	**649**	737	737
Seminar	**424**	447	936
Entertainment, amusement, and recreation	**634**	363	792
Investor relations	**321**	313	278
Commission	**269**	221	867
Donations	**15**	5	-

	2025	2024	2023
Rent (Note 27)	**43**	5	26
Miscellaneous	**10,269**	13,760	10,787
	₱226,772	₱209,708	₱190,026

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

Miscellaneous expense includes dues and subscriptions, training materials, periodicals, provisions 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:

	2025	2024	2023
Cash in banks and cash equivalents (Note 7)	**₱16,479**	₱15,461	₱14,274
Advances to officers and employees (Note 8)	**46**	43	50
	₱16,525	₱15,504	₱14,324

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

	2025	2024	2023
Short-term loans (Note 16)	**₱15,271**	₱19,219	₱–
Long-term loans (Note 17)	**4,111**	4,550	32,640
Interest expense on lease liabilities (Note 27)	**6,524**	6,618	7,129
Bank Charges	**1**	104	110
	₱25,907	₱30,491	₱39,879

The Group's other income consists of incidental income on the following:

	2025	2024	2023
Rent income	**₱3,264**	₱3,536	₱4,411
Miscellaneous income	**724**	824	1,356
Investment income in UITF	**144**	100	116
	₱4,133	₱4,461	₱5,883

23. Earnings Per Share

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

	2025	2024	2023
Net income attributable to equity holders of Parent Company (a)	**₱323,698**	₱289,220	₱244,737
Weighted average number of outstanding shares - net of treasury shares (b)	**1,044,263**	1,044,263	1,044,263
Earnings per share (a/b)	**₱0.3100**	₱0.2770	₱0.2344

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

24. 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 2024 and 2023 follows:

	2025	2024
University of Nueva Caceres	**16.99%**	16.99%
National Teachers College	**0.21%**	0.21%

Non-controlling interests in material subsidiaries as at March 31, 2025 and December 31, 2024 follows (in million pesos):

	2025	2024
University of Nueva Caceres	**₱368**	₱366
National Teachers College	**7**	6

As at March 31, 2025 and December 31, 2024, 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	
	2025	2024	**2025**	2024
Assets				
Current assets	**₱570**	₱490	**₱1,267**	₱1,122
Noncurrent assets	**1,885**	1,883	**2,866**	2,846
	₱2,455	₱2,373	**₱4,133**	₱3,968
Liabilities and Equity				
Current liabilities	**₱296**	₱229	**₱628**	₱591
Noncurrent liabilities	**172**	171	**822**	790
	468	400	**1,450**	1,381
Equity	**1,986**	1,973	**2,683**	2,587
	₱2,455	₱2,373	**₱4,133**	₱3,968

Attributable to:				
Equity holders of parent	**₱1,618**	₱1,607	**₱2,677**	₱2,581
Non-controlling interest	**368**	366	**6**	6

Net revenue	**₱126**	₱528	**₱252**	₱812
Gross profit	**58**	284	**154**	479
Net income (loss)	**14**	113	**91**	271
Attributable to:				
Equity holders of parent	**₱12**	₱93	**₱91**	₱271
Non-controlling interest	**2**	20	**0**	–

25. 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 PFRS Accounting Standards.

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 - consists of revenues of MESI, MMCL, MHSS, MMCM, 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 expenditure consists of additions to property and equipment.

(In million pesos)

