

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

i	P	e	o	p	l	e	,		i	n	c	.		a	n	d		S	u	b	s	i	d	i	a	r	i	e	s

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

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Form Type

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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

vicrafael@ipeople.com.ph

Company's Telephone Number

8253-3637

Mobile Number

09985843110

No. of Stockholders

1,994

Annual Meeting (Month / Day)

July 30

Fiscal Year (Month / Day)

September 30

CONTACT PERSON INFORMATION

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

Name of Contact Person

Victor V. Rafael

Email Address

vicrafael@ipeople.com.ph

Telephone Number/s

8253-3637

Mobile Number

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 deficiency

**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: **September 30, 2024**
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 [☒] No [☐]
- (b) has been subject to such filing requirements for the past 90 days.
Yes [☒] No [☐]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of iPeople, inc. and Subsidiaries as of September 30, 2024 with comparative figures for the periods ended September 30, 2023, September 30, 2022 and December 31, 2023 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

In 2022, the resumption of F2F classes in the 2nd half of year meant higher operating expenses. The schools had to spend for campus repairs, student welfare activities, sports development, the accumulated equipment/laboratory/tools expenses that had not been incurred in two years due to fully on-line instructions.

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 ₱598 million in the current year versus the ₱391 million in the same period last year. The higher net income in 2024 is driven by the better results of operations of IPO schools mainly because of higher student enrollment.

Revenues from school operations went up by 21% to ₱3.77 billion from ₱3.11 billion last year. The increase in revenues was due to the consistent increase in student enrolment and change in the school calendar of some of the IPO schools.

Cost of tuition and other fees went up by 19% and general and administrative expenses increased by 3% compared to the same period last year. The higher expenses in 2024 were primarily due to the higher enrolment. There were also higher expenditures related to the continued development of the Group's growth initiatives. 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 are the result of the affiliation agreement with CINTANA Education in collaboration with Arizona State University.

Interest expense and other finance charges went down by 17% from ₱113 million last year to ₱93 million this year due to payment of loans and lower interest rate.

Provision for income tax in 2024 is significantly higher than last year because the income tax rate applicable to schools went back to 10% from 1% effective July 1, 2023 as mandated by the CREATE Act.

Statements of Financial Position

Total consolidated assets stood at ₱21.31 billion as of September 30, 2024. The 7% increase in total assets is mainly due to the increase in current assets.

Total consolidated current assets of ₱4.91 billion as of September 30, 2024 is 29% higher than the ₱3.81 billion balance as of December 31, 2023 mainly due to the increase in cash and receivables.

Receivables pertain mainly to matriculation and miscellaneous fees due from students. The 45% increase in receivable is due to the increase in enrollment and 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 ₱851 million mainly because of higher short-term placements/investments.

Total consolidated non-current assets as of September 30, 2024 is of ₱16.40 billion. The 1% increase in non-current assets is mainly due to the increase in property and equipment and increase in right-of-use assets balance because of the new lease contract to expand the school capacity.

Total consolidated liabilities went up by 19% primarily because of the higher unearned income.

Current liabilities increased to ₱4.12 billion as of September 30, 2024 from ₱3.26 billion in December 31, 2023 due to the higher unearned income.

Unearned income is higher from ₱978 million in December 2023 to ₱1.68 billion as of September 2024 due to increase in enrollment and the school term just started in August for most of the IPO schools. Unearned income is higher at the start of the school term and will decline towards the end of the term.

Income tax payable as of December 31, 2023 was settled in April 2024. Income tax liability for the quarter ending September 2024 is payable in November 2024.

Total noncurrent liabilities as of September 30, 2024 is ₱1.71 billion. The 5% increase in noncurrent liabilities is mainly due to the 27% increase in lease liabilities because of the new lease contract for a school campus.

The ₱92 million net increase in lease liabilities (₱5 million decrease in the current portion and ₱97 million increase in the noncurrent portion) is due to the new lease contract to expand school capacity.

Total consolidated equity increased from ₱15.08 billion in December 2024 to ₱15.48 billion this year due to the net income during the period. Equity attributable to Parent is at ₱15.14 billion from ₱14.76 billion in December 2023.

(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 September 30, 2024, September 30, 2023 and December 31, 2023 are as follows:

Financial ratios		Unaudited September 2024	Unaudited September 2023	Audited December 2023
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.19:1	1.09:1	1.17:1
<i>Indicates the Group's ability to pay short-term obligation</i>				
Acid-test ratio	$\frac{\text{Current Assets} - \text{Prepaid expenses}}{\text{Current Liabilities}}$	0.99:1	0.97:1	0.98:1
<i>Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately</i>				
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	0.17:1	0.15:1	0.24:1
<i>Shows how likely a Group will be to continue meeting its debt obligations</i>				
Debt-to-equity ratio	$\frac{\text{Total Debt}}{\text{Equity}}$	0.38:1	0.41:1	0.33:1
<i>Measures the Group's leverage</i>				
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Equity}}$	1.38:1	1.40:1	1.32:1
<i>Shows how the Group's leverage (debt) was used to finance the firm</i>				
Interest Rate Coverage	$\frac{\text{EBIT}^*}{\text{Interest Expense Excluding Interest Expense on Lease Liabilities}}$	10.39:1	5.42:1	7.18:1
<i>Shows how easily a Group can pay interest on outstanding debt</i>				
Return on Average Stockholders' Equity	$\frac{\text{Net Income}}{\text{Average Equity}}$	4.21%	3.19%	4.76%
<i>Reflects how much the Group's has earned on the funds invested by the stockholders</i>				
Net profit margin	$\frac{\text{Net Profit}}{\text{Revenue}}$	15.86%	12.57%	14.74%
<i>Reflect how much net income or profit is generated as percentage of revenue</i>				
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	2.80%	2.16%	3.32%
<i>Measure the ability to utilize the Group's assets to create profits</i>				

- The current ratio is at 1.19 as of September 2024 compared to 1.09 as of September 2023 mainly due to increase in cash and receivables.
- Acid test ratio increased from 0.97:1 in 2023 to 0.99:1 in 2024 mainly due to increase cash and receivables.
- Solvency ratio is higher in 2024 due to higher income.
- Debt-to-equity ratio is at 0.38 for this year due to higher equity.
- Asset to equity ratio is at 1.38 in September 2024 versus 1.40 last year due to higher equity.
- Interest rate coverage ratio increased from 5.42 times as at September 2023 to 10.39 times this period because of lower interest expense incurred by the Group and higher income.
- Return on average stockholders' equity increased to 4.21% year on year, because of higher income during the period.
- Net profit margin increased from 12.57% last year to 15.86% as of this period because of the higher revenue growth of the Group.
- Return on asset is at 2.80% this year against 2.16% as of September 2023, because of the higher 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: Third Quarter 2024 DEVELOPMENTS

Significant developments during the third quarter of 2024 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 at the Holding Company Level

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

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

IPO reviews and conducts a group-wide risk assessment periodically, monitors the identified risks to ensure that these are current and regularly taken into account. Following are the key risk factors that may impact the objectives of the Company.

For the Holding Company

Reputation

The inability of the Company to maintain and failure to protect its reputation may adversely affect its objective of creating and growing its value for its stakeholders. The Company's reputation may be closely tied to the performance and reputation of its education subsidiaries. Negative publicity or poor performance by the subsidiaries may possibly damage the Company's reputation which may impact stakeholder confidence. Each subsidiary's reputation can significantly impact the overall brand and image of the Company, as well as all the subsidiaries of the Company.

Talent

The probability that a critical role will become vacant and cannot be satisfactorily filled may negatively affect the Company's continuity of its strategic imperatives and/or products and services standards. The

Company may face challenges in attracting and retaining top talent. The success of the Company depends on the quality and effectiveness of the leadership and employees and may face challenges in attracting and retaining top talent. Turn-over or inadequate leadership can impact overall performance and stability.

Competition and Market

The Philippine and Global economic condition may impact the Company's investment and growth commitments to its stakeholders. The Company's lack of revenue-generating operations of its own could make it vulnerable to market fluctuations. The uncertainty of the economic condition may impact the performance of the Company's subsidiaries. The education sector is competitive, with the presence and current improvements in the public education system, as well as the private institutions.

Regulation

The Company's business may be impacted by changes in laws and policies or the introduction of new laws or regulations which may affect its business operations and financial results. The education subsidiaries are subject to numerous regulations and compliance requirements. Non-compliance with existing regulations, could result in fines, legal action, or reputational damage.

Information and Cyber Security/Safety

The failure to protect the Company from data breaches and/or the inability of the information systems to adequately protect the critical data and infrastructure may adversely affect stakeholders' confidence, disrupt operations, and may result to business losses. The Company may handle sensitive stakeholder data which can lead to privacy and cybersecurity risks such as data breaches and cyber-attacks. The education subsidiaries hold student and staff information, making them potential targets for cyber attacks and data breaches. A breach affecting a subsidiary can impact the Company.

ESG Risk

The failure to address and manage the environmental risks and footprints due to energy consumption, water usage, and waste generation may impact the Company's reputation, financial performance, and result in regulatory fines.

Risk Factors related to School Operations

Competition and Market

The Philippine and Global economic condition may impact the Company's investment and growth commitments to its stakeholders. The education industry is subject to cyclical trends and economic conditions, which can impact the Company's enrollment and performance. The education sector is competitive, with the presence of and current improvements in the public education system, as well as the private institutions. Changes in the student preferences, industry requirements, or advancements in technology can influence enrollment and demand for improved educational services.

Reputation

The inability of the Company to maintain and failure protect its reputation may adversely affect its objective of creating and growing its value for its stakeholders. Negative publicity or poor performance could damage the Company's reputation and lead to a loss of students and may impact stakeholder confidence.

Business Resiliency

The inability to bring the Company out of operational disruptions, resume critical processes, and restore normal operations may result to service breach and financial losses. The Company can be affected by natural disasters, may be vulnerable to cyber threats due to the increasing reliance on digital technologies, and can be affected by outbreaks of infectious diseases which may cause damage to facilities, may impact employee, student, and campus safety, and disrupt academic schedules.

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.

Information and Cyber Security/Safety

The failure to protect the Company from data breaches and/or the inability of the information systems to adequately protect the critical data and infrastructure may adversely affect stakeholders' confidence, disrupt operations, and may result to business losses. The Company handle sensitive stakeholder data which can lead to privacy and cybersecurity risks such as data breaches and cyber-attacks. Dependence on technology for teaching and learning, and data management exposes the Company to cybersecurity threats, data breaches, or ransomware attacks.

Talent

The probability that a critical role will become vacant and cannot be satisfactorily filled may negatively affect the Company's continuity of its strategic imperatives and/or products and services standards. The success of the Company depends on the quality and effectiveness of the leadership, faculty, and staff and may face challenges in attracting, developing, and retaining top talent. Poor quality of talent can undermine the effectiveness of the Company.

Campus Safety and Security

The inability to provide a safe environment and/or operationalize adequate campus security and preventive measures may adversely affect the Group's reputation, student enrolment, and talent retention. Ensuring the safety and well-being of students, employees, and other stakeholders is paramount.

Operational

The inefficiencies and/or failure of internal processes and/or systems, non-compliance with policies and regulatory requirements, human errors in the conduct of the Groups' daily activities may result to financial losses.

Regulation

The Company's business may be impacted by changes in laws and policies or the introduction of new laws or regulations which may affect its business operations and financial results. The Company is subject to a range of legal and regulatory requirements like accreditation, licensing, environmental and other relevant local and national regulations, non-compliance of which may result in fines, legal action, or reputational damage.

EXHIBIT 1

iPEOPLE INC. and SUBSIDIARIES

Interim Unaudited Consolidated Financial Statements

**September 30, 2024, 2023 and 2022 (Unaudited)
and December 31, 2023 (Audited)**

iPEOPLE, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(Amounts in Thousands)**

	Unaudited September 2024	Audited December 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 15)	₱2,050,523	₱1,807,164
Receivables (Note 8)	1,994,894	1,379,633
Receivables from related parties (Note 15)	1,985	1,643
Prepaid expenses and other current assets (Note 9)	851,371	607,049
Financial assets at fair value through profit or loss (FVTPL)	10,033	9,767
Total Current Assets	4,908,806	3,805,256
Noncurrent Assets		
Property and equipment at cost (Note 10)	5,486,651	5,331,603
Land at revalued amounts (Notes 10 and 11)	9,719,039	9,719,039
Intellectual property rights (Note 6)	458,111	458,111
Goodwill (Notes 6 and 12)	151,326	151,326
Student relationship (Note 6)	3,736	6,032
Right-of-use assets (Note 27)	412,290	335,013
Net pension assets	22,727	20,139
Deferred tax assets – net	54,940	48,508
Other noncurrent assets (Note 13)	92,291	89,280
Total Noncurrent Assets	16,401,111	16,159,051
	₱21,309,917	₱19,964,307
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 14 and 27)	₱1,358,011	₱1,179,730
Short-term loans (Note 16)	1,000,000	1,000,000
Current portion of long-term debt (Note 17)	8,143	32,574
Unearned income (Note 14)	1,678,392	978,261
Lease liabilities - current portion (Note 27)	32,106	37,047
Income tax payable	19,394	19,719
Payables to related parties (Note 15)	21,317	8,706
Dividends payable (Note 18)	903	924
Total Current Liabilities	4,118,266	3,256,961
Noncurrent Liabilities		
Long-term loans (Note 17)	293,851	293,851
Lease liabilities - net of current portion (Note 27)	451,861	354,549
Net pension liabilities	151,026	162,452
Deferred tax liabilities - net	794,094	794,852
Other noncurrent liabilities (Note 27)	17,114	17,114
Total Noncurrent Liabilities	1,707,946	1,622,818
Total Liabilities	5,826,212	4,879,779