	Education			Others			Elimination			Consolidated		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023	**2025**	2024	2023
Revenues												
Income from external customers	**₱1,478**	₱1,276	₱1,073	**₱–**	₱–	₱–	**₱–**	₱–	₱–	**₱1,478**	₱1,276	₱1,073
Total Revenues	**₱1,478**	₱1,276	₱1,073	**₱–**	₱–	₱–	**₱–**	₱–	₱–	**₱1,478**	₱1,276	₱1,073
Net Income attributable to Parent Company	**₱321**	₱286	₱245	**₱6**	₱5	₱2	**(₱2)**	(₱3)	(₱3)	**₱324**	₱289	₱245
Other Information												
Segment assets	**₱22,404**	₱20,776	₱18,471	**₱6,618**	₱6,445	₱6,020	**(₱7,162)**	(₱7,187)	(₱6,575)	**₱21,860**	₱19,926	₱17,916
Segment liabilities	**5,972**	5,763	5,592	**110**	111	303	**(1,280)**	(1,325)	(769)	**4,802**	4,549	5,126
Deferred tax assets	**81**	50	37	**1**	1	1	**–**	–	–	**82**	51	38
Deferred tax liabilities	**831**	695	487	**46**	44	43	**53**	55	60	**929**	795	590
Interest expense	**35**	44	42	**0**	0	0	**(9)**	(14)	(2)	**26**	30	40
Provision for income tax	**32**	29	2	**1**	1	0	**(0)**	(0)	(0)	**32**	30	2
Depreciation and amortization	**139**	124	118	**0**	1	1	**3**	3	3	**143**	127	122

26. Notes on Consolidated Statements of Cash Flows

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

	December 2024	Declaration of Cash Dividend	Additions on Lease liabilities	Interest Expense	Cash Flows	March 2025
Short-term loans	**₱1,000,000**	**₱–**	**₱**	**₱–**	**₱–**	**₱1,000,000**
Current portion of long-term loans	**32,574**	**–**	**–**	**–**	**(8,143)**	**24,430**
Long-term loans	**261,278**	**–**	**–**	**–**	**–**	**261,278**
Dividends payable	**9,642**	**–**	**–**	**–**	**–**	**9,642**
Payables to related parties	**5,762**	**–**	**–**	**–**	**12,319**	**18,081**
Lease liabilities	**394,952**	**–**	**(6,524)**	**6,524**	**(14,256)**	**380,696**
	₱1,704,208	**₱–**	**(₱6,524)**	**₱6,524**	**(₱10,080)**	**₱1,694,128**

	December 2023	Declaration of Cash Dividend	Additions on Lease liabilities	Interest Expense	Cash Flows	March 2024
Short-term loans	₱1,000,000	₱–	₱	₱–	₱–	₱1,000,000
Current portion of long-term loans	32,574	–	–	–	(8,143)	24,430
Long-term loans	293,851	–	–	–	–	293,851
Dividends payable	924	–	–	–	(21)	902
Payables to related parties	8,706	–	–	–	10,436	19,142
Lease liabilities	391,597	–	–	6,618	(12,500)	385,715
	₱1,727,652	₱–	₱–	₱6,618	(₱10,228)	₱1,724,042

	December 2022	Declaration of Cash Dividend	Amortization of debt issue cost	Other Non-Cash	Interest Expense	Cash Flows	March 2023
Short-term loans	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Current portion of long-term loans	1,521,448			(1,497,018)		(8,143)	16,287
Long-term loans	334,568	–	(395)	1,497,018	–	–	1,831,191
Dividends payable	26,154	198,410	–	–	–	–	224,564
Payables to related parties	16,797	–	–	–	–	1,340	18,137
Lease liabilities	429,635	–	–	–	7,130	(18,076)	418,688
	₱2,328,602	₱198,410	(₱395)	₱–	₱7,130	(₱24,879)	₱2,508,868

27. Commitments and Contingencies

Lease Commitments

Group as a lessor

The Group's Intramuros and Makati campuses lease spaces to third parties. The lease terms cover lease periods of between three (3) years to ten (10), years with escalation rates ranging from 3% to 10%.

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

	2025	2024
Within one year	**₱7,101**	₱7,101
More than one year but not more than five years	**21,322**	21,322
	₱28,423	₱28,423

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.

The Group, through NTC, 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 5.88% to 8.96% in 2024 and from 4.05% to 8.86% in 2023 (see Note 5).