(Forward)

	Unaudited September 2024	Audited December 2023
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)	4,516,945	4,516,945
Remeasurement losses on defined benefit plans	(32,649)	(32,649)
Equity reserve (Note 6)	(230,494)	(230,494)
Retained earnings (Note 18)	6,552,361	6,165,650
Equity attributable to equity holders of the Parent Company	15,144,794	14,758,083
Non-controlling interest in consolidated subsidiaries (Note 24)	338,911	326,445
Total Equity	15,483,705	15,084,528
	₱21,309,917	₱19,964,307

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, iNC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands)**

	July 1 to September 30		
	2024	2023	2022
REVENUE			
Tuition and other fees (Note 19)	P1,283,892	P1,055,894	P1,000,438
COSTS AND EXPENSES			
Cost of tuition and other fees (Note 20)	841,246	695,845	564,042
GROSS PROFIT	442,646	360,049	436,396
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	(229,783)	(242,611)	(177,662)
INTEREST AND OTHER FINANCE CHARGES (Note 22)	(32,435)	(30,272)	(27,702)
INTEREST INCOME (Note 22)	17,130	13,438	7,073
OTHER INCOME (EXPENSE)	6,863	11,161	7,260
INCOME BEFORE INCOME TAX	204,421	111,765	245,365
PROVISION FOR INCOME TAX	18,325	4,687	1,635
NET INCOME	186,096	107,078	243,730
OTHER COMPREHENSIVE INCOME			
Other comprehensive income (loss):			
Reversal of DTL due to change in tax rate on FV deemed cost adj	—	—	—
	—	—	—
TOTAL COMPREHENSIVE INCOME	P186,096	P107,078	P243,730
Net income attributable to:			
Equity holders of the parent (Note 23)	P181,362	P103,569	P242,551
Non-controlling interest in consolidated subsidiaries	4,734	3,509	1,179
	P186,096	P107,078	P243,730
Total comprehensive income attributable to:			
Equity holders of the parent	P181,362	P103,569	P242,551
Non-controlling interest in consolidated subsidiaries	4,734	3,509	1,179
	P186,096	P107,078	P243,730
Basic Earnings Per Share (Note 23)	P0.1737	P0.0992	P0.2323

iPEOPLE, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	January 1 to September 30		
	2024	2023	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS			
(Note 19)			
Revenue from schools and related operations	₱3,767,285	₱3,107,258	₱2,755,954
COSTS AND EXPENSES			
Cost of schools and related operations (Note 20)	2,433,740	2,042,916	1,556,831
GROSS PROFIT	1,333,545	1,064,342	1,199,123
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	(643,356)	(621,929)	(544,931)
INTEREST AND OTHER FINANCE CHARGES (Note 22)	(92,926)	(112,544)	(85,212)
INTEREST INCOME (Notes 7 and 22)	48,548	44,230	10,927
OTHER INCOME (CHARGES) - Net	15,319	23,988	15,581
INCOME BEFORE INCOME TAX	661,130	398,087	595,488
PROVISION FOR INCOME TAX	63,543	7,531	5,007
NET INCOME	597,587	390,556	590,481
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
	—	—	—
TOTAL COMPREHENSIVE INCOME	₱597,587	₱390,556	₱590,481
Net income attributable to:			
Equity holders of the parent (Note 23)*	₱585,121	₱380,079	₱585,854
Non-controlling interest in consolidated subsidiaries (Note 24)	12,466	10,477	4,627
	₱597,587	₱390,556	₱590,481
Total comprehensive income attributable to:			
Equity holders of the parent	₱585,121	₱380,079	₱585,854
Non-controlling interest in consolidated subsidiaries (Note 24)	12,466	10,477	4,627
	₱597,587	₱390,556	₱590,481
*Basic/Diluted Earnings Per Share (Note 23)	₱0.5603	₱0.3640	₱0.5610

See accompanying Notes to Consolidated Financial Statements.

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 (Note 25)	Equity Reserve (Note 6)	Retained Earnings (Note 18)	Total	Non - controlling Interest (Note 27)	Total
Balances as at January 1, 2024	P1,044,263	P3,294,368	P4,516,945	(P32,649)	(P230,494)	P6,165,650	P14,758,083	P326,445	P15,084,528
Net income	—	—	—	—	—	585,121	585,121	12,466	597,587
Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	585,121	585,121	12,466	597,587
Dividends declared	—	—	—	—	—	(198,410)	(198,410)	—	(198,410)
Balances as at September 30, 2024	P1,044,263	P3,294,368	P4,516,945	(P32,649)	(P230,494)	P6,552,361	P15,144,794	P338,911	P15,483,705
Balances as at January 1, 2023	P1,044,263	P3,294,368	P2,603,159	P11,099	(P230,494)	P5,719,050	P12,441,445	P298,753	P12,740,198
Net income	—	—	—	—	—	380,079	380,079	10,477	390,556
Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	380,079	380,079	10,477	390,556
Dividends declared	—	—	—	—	—	(198,410)	(198,410)	—	(198,410)
Balances as at September 30, 2023	P1,044,263	P3,294,368	P2,603,159	P11,099	(P230,494)	P5,900,719	P12,623,114	P309,230	P12,932,344
Balances as at January 1, 2022	P1,044,263	P3,294,368	P1,633,847	(P15,033)	(P230,494)	P5,142,420	P10,869,371	P250,432	P11,119,803
Net income	—	—	—	—	—	585,854	585,854	4,627	590,481
Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	585,854	585,854	4,627	590,481
Dividends declared	—	—	—	—	—	(167,082)	(167,082)	—	(167,082)
Balances as at September 30, 2022	P1,044,263	P3,294,368	P1,633,847	(P15,033)	(P230,494)	P5,561,191	P11,288,142	P255,059	P11,543,202

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(Amounts in Thousands)**

	January 1 to September 30		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P661,130	P398,087	P595,488
Adjustments for:			
Depreciation and amortization (Notes 10, 13, 20 and 21)	390,591	384,870	343,138
Interest expense and other finance charges (Note 22)	92,926	115,527	86,991
Provision for doubtful accounts (Notes 8 and 21)	33,560	11,759	21,622
Interest income (Note 22)	(48,548)	(44,230)	(10,927)
Unrealized foreign exchange loss (gain) - net	(955)	(317)	(1,246)
Unrealized market loss (gain) on financial assets at FVTPL	(266)	(354)	(44)
Operating income before working capital changes	1,128,438	865,342	1,035,022
Decrease (increase) in:			
Receivables	(647,199)	(518,818)	(396,683)
Prepaid expenses and other current assets	(244,322)	39,094	(166,116)
Increase (decrease) in:			
Accounts payable and other current liabilities	182,760	48,926	65,981
Unearned income	700,131	672,124	623,495
Other noncurrent liabilities	20,342	18,267	19,765
Net pension assets and liabilities	(21,203)	18,361	14,145
Net cash generated from operations	1,118,947	1,143,296	1,195,609
Interest paid	(92,926)	(112,544)	(85,212)
Income taxes paid	(68,347)	(3,385)	(5,774)
Interest received	46,926	44,120	10,858
Net cash flows from operating activities	1,004,600	1,071,487	1,115,481
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 10)	(499,182)	(356,894)	(195,327)
Computer software (Note 13)	(1,872)	(3,144)	(4,209)
Decrease (increase) in:			
Receivables from related parties	(342)	218	(4)
Other noncurrent assets	(6,283)	4,882	5,664
Net cash flows used in investing activities	(507,679)	(354,938)	(193,876)

(Forward)

	January 1 to September 30		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term loans (Note 16)	P—	P1,000,000	P—
Payments of long-term loans	(24,430)	(1,524,430)	(12,858)
Payments of short-term loans	—	—	(400,000)
Dividends paid to stockholders	(198,431)	(223,955)	(167,083)
Payment of lease liabilities (Notes 26 and 27)	(44,266)	(52,841)	(52,795)
Increase (decrease) in payables to related parties (Note 26)	12,610	1,051	17,744
Net cash flows used in financing activities	(254,517)	(800,175)	(614,992)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	955	354	1,246
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	243,359	(83,272)	307,859
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,807,164	1,961,428	1,604,129
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	P2,050,523	P1,878,156	P1,911,988

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at September 30, 2024 and December 31, 2023, and for each of the three years in the period ended September 30, 2024, 2023 and 2022.

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

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

	Percentage of Ownership		
	2024	2023	2022
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*	-	-	100
National Teachers College doing business under the name/s and style/s of The National Teachers College	99.79	99.79	99.79
University of Nueva Caceres	83.01	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
<i>*In August 2023, SEC approved the merger of APEC and NTC, with NTC as the surviving entity</i>			

All subsidiaries were incorporated in the Philippines.

Subsidiaries are entities over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

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

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

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

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

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2023. The adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance.

The Philippine Interpretations Committee released Q&A No. 2022-02 which the Financial Reporting Standards Council subsequently approved. The PIC Q&A provides guidance on how a Philippine entity applies the amendments to PAS 1 and PFRS Practice Statement 2 with regards to disclosure of accounting policies by providing examples of disclosures of material accounting policies that illustrate the application of the amendments to PAS 1 and the four-step materiality process to accounting policy information.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

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

The Group does not expect the future adoption of the applicable pronouncements to have a significant impact on its consolidated financial statements.

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2023 on the Group's consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Summary of Significant Accounting Policies

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).

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.

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.

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.

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.

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.

Impairment of Nonfinancial Assets

Property and equipment, student relationship, right-of-use assets, and other noncurrent assets

The Group assesses as of reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

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. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

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

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to a customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The Group's contract liabilities represent the unearned income on tuition fees (presented under unearned income) and accounts payable to students (presented under accounts payable and other current liabilities) and will be recognized as revenue when the related educational services are rendered. Accounts payable to students are advance collections from students to be applied to the next school year or school term.

Costs and Expenses

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

Cost of schools and related operations

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

General and Administrative Expenses

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

Interest and Financing Charges

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

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

Retirement Benefits

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

Retirement benefits cost comprises the following:

- Service costs
- Net interest on the net defined benefit liability or asset

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the financial reporting date.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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.

5. Significant Accounting Judgments and Estimates

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

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

Fair valuation of land

The Group measures land at revalued amount with changes in fair value being recognized in other comprehensive income. The Group engaged an independent firm of appraisers to determine the fair value as at December 31, 2023 and 2022. The key assumptions used to determine fair value are disclosed in Note 11.

As at September 30, 2024 and December 31, 2023, the fair value of land amounted to ₱9,719.0 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 forward-looking factors specific to the debtors and the economic environment are updated.

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.

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 2023 and 2022, the Group performed an impairment testing of the property and equipment and right-of-use assets of APEC amounting to ₱376.7 million and ₱416.0 million as of December 31, 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 31. As of 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 Notes 10 and 31).

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 September 30, 2024 and December 31, 2023, the net pension liabilities amounted to ₱151.0 million and ₱162.4 million, respectively, while net pension assets amounted to ₱22.7 million and ₱20.1 million as at September 30, 2024 and December 31, 2023, respectively (Note 25).

Deferred tax assets

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

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

Provisions

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

6. 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
	<u>₱652,584</u>

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, 2023 and 2022, 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 2023 and 2022). Revenue projections 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 16% for 2023 and 16% to 17% for 2022). 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 2023 and 1% to 5% for 2022). 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 ₱32.8 million impairment loss on APEC in 2023 and ₱32.2 million impairment loss in 2022 (nil in 2021). The carrying value of intellectual property rights as of September 30, 2024 and December 31, 2023 amounted to ₱458.1 million.

Student Relationship

The carrying value and movement of student relationship as of September 30, 2024 and December 31, 2023 follows:

	2024	2023
Cost from business combination	₱116,009	₱116,009
Accumulated amortization:		
Beginning balance	(109,977)	(105,250)
Amortization and impairment (Note 20a)	(2,296)	(4,727)
Ending balance	(112,273)	(109,977)
Balance at end of the year	₱3,736	₱6,032

7. Cash and Cash Equivalents

This account consists of:

	Unaudited September 2024	Audited December 2023
Cash on hand	₱8,648	₱3,326
Cash in banks (Note 15)	569,332	711,829
Cash equivalents (Note 15)	1,472,543	1,092,009
	₱2,050,523	₱1,807,164

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 ₱46.93 million, ₱44.12 million and ₱10.86 million in 2024, 2023 and 2022, respectively (Note 22).

8. Receivables

This account consists of:

	Unaudited September 2024	Audited December 2023
Tuition and other fees	₱2,272,948	₱1,634,740
Advances to officers and employees	44,350	40,511
Others	95,657	88,952
	2,412,955	1,764,203
Allowance for ECL	(418,061)	(384,570)
	₱1,994,894	₱1,379,633

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 ₱268.5 million and ₱240.6 million as at September 30, 2024 and December 31, 2023, 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.