The rollforward analysis of right-of-use assets follows:

	March 2025	December 2024
Net Book Value at January 1	**₱339,121**	₱335,013
Additions	**–**	117,092
Amortization (Note 20a)	**(14,260)**	(54,965)
Pre-termination/expiration	**–**	(58,019)
Net Book Value, ending	**₱324,861**	₱339,121

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

	2025	2024	2023
Depreciation expense of right-of-use assets	**₱14,260**	₱11,841	₱16,031
Interest expense on lease liabilities	**6,524**	6,618	7,129
Rent expense on short-term leases (Notes 20 and 21)	**991**	1,578	2,304
Total amount recognized in profit or loss	**₱20,784**	₱18,459	₱23,161

The rollforward analysis of lease liabilities from NTC follows:

	March 2025	December 2024
As at January 1	**₱394,952**	₱391,596
Additions	**-**	117,092
Interest expense (Note 22)	**6,524**	27,737
Pre-termination	**-**	(70,791)
Payments	**(20,779)**	(70,684)
	₱380,696	₱394,952

The balance of lease liabilities as of March 31, 2025 and December 31, 2024 are as follows:

	2025	2024
Lease liabilities – current	**₱36,382**	₱50,638
Lease liabilities – noncurrent	**344,314**	344,314
	₱380,696	₱394,952

Shown below is the maturity analysis of the undiscounted lease payments as of March 31, 2025 and December 31, 2024:

	2025	2024
Within one year	**₱75,420**	₱75,420
More than one year but less than five years	**290,645**	290,645
Five years and more	**124,292**	124,292
	₱490,357	₱490,357

The Group performed an impairment testing of the property and equipment and right-of-use assets of APEC, through NTC, the aggregate carrying value for which amounted to ₱290.1 million and ₱376.7 million as of December 31, 2024 and 2023, respectively, due to the continuing losses and significant decline in the number of students. Key assumptions used are as follows:

- Revenue projections. The revenue projections were based on financial budgets approved by management and BOD.
- Discount rate (10.9% in 2024 and 11.1%2023). 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.

Management assessed that these assets as of December 31, 2024 and 2023 are not impaired considering that the calculated recoverable amount is higher than the carrying value.

Provisions
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 disclosed in Note 14 as of March 31, 2025 and December 31, 2024 amounted to ₱191.77 million and ₱187.63 million, respectively. Other provisions recognized by the Group for certain claims are presented as part of Other noncurrent liabilities in the statement of

financial position. Provisions recognized in 2025 and 2024 amounted to ₱4.1 million and ₱3.8 million, respectively (Note 21).

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.

IPEOPLE, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

SCHEDULE II

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-J: SCHEDULES

MARCH 31, 2025

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 in Equity Securities
As at March 31, 2025, 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 March 31, 2025:

Name	As at December 31, 2024	Additions	Liquidations/ Collections	As at March 31, 2025
Aberilla, Irish Mae O.	₱217,694	₱1,176,200	₱588,975	₱804,918
Nuera, Rosette Escovilla	-	100,000	-	100,000
Acorin, Patrick Glenn O.	-	713,417	-	713,417
Adanza, Carina Victoria	163,480	-	61,380	102,100
Agbulos, Erlin	224,034	7,725	61,803	169,957
Agbulos, Erlin C.	-	500,000	340,746	159,254
Alcantara, Randy	188,000	-	-	188,000
Aleria, Ace Vann Cardiff	-	245,000	129,150	115,850
Alfeche, Lalaine Joan	81,950	46,700	6,749	121,901
Ambuyoc, Rodel R.	148,119	425,940	426,500	147,559
Aquino, Jesuniño R.	456,266	-	69,606	386,660
Arenillo Denise Jrdan P.	442,674	79,155	-	521,829
Austria, Maria Rhodora	356,242	-	65,100	291,142
Avila, Claribel P.	484,500	-	-	484,500
Bagasina, Angelo U.	-	449,700	334,700	115,000
Balang, Ernesto	100,000	-	-	100,000
Ballado, Alejandro Jr.	157,056	119,000	97,751	178,305
Balo, Abeliosre	97,600	10,500	-	108,100
Banlawe, Ivane Ann	203,070	-	-	203,070
Bayag, Marina B.	465,111	-	-	465,111
Bonafe, Eufemia	300,000	-	-	300,000
Bonifacio, Doma Jr.	213,672	75,243	77,486	211,429
Calderon, Aldrin Dimayuga	242,095	8,080	20,200	229,975
Camcho, Margarita V.	412,409	7,422	32,554	387,277
Canoy, Kathleen Ann B.	677,500	678,030	37,645	1,317,886
Caparanga, Alvin R.	350,261	8,898	22,500	336,659
Caramoan, Melanie	200,000	-	-	200,000
Carminda, Cedi Vida	-	100,000	-	100,000
Carminda, Cedi Vida	150,000	-	-	150,000
Cascaro, Rhodessa	194,254	252,382	252,608	194,028
Catarman, Lee Caesar	176,834	878,166	532,162	522,838
Ciudadano, Maria Leisel	100,000	-	-	100,000
Comla, Andrian R.	-	108,000	-	108,000

Name	As at December 31, 2024	Additions	Liquidations/ Collections	As at March 31, 2025
Correa, Helen	199,247	-	-	199,247
Cuanang, Joane Rose	114,000	-	-	114,000
Cuizon, Junneil	501,386	834,960	701,268	635,078
Custodio, Oliver Ryan B.	1,238,689	1,182,357	1,093,216	1,327,830
De Guzman, Alexander	163,710	27,000	-	190,710
De Guzman, Alexander	217,500	184,000	-	401,500
De Los Reges, Cesar RomeoV.	306,367	9,755	17,675	298,446
Deang, John Jovaniel C.	70,643	63,000	33,000	100,643
Delos Reyes, Marycon	171,440	294,490	317,073	148,857
Delos Santos, Mira M.	175,038	3,142	15,449	162,732
Dineros, Rochelle	177,669	-	-	177,669
Dingal, Charlymer	208,462	395,000	396,620	206,842
Dionisio, Anna Rose M.	313,621	-	-	313,621
Dizon, Susana	100,000	-	-	100,000
Ebio, Ressian Dhel E.	110,000	-	-	110,000
Eng, Eman Claudette J.	415,850	145,500	441,350	120,000
Escalera, Myla L.	113,900	33,100	-	147,000
Estorba, Rhacell	229,245	870,907	798,199	301,952
Estores, Gilford B.	330,000	11,115	22,500	318,615
Executive/Mancom	277,298	-	12,111	265,187
Faderogao, Tristan Jake	46,500	104,300	16,500	134,300
Fajardo, Maria Theresa	133,067	-	-	133,067
Federizo, Rona Lynne A.	-	231,090	-	231,090
FFC Mutual Aid Program- Various Employees	112,950	-	-	112,950
Financial assistance	664,222	-	-	664,222
Flores, Eira Marie B.	18,800	405,300	172,352	251,748
Fortuno, Vivian	300,000	-	-	300,000
Fuentez, Christine	1,418,588	1,852,217	1,986,098	1,284,707
Globe Telecom, Inc. - Mark Abalos	399,667	-	60,556	339,111
Gomez, Ma. Esperanza D.	173,900	-	-	173,900
Gomez, Marianne Edna	719,525	-	32,619	686,906
Guevarra, Sean	56,480	98,400	53,250	101,630
Hadlocon, Jogie L.	51,900	88,000	15,000	124,900
Hampac, Princess Jesusa B.	23,881	103,894	-	127,775
Hernaez, Alodia C.	214,050	14,093	26,219	201,923
Josio, Cesar Glenn A.	197,771	189,430	236,779	150,422
Kikuchi, Khristian	48,048	308,193	65,100	291,142
Lantin, Rosemari P.	57,405	713,417	-	770,822
Lariba, Esperanza C.	259,082	387,020	311,417	334,685
Laud, Noel V.	369,750	23,000	10,178	382,572
Logrosa, Gernelyn T.	90,875	91,728	-	182,603
Lopez, Jonathan	465,540	-	20,285	445,256
Lozada, Katrina	128,764	-	-	128,764
Macayan, Jonathan V.	1,125,800	74,621	46,024	1,154,397
Mack, Jose Paolo Y.	196,534	31,750	90,450	137,834
Maestrecampo, Dodjie	-117	695,713	491,244	204,352
Medrano, Anthony Hilmer	181,471	-	33,675	147,796
Mejia, Emmillie Joy B.	392,200	40,339	51,018	381,520