The changes in allowance for ECL as at September 30 and December 31 follow:

	September 2024		
	Tuition and other fees	Others	Total
Balance at beginning of year	₱375,800	₱8,770	₱384,570
Provisions for the year (Note 21)	33,560	—	33,560
Write-off	(69)	—	(69)
Balance at end of year	₱409,291	₱8,770	₱418,061
Gross receivables	₱2,272,948	₱95,657	₱2,368,605

	December 2023		
	Tuition and other fees	Others	Total
Balance at beginning of year	₱337,619	₱8,770	₱346,389
Provisions for the year (Note 21)	43,997	—	43,997
Write-off	(5,816)	—	(5,816)
Balance at end of year	₱375,800	₱8,770	₱384,570
Gross receivables	₱1,634,740	₱88,952	₱1,723,692

9. Prepaid Expenses and Other Current Assets

	Unaudited September 2024	Audited December 2023
Prepaid expenses	P292,438	P216,653
Short-term investments	420,713	267,818
CWT	13,596	7,609
Books inventories	17,570	8,894
Office supplies	4,332	4,125
Others	102,722	101,950
	P851,371	P607,049

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. These include investments held for government and private entities for the purpose of undertaking socio-economic studies and development projects.

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

10. Property and Equipment

The rollforward analysis of this account follows:

	September 2024				
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Balance at beginning of year	P6,626,686	P3,152,363	P61,675	P37,974	P9,878,698
Acquisitions	143,085	297,260	23,122	50,538	514,005
Disposals/retirement	—	—	—	—	—
Reclassifications and adjustments	—	—	—	—	—
Balance at end of year	6,769,771	3,449,623	84,797	88,512	10,392,703
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)	163,683	174,658	5,793	—	344,134
Disposals/retirement	—	—	—	—	—
Reclassifications and adjustments	12	14,789	23	—	14,823
Balance at end of year	2,165,619	2,688,721	51,713	—	4,906,052
Net book value at cost	4,604,152	760,902	33,085	88,512	5,486,651
Land at revalued amounts (Note 11)	—	—	—	—	9,719,039
Total	P4,604,152	P760,902	P33,085	P88,512	P15,205,690

	December 2023				Total
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	
Cost					
Balance at beginning of year	P6,477,973	P2,893,235	P51,176	P20,776	P9,443,160
Acquisitions	131,042	324,088	10,499	35,674	501,303
Disposals/retirement	—	(65,005)	—	—	(65,005)
Reclassifications and adjustments	17,671	45	—	(18,476)	(760)
Balance at end of year	6,626,686	3,152,363	61,675	37,974	9,878,698
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	1,781,449	2,322,738	40,383	—	4,144,570
Depreciation (Notes 20 and 21)	219,596	219,980	5,491	—	445,067
Disposals/retirement	—	(52,151)	—	—	(52,151)
Reclassifications and adjustments	879	8,707	23	—	9,609
Balance at end of year	2,001,924	2,499,274	45,897	—	4,547,095
Net book value at cost	4,624,762	653,089	15,778	37,974	5,331,603
Land at revalued amounts (Note 11)	—	—	—	—	9,719,039
Total	P4,624,762	P653,089	P15,778	P37,974	P15,050,642

The Group performed an impairment testing of the property and equipment and right-of-use assets of APEC in which further disclosures are made in Note 31.

11. Land at Revalued Amounts

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

	Unaudited September 2024	Audited December 2023
Land at cost	P4,066,906	P4,066,906
Revaluation increment on land:		
Balance at beginning of year	5,652,133	3,511,506
Change in revaluation increment	—	2,140,627
Balance at end of year	5,652,133	5,652,133
	P9,719,039	P9,719,039

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, 2023 and 2022, respectively.

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

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

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

Location	Range	
	2023	2022
Makati and Intramuros, Manila	P114,000 to P298,350	P85,050 to P246,926
Cabuyao, Laguna	P8,507 to P16,335	P11,875 to P13,500
Davao City, Davao Del Sur	P41,535 to 49,140	P22,088 to 35,340
Pandacan, Metro Manila	P126,000 to P151,200	P85,781 to P102,375
San Jose Del Monte City, Bulacan	P56,012 to 60,493	P55,510 to 60,493
Naga City, Camarines Sur	P27,075 to P28,500	P19,000 to P34,913
Quiapo, Manila	P206,900 to 300,200	P89,100 to 135,000

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 -30% to +20% in 2023 and from -20% to +15% in 2022.

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

12. Goodwill

The goodwill recognized in the consolidated statement of financial position amounting to P151.3 million as at September 30, 2024 and December 31, 2023 pertains to the P137.8 million goodwill from acquisition of MESI in 1999 and P13.5 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 P13.5 million goodwill as the Group assessed it as not material to the consolidated financial statements. In 2024, 2023 and 2022, management assessed that no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation

As at December 31, 2023 and 2022, 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 (4.66% for 2023 and 5.79% for 2022). 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 (11.4% for 2023 and 14% for 2022). 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 September 2024	Audited December 2023
Input VAT - net	₱35,473	₱34,216
Miscellaneous deposits	34,297	26,986
Creditable withholding tax	7,752	9,958
Computer software	8,564	15,475
Books and periodicals	6,205	2,645
	₱92,291	₱89,280

Miscellaneous deposits include rent deposits of the Group amounting to ₱11.3 million and ₱18.9 million as of September 30, 2024 and December 31, 2023, respectively.

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

	Unaudited September 2024	Audited December 2023
Cost		
Balance at the beginning of the year	₱70,222	₱64,032
Additions	1,873	6,190
Balance at the end of the year	72,095	70,222
Accumulated Amortization		
Balance at the beginning of the year	54,747	47,024
Amortization (Notes 20 and 21)	5,144	6,113
Reclassifications	3,640	1,610
Balance at the end of the year	63,531	54,747
Net Book Value	₱8,564	₱15,475

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 September 2024	Audited December 2023
Accounts payable	₱487,920	₱455,990
Accrued expenses	322,007	250,255
Funds payable	309,617	275,650
Provisions (Note 31)	173,216	162,352
Other payables	65,251	35,483
	₱1,358,011	₱1,179,730

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 ₱14.5 million and ₱16.3 million as at September 30, 2024 and December 31, 2023, respectively.

Accrued expenses consist of:

	Unaudited September 2024	Audited December 2023
Payable to suppliers	₱128,180	₱125,963
Accrued salaries and wages	54,335	23,802
Contracted services	35,143	16,122
Accrued professional fees	20,035	8,739
Output VAT payable	19,699	12,902
Withholding taxes and others	18,350	9,615
SSS and other contributions	10,194	3,486
Accrued communication expense	7,321	8,727
Accrued utilities	7,251	5,860
Accrued interest (Note 18)	4,390	15,099
Insurance	1,352	854
Others	15,757	19,086
	₱322,007	₱250,255

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

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 ₱1,676.3 million and ₱976.3 million as at September 30, 2024 and December 31, 2023, respectively, which are considered contract liabilities.

Contract Liabilities

As at September 30, 2024, contract liabilities amounted to ₱1,690.8 million and these will be recognized as revenue in the next period. Contract liabilities as of December 31, 2023 amounting to ₱992.6 million were recognized as revenue in 2024.

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 September 30:

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
Controlling entity – HI				
a) Payable to HI				
	2024	₱–	(₱11,937)	Noninterest-bearing; unsecured;
	2023	–	(₱8,614)	due and demandable
Management fee and other professional fees (Notes 20 and 21)	2024	96,587	–	–
	2023	80,292	–	–
	2022	80,242	–	–
b) Receivable from HI				
	2024	–	740	Noninterest-bearing; unsecured;
	2023	–	722	due and demandable; no impairment
Entities under common control of HI				
c) Receivables from related parties				
	2024	–	1,227	Noninterest-bearing;
	2023	–	17	unsecured; due and demandable; no impairment
Rental income	2024	(7,790)	–	–
	2023	(6,903)	–	–
	2022	(2,280)	–	–

(Forward)

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
d) Payables to related parties				
	2024	P–	(P450)	Noninterest-bearing; unsecured; due and demandable
	2023	–	(93)	
Contracted services (Notes 20 and 21)				
	2024	78,783	–	–
	2023	66,152	–	–
	2022	37,867	–	–
Entities under common control of PMMIC				
e) Cash and cash equivalents (Note 7)				
	2024	–	1,340,839	Interest at prevailing deposit and short-term rates; unsecured; no impairment
	2023	–	1,208,138	
Interest income (Note 22)				
	2024	46,926	–	–
	2023	44,120	–	–
	2022	10,858	–	–
g) Receivables from related parties				
	2024	–	18	Noninterest-bearing; unsecured; due and demandable; no impairment
	2023	–	18	
h) Insurance expense				
	2024	13,465	–	
	2023	15,918	–	
	2022	12,882	–	
Financial asset at FVTPL (Note 30)				
	2024	–	10,032	Carried at fair value; No impairment
	2023	–	9,649	
Short-term investments (Note 9)				
	2024	–	58,431	Interest at prevailing deposit and short-term rates; unsecured; no impairment

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
	2023	–	40,402	
Entities with significant influence				
i) Payable to related parties	2024	–	(8,930)	Due on demand, noninterest-bearing; unsecured; no impairment
	2023	–	–	
Management fee and other professional fees (Notes 20 and 21)	2024	8,930	–	
	2023	8,505	–	–
	2022	8,100	–	–

The Group's significant transactions with related parties follow:

a) Payable to HI

This account pertains to management and other professional fees charged by HI for administering the 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. These are noninterest-bearing and are payable on demand.

c) Receivables from entities under common control of HI

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

d) Payables to entities under common control of HI

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

e) Cash and Cash Equivalents

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

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's office 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's fire, accident, group and other insurance policies.

h) Payable to related parties

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

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 2017, the Group, through MMCMI, obtained a short-term loan (STL) facility with Bank of Philippine Island (BPI), which was earmarked from the long-term loan facility of the Group from same bank, to finance the construction of MMCMI's school building. Each STL facility may be re-availed, renewed or extended within a period of one year provided that the sum of the terms of re-availments/renewals/ extension will not exceed 360 days. The STL facility may be converted into a 10-year term loan facility which shall be partially secured by the real estate mortgage on the real property of MMCMI. The STL facility is secured by the Continuing Suretyship Agreement of MESI. Annual interest rates range from 3.00% to 5.50%. Short-term loans amounting to ₱400.0 million as at December 31, 2021 was paid in 2022.

In 2023, MCMI availed of ₱1.0 billion short-term loans from RCBC and BPI at 7.00% and 7.65% interest rate, respectively. The loan agreements shall be valid for one (1) year, renewable every year upon mutual written consent of the parties.

Interest expense charged to operations amounted to ₱59.2 million in 2024, nil in 2023 and ₱2.3 million in 2022 (Note 22).

17. Long-term Loans

This account consists of the following as of September 30 and December 31:

	Unaudited September 2024	Audited December 2023
Unsecured bank loans	₱301,994	₱326,425
Secured bank loans	-	-
Total	301,994	326,425
Less: Current portion of unsecured bank loans	8,143	32,574
Noncurrent portion of long-term loans	₱293,851	₱293,851

Unsecured

The Group, through NTC, entered into a 10-year unsecured term loan facility with a third party local bank for ₱650.0 million to finance its building refurbishment and/or expansion (see Note 10). The

principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility amounted to P380 million. The P300 million is subject to 5.5% fixed rate and the P80 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 P80 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 September 30, 2024 and December 31, 2023, NTC has complied with its covenant obligations, including maintaining the required D:E ratio.

Interest expense recognized in profit or loss in 2024, 2023 and 2022 amounted to P13.3 million, P14.7 million and P16.1, respectively (Note 22).

Secured

In 2019, the Group, through MMCMI, entered into a ten-year secured long-term loan agreement with a local bank for P1,500.0 million to refinance the construction of MMCMI's school buildings and facilities that were initially funded by short-term loans. MMCMI made partial drawdowns against this agreement amounting to P680.0 million, P350.0 million and P470.0 million in January, June and July 2019, respectively. The loans were subject to prevailing borrower's rate, plus a minimum spread of 0.50% per annum, but in no case lower than 4% per annum, subject to quarterly repricing. MMCMI shall repay the loan in 20 equal quarterly installments to start at the end of 21st quarter from the initial drawdown date. The loans were secured by the land and related improvements owned by MMCMI with carrying value of P2,374.9 million and P2,385.0 million as of March 31, 2023 and December 31, 2022, respectively, and suretyship of MESI (Note 10). The loans were subject to certain positive and negative covenants such as the requirement for MMCMI to maintain its debt service cover ratio of at least 1.0 at all times and maximum D:E ratio of 75:25 starting on the third year of the loan (January 2022) reckoned from initial drawdown date of January 2019.

In July 2023, the long-term loan amounting to P1.5 billion was fully paid.

Interest expense including amortization of debt issue cost amounted to nil in 2024, P79.6 million in 2023, and P48.2 million in 2022 (Note 22).

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 September 30, 2024 and December 31, 2023, with a par value of P1 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 P250.00 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 P0.01 per share.

Below is the summary of the Parent Company's outstanding number of shares and holders of securities as at September 30, 2024:

Year	Number of shares registered	Number of holders of securities as at year end
January 1, 2023	1,044,263,197	2,003
Add (deduct) movement	—	(6)
December 31, 2023	1,044,263,197	1,997
Add (deduct) movement	—	(4)
September 30, 2024	1,044,263,197	1,994

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 September 30, 2024 and December 31, 2023 amounted to ₱1,448.4 million and ₱1,627.8 million, respectively. The Parent Company and its subsidiaries will declare dividends out of their retained earnings available for dividend declaration.