Name	As at December 31, 2024	Additions	Liquidations/ Collections	As at March 31, 2025
Melchor, Divina P.	91,781	1,024,600	800,000	316,381
Mende, Melwin	61,619	317,762	201,251	178,130
Mendoza, Joseph	-	150,000	-	150,000
Mesina, James Ronald (Opulencia)	58,683	471,500	58,683	471,500
Miguel, Charisse B.	52,000	56,800	8,000	100,800
Mondia, Bai Nyssa Mae S.	127,953	167,000	176,380	118,573
Monteagudo, Marvin	-	694,403	-	694,403
Nacua, Juliet	185,780	7,500	41,000	152,280
Ogarte, Joshua	287,650	-	21,100	266,550
Ogarte, Nico	127,333	-	14,333	113,000
Otero, Gerlyn D.	273,295	333,020	488,869	117,446
Pablo, Cherie P.	137,326	54,460	17,960	173,826
Paglinawan, Arnold C.	121,930	16,052	28,377	109,606
Pamintuan, Kristopher Ray Simbulan	427,500	11,520	22,500	416,520
Parra, Francisco	150,000	-	-	150,000
Peligrino, Bianca Mae L.	24,275	235,000	149,333	109,943
Quijada, Gertie	162,070	-	-	162,070
Quiñagon, Ramon	496,372	215,370	-	711,742
Quiñagon, Ramon	496,372	315,370	95,483	716,258
Quiñal, Jeremia	274,950	270,140	70,140	474,950
Quisaot, Concordio	111,634	-	-	111,634
Rabanes, Cristy	155,300	468,005	376,364	246,941
Ramirez, Paolo Aiman S.	68,400	156,939	61,693	163,646
Rodriguez, Annelle	602,500	-	-	602,500
Sabino, Lilibeth	185,025	-	20,325	164,700
Salvacion, Jonathan W.L.	327,526	9,755	17,675	319,606
San Andres, Magelia	5,625	100,000	4,821	100,804
San Juan, Cloyd	237,000	-	-	237,000
Santiago, Raymart	-	100,000	-	100,000
Santos, Malaya P.	420,240	28,805	52,810	396,235
Sauquillo, Dante J.	164,575	-	17,025	147,550
Senoro, Delia B.	3,020,649	559,428	336,183	3,243,894
Sinday, Grace	227,304	254,500	21,000	460,804
Solis, Elias Jr.	150,000	-	-	150,000
Songsong Maribel	220,188	-	60,975	159,213
Suaybaguio, Zyrah Gwen I.	114,993	476,191	207,196	383,988
Subong, Chery S.	51,000	63,530	10,880	103,650
Suello, Lito	456,267	-	69,600	386,667
Suganob, Jennifer	-	110,185	10,000	100,185
Taala, Suzette	275,666	-	-	275,666
Taganas, Romeo Jose B.	56,629	108,325	63,325	101,629
Tajura, Ali	25,127	234,055	29,955	229,226
Tanjay, Lorlie	136,000	-	12,000	124,000
Tayo, Lemuel L.	390,000	52,402	64,142	378,260
Tiongco, Danilo R.	310,520	8,173	59,553	259,140
Toylo, Anthony	183,675	867,789	352,421	699,042
Tupas, Trishia	181,138	99,570	127,501	153,207
Umali, Maria Judith S.	105,042	-	-	105,042

Name	As at December 31, 2024	Additions	Liquidations/ Collections	As at March 31, 2025
Unidentified	600	316,450	-	317,050
Unknown - 1	54,114	119,441	-	173,556
Untal, Jessa Velle S.	14,995	198,114	77,621	135,488
Uy, Juval Jake	432,557	478,417	397,817	513,157
Victor, Rafael V.	348,883	-	26,741	322,142
Villaflor, Paulo Rafael Meris	240,750	-	-	240,750
Villalon, Jose Luis Lucas	-	175,246	-	175,246
Villanueva, Jomar	19,191	82,646	-	101,836
Villanueva, Rachel	131,753	-	3,748	128,005
Young, Michael N.	145,150	22,251	33,982	133,419
Yparraguirre, Flora Mae	510,062	374,000	338,091	545,972
Yu, Margarita	52,543	117,000	29,100	140,443
	₱33,773,047	₱25,418,102	₱15,800,792	₱ 43,390,358