The retained earnings account in the consolidated statements of financial position includes the accumulated equity in undistributed earnings of consolidated subsidiaries amounting ₱6,905.30 million and ₱6,803.41 million as at September 30, 2024 and December 31, 2023, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD declared cash dividends as follows:

	2024	2023	2022
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	—
April 1, 2022, (₱0.16 per share) to stockholders of record as of April 29, 2022, payable on or before May 20, 2022	—	—	167,082
	₱198,410	₱198,410	₱167,082

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 September 30, 2024 and December 31, 2023.

As at September 30, 2024 and December 31, 2023, 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.

	2024	2023
Liabilities (a)	₱5,826,212	₱4,879,779
Equity (b)	15,144,794	14,758,083
Debt-to-equity ratio (a/b)	0.38:1.00	0.33:1.00

19. Revenue from Contracts with Customers

Revenue from schools and related operations consists of:

	2024	2023	2022
Tuition and other matriculation fees	₱3,765,601	₱3,030,141	₱2,695,253
Less: Scholarship grants and discounts	(159,884)	(129,840)	(165,088)
	3,605,717	2,900,301	2,530,165
Other student-related income and auxiliary services	161,568	206,957	225,789
	₱3,767,285	₱3,107,258	₱2,755,954

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:

	2024	2023	2022
Personnel expenses	P1,053,901	P887,080	P775,501
Depreciation and amortization	333,528	332,515	257,856
Student-related expenses	175,198	131,110	94,605
Management and other professional fees (Note 15)	166,031	149,647	94,768
IT expense - software license	162,409	110,080	76,005
Periodicals	128,383	114,544	70,863
Utilities	109,085	102,786	49,606
Advertising	93,694	49,030	30,555
Research and development fund	38,696	23,859	11,779
Repairs and maintenance	32,142	28,248	23,748
Tools and library books (Notes 10 and 13)	31,639	27,329	18,102
Accreditation cost	28,615	30,033	20,423
Seminar	14,015	7,188	3,754
Insurance	11,565	14,833	11,079
Rent (Note 27)	7,726	5,277	1,699
Laboratory supplies	6,792	3,799	1,724
Transportation and travel	6,669	5,067	2,129
Office supplies	4,796	3,892	2,142
Taxes and licenses	4,073	8,724	6,252
Entertainment, amusement and recreation	1,757	1,035	1,010
Miscellaneous	23,026	6,840	3,231
	P2,433,740	P2,042,916	P1,556,831

a. Details of depreciation and amortization follows:

	2024	2023	2022
Depreciation (Note 10)	P344,134	P335,724	P280,672
Depreciation - ROU assets (Note 27)	39,017	40,150	40,306
Amortization - Student relationship (Note 6)	2,296	3,545	16,733
Amortization (Note 13)	5,144	5,451	5,427
	P390,591	P384,870	P343,138

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

	2024	2023	2022
Cost of schools and related operations	P294,511	P295,246	P219,301
Cost of schools and related operations - ROU assets (Note 27)	39,017	37,269	38,555
	333,528	332,515	257,856
General and administrative expenses (Note 21)	57,063	52,355	85,282
	P390,591	P384,870	P343,138

21. General and Administrative Expenses

This account consists of:

	2024	2023	2022
Management and other service fees (Note 15)	P168,117	P163,368	P124,931
Personnel expenses	136,113	183,378	150,530
Advertising	77,969	85,404	51,625
Depreciation and amortization (Notes 10, 13 and 20)	57,063	52,355	85,282
Taxes and licenses	35,140	18,974	21,625
Provisions for doubtful accounts (Note 8)	33,560	11,759	21,622
Repairs and maintenance	17,963	11,928	9,540
Utilities	17,105	12,650	15,819
Provision for losses	10,864	—	—
Transportation and travel	8,233	7,497	3,170
IT expense - software license	7,862	7,027	1,678
Insurance	5,904	3,877	4,378
Seminar	5,382	4,567	2,118
Donations	3,872	5,546	3,123
Commission	2,774	2,163	2,268
Office supplies	2,723	2,740	1,546
Entertainment, amusement, and recreation	2,024	2,046	2,503
Investor relations	1,463	1,300	1,555
Rent (Note 27)	71	739	849
Miscellaneous	49,154	44,603	40,769
	P643,356	P621,921	P544,931

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:

	2024	2023	2022
Cash in banks and cash equivalents (Note 7)	P46,926	P44,120	P10,858
Advances to officers and employees (Note 8)	1,622	110	69
	P48,548	P44,230	P10,927

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

	2024	2023	2022
Short-term loans (Note 16)	₱59,242	₱–	₱2,289
Long-term loans (Note 17)	13,342	94,277	64,321
Interest expense on lease liabilities (Note 27)	20,342	18,267	18,602
	₱92,926	₱112,544	₱85,212

23. Earnings Per Share

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

	2024	2023	2022
Net income attributable to equity holders of Parent Company (a)	₱585,121	₱380,079	₱585,854
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)	₱0.5603	₱0.3640	₱0.5610

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:

	2024	2023
University of Nueva Caceres	16.99%	16.99%
National Teachers College	0.21%	0.21%

Non-controlling interests in material subsidiaries as at September 30, 2024 and December 31, 2023 follows (in million pesos):

	2024	2023
University of Nueva Caceres	₱333	₱321
National Teachers College	6	5

Dividends paid to non-controlling interest in consolidated subsidiaries amounted to nil in 2024 and 2023.

As at September 30, 2024 and December 31, 2023, 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	
	2024	2023	2024	2023
Assets				
Current assets	P655	P380	P1,340	P1,038
Noncurrent assets	1,707	1,685	2,737	2,629
	P2,362	P2,065	P4,077	P3,667
Liabilities and Equity				
Current liabilities	P364	P298	P746	P253
Noncurrent liabilities	166	153	914	424
	530	451	1,660	677
Equity	1,832	1,638	2,417	1,506
	P2,362	P2,089	P4,077	P2,182
Attributable to:				
Equity holders of parent	P1,521	P1,370	P2,412	P1,503
Non-controlling interest	311	268	5	3
Net revenue	P371	P81	P525	P130
Gross profit	201	42	303	84
Net income (loss)	72	5	154	53
Attributable to:				
Equity holders of parent	P60	P4	P154	P53
Non-controlling interest	12	1	0	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 PFRSs.

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

Education - 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, including land acquisition.