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 March 31, 2025:

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.	0	4,682,301	(2,424,453)	2,257,848
Malayan Colleges Laguna, Inc.	1,894,708	4,930,330	(5,214,603)	1,610,435
Malayan Colleges Mindanao, Inc.	313,429,692	7,920,846	(16,049,367)	305,301,171
University of Nueva Caceres	379,185	848,295	(655,217)	572,263
National Teachers College	1,662,604	5,073,221	(5,399,450)	1,336,375

Schedule D. Long-term debt

As at March 31, 2025, the Group has outstanding long-term debts as follow (in thousands):

Unsecured bank loans	₱285,708
Secured bank loans	–
Total	285,708
Less: current portion of unsecured bank loans	24,430
Noncurrent portion of long-term loans	₱261,278

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. The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility 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 was converted to a 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity (D:E) structure ratio of 3:1. As of March 31, 2025 and December 31, 2024, NTC has complied with its covenant obligations, including maintaining the required D:E ratio.

Interest expense recognized in profit or loss in 2025, 2024 and 2023 amounted to ₱4.1 million, ₱4.5 million and ₱5.0 million, respectively. The interest expense recognized in profit or loss in 2023 includes the interest expense amounted to ₱27.6 million, related to a secured loan of the Group, through MMCM, amounting to ₱1,500.0 million which was paid fully in July 2023.

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
As at March 31, 2025, the Group has no outstanding long-term debt to related parties.

Schedule F. Guarantees of Securities of Other Issuers
As at March 31, 2025, 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

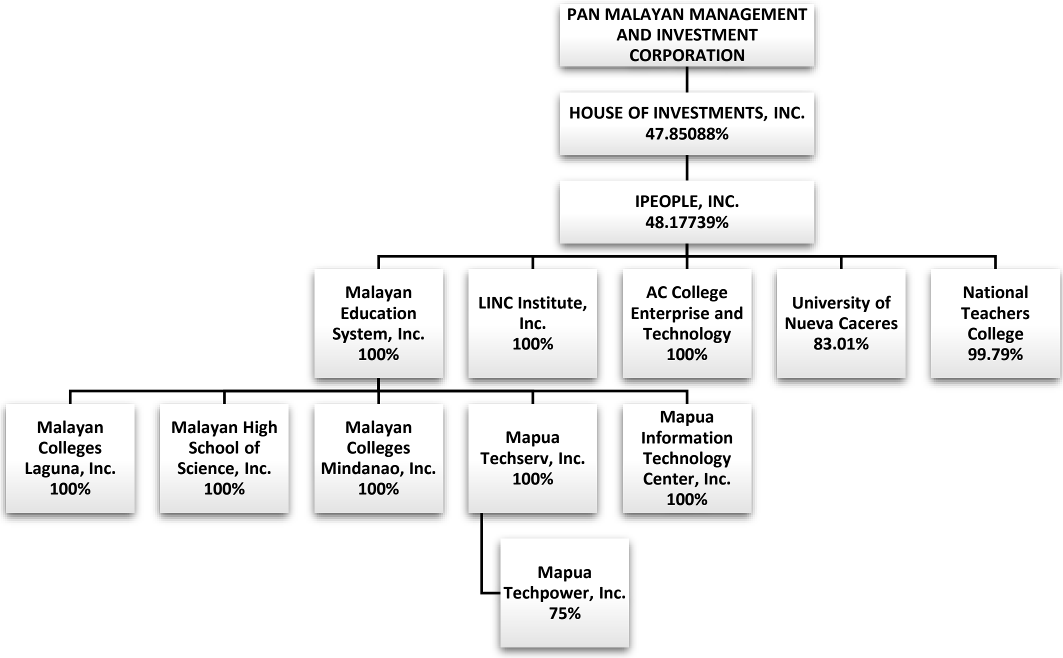
SCHEDULE III

IPEOPLE, INC. AND SUBSIDIARIES

GROUP STRUCTURE
MARCH 31, 2025

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company and subsidiaries as at March 31, 2025:



SCHEDULE I

IPEOPLE, INC. AND SUBSIDIARIES

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

MARCH 31, 2025
Amounts in Thousands

Unappropriated Retained Earnings, beginning		**₱1,797,575**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Unappropriated Retained Earnings, as adjusted		**1,797,575**
Add/(Less): Net Income (loss) for the current year		**5,511**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	_
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the RE as a result of certain transactions accounted for under the PFRS	–	–

Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	–	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	–
Adjust Net Income/Loss		**5,511**
Add/(Less): <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	–
Add/(Less): <u>Category E:</u> Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total among reporting relief granted during the year	–	
Others	–	–
Add/(Less): <u>Category F:</u> Other items that should be excluded from the determination of the amount available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set up of asset and asset retirement obligation	–	
Adjustment due to deviation from PFRS/GAA – gain (loss)	–	
Others	–	–
Unappropriated Retained Earnings Available for Dividends Distribution, March 31, 2025		**1,803,086**
Add: Reversal of Retained Earnings – Appropriation/s approved		–
Unappropriated Retained Earnings available for dividends declaration		**₱1,803,086**

iPeople, inc. and Subsidiaries
Aging of Accounts Receivable
For the quarter ended March 31, 2025
Amounts in Thousands

	No. of days due			
	0-30	**31-60**	**Over 61 days**	**Total**
Education	**₱958,030**	**₱24,148**	**₱553,138**	**₱1,535,316**
Others	**61,733**	**3,551**	**102,175**	**167,458**
Total	**1,019,762**	**27,699**	**655,313**	**1,702,774**
Less: Allowance for doubtful accounts	**(11,594)**	**-**	**(440,706)**	**(452,300)**
	₱1,008,168	**₱27,699**	**₱214,607**	**₱1,250,474**

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-E: SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

MARCH 31, 2025

Below are the financial ratios that are relevant to the Group's as of the period ended March 31, 2025, March 31, 2024 and December 31, 2024

Financial ratios		**Unaudited March 2025**	Unaudited March 2024	Audited December 2024
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.41:1**	1.29:1	1.24:1
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**	1.07:1	1.10:1
Solvency Ratio *Shows how likely a Group will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.10:1**	0.09:1	0.26:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.28:1**	0.30:1	0.34:1
Asset to Equity Ratio *Shows how the Group's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.28:1**	1.30:1	1.33:1
Interest Rate Coverage *Shows how easily a Group can pay interest on outstanding debt*	EBIT* / Interest Expense Excluding Interest Expense on Lease Liabilities	**19.84:1**	14.78:1	7.18:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**2.01%**	2.07%	5.83%
Net profit margin *Reflect how much net income or profit is generated as percentage of revenue*	Net Profit / Revenue	**22.07%**	22.90%	16.24%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**1.50%**	1.47%	3.89%

**Earnings before interest and taxes (EBIT)*

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 ____________________, 2025.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and the seal of the Corporation this _____ day of May, 2025 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

SUBSCRIBED AND SWORN to before me this MAY 14 2025 day of November 2025, at Makati City. Affiants exhibited to me their proof of identification as indicated beside each name.

Names	Document No.	Date & Place of Issue/Expiration
Reynaldo B. Vea	Passport#P2200684C	10-28-2022 Manila City / 10-27-2032
Gema O. Cheng	DL#N06-84-036923	12-05-2022 Mandaluyong / 12-08-2032
Jonathan M. Lopez	DL#N01-02-001324	05-07-2024 Imus Cavite / 05-07-2029
Atty. Samuel V. Torres	Passport#P2022842C	10-14-2022 Manila City / 10-13-2032

Doc. No. 94;
Page No. 20;
Book No. 20;
Series of 2025

ATTY. BERNARDINO O. LAUTILLO
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. [illegible] UNTIL DEC. 31, 2025
ROLL NO. 77752 / MCLE Compliance No. VIII-002331 UNTIL APR. 14, 2028
IBP OR. NO. [illegible] JAN. 2, 2025 / MAKATI CHAPTER
PTR No. [illegible] JAN. 2, 2025
UNIT 2-B2 TRANS-PHIL HOUSE, DON CHINO ROCES AVE., COR. BAGTIKAN ST., SAN ANTONIO, MAKATI CITY