(In million pesos)

	Education			Others			Elimination			Consolidated		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Revenues												
Income from external customers	P3,767	P3,107	P2,756	P–	P–	P–	P–	P–	P–	P3,767	P3,107	P2,756
Total Revenues	P3,767	P3,107	P2,756	P–	P–	P–	P–	P–	P–	P3,767	P3,107	P2,756
Net Income attributable to Parent Company	P574	P382	P612	P19	P257	(P5)	(P8)	(P259)	(P21)	P585	P380	P586
Other Information												
Segment assets	P22,052	P18,965	P17,276	P6,272	P5,722	P5,881	(P7,014)	(P6,618)	(P6,350)	P21,310	P18,069	P16,807
Segment liabilities	6,853	6,192	5,760	122	116	100	(1,149)	(1,172)	(596)	5,826	5,136	5,264
Deferred tax assets	54	48	33	1	1	2	–	–	–	55	49	35
Deferred tax liabilities	695	487	379	44	43	42	55	59	65	794	589	486
Interest expense	116	130	95	0	0	0	(23)	(17)	(10)	93	113	85
Provision for income tax	62	8	7	3	1	0	(1)	(1)	(2)	64	8	5
Depreciation and amortization	379	372	317	3	3	3	9	10	23	391	385	343

26. Notes on Consolidated Statements of Cash Flows

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

	December 2023	Non-cash Changes				Cash Flows	September 2024
		Declaration of Cash Dividend	Amortization of debt issue cost	Other Non-Cash	Interest Expense		
Short-term loans	P1,000,000	P–	P–	P–	P–	P–	P1,000,000
Long-term loans	293,851	–	–	–	–	–	293,851
Current portion of long-term loans	32,574	–	–	–	–	(24,430)	8,143
Dividends payable	924	198,410	–	–	–	(198,431)	903
Payables to related parties	8,706	–	–	–	–	12,610	21,317
Lease liabilities	391,597	–	–	116,294	20,342	(44,266)	483,967
	P1,727,652	P198,410	P–	P116,294	P20,342	(P254,517)	P1,808,181

	December 2022	Non-cash Changes				Cash Flows	September 2023
		Declaration of Cash Dividend	Amortization of debt issue cost	Other Non-Cash	Interest Expense		
Short-term loans	P–	P–	P–	P–	P–	P1,000,000	P1,000,000
Current portion of long-term loans	P1,521,448	–	–	P2,982	P–	(1,516,287)	8,143
Long-term loans	334,568	–	2,982	(2,982)	–	(8,143)	326,425
Dividends payable	26,154	198,410	–	–	–	(223,955)	609
Payables to related parties	16,797	–	–	–	–	1,051	17,848
Lease liabilities	429,635	–	–	–	18,267	(52,841)	395,060
	P2,328,602	P198,410	P2,982	P–	P18,267	(P800,175)	P1,748,086

	December 2021	Non-cash Changes				Cash Flows	September 2022
		Declaration of Cash Dividend	Amortization of debt issue cost	Other Non-Cash	Interest Expense		
Short-term loans	P400,000	P–	P–	P	P–	(P400,000)	P–
Long-term loans	1,853,645	–	1,779	(11,572)	–	(12,858)	1,830,994
Dividends payable	565	167,083	–	–	–	(167,083)	565
Payables to related parties	14,135	–	–	–	–	17,744	31,879
Lease liabilities	357,826	–	–	(21,649)	19,393	(52,795)	302,775
	P2,626,171	P167,083	P1,779	(P33,221)	P19,393	(P614,992)	P2,166,213

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:

	2024	2023
Within one year	P8,037	P8,037
More than one year but not more than five years	30,194	30,194
	P38,231	P38,231

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 APEC, recognized right-of-use assets and lease liabilities from these operating lease agreements. For those leases subjected to PFRS 16, the IBR used in the computation of lease liabilities ranges from 4.05% to 8.86% in 2023 and from 6.29 to 7.40% in 2022 (see Note 5).

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

	September 2024	December 2023
Net Book Value at January 1	P335,013	P376,794
Additions	116,294	42,805
Amortization (Note 20a)	(39,017)	(51,420)
Pre-termination/expiration	—	(33,166)
Net Book Value, ending	P412,290	P335,013

The following are the amounts recognized in the 2024 and 2023 statement of comprehensive income (Note 20):

	2024	2023
Depreciation expense of right-of-use assets	P39,017	P28,068
Interest expense on lease liabilities	20,342	11,433
Total amount recognized in profit or loss	P59,359	P39,500

The rollforward analysis of lease liabilities from NTC follows:

	September 2024	December 2023
As at January 1	P391,596	P429,635
Additions	116,295	42,805
Interest expense (Note 22)	20,342	29,808
Payments	(44,266)	(72,565)
Pre-termination	—	(38,087)
	P483,967	P391,596

The balance of lease liabilities as of September 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Lease liabilities – current	₱32,106	₱37,047
Lease liabilities – noncurrent	451,861	354,549
	₱483,967	₱391,596

Shown below is the maturity analysis of the undiscounted lease payments as of September 30, 2024 and December 31, 2023:

	2024	2023
Within one year	₱44,507	₱66,390
More than one year but less than five years	432,338	313,564
Five years and more	148,957	148,957
	₱625,802	₱528,911

As disclosed in Notes 5 and 10, the Group performed an impairment testing of the property and equipment and right-of-use assets of APEC, the aggregate carrying value for which amounted to ₱ 376.7 million and ₱416.01 million as of December 31, 2023 and 2022, respectively, due to the continuing losses and significant decline in the number of students mainly brought about by the coronavirus pandemic. Key assumptions used are as follows:

- Revenue projections. The revenue projections were based on financial budgets approved by management and BOD.
- Discount rate (11.1% in 2023 and 14% in 2022). 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, 2023 and 2022 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 September 30, 2024 and December 31, 2023 amounted to ₱191.6 million and ₱180.7 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.

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.

28. Other Matters

- In December 2022, the BOD and Stockholders of NTC and APEC 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. In August 2023, the SEC approved the merger.

IPEOPLE, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

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SCHEDULE II

PEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-J: SCHEDULES SEPTEMBER 30, 2024

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

Schedule A. Financial Assets

As at September 30, 2024, 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 September 30, 2024:

Name	As at December 31, 2023	Additions	Liquidations/ Collections	As at September 30, 2024
De Guzman, Alexander	₱381,210	₱211,000	₱—	₱592,210
Pablo, Cherie P.	137,326	54,460	17,960	173,826
Fuentez, Christine	1,418,588	1,852,217	1,986,098	1,284,707
Subong, Chery S.	51,000	63,530	10,880	103,650
Lariba, Esperanza C.	259,082	387,020	311,417	334,685
Executive/Mancom	277,298	—	12,111	265,187
Globe Telecom, Inc. - Abalos, Mark	399,667	—	60,556	339,111
Correa, Helen	199,247	—	—	199,247
Villanueva, Jomar	19,191	82,646	—	101,836
Lozada, Katrina	128,764	—	—	128,764
Gomez, Ma. Esperanza D.	173,900	—	—	173,900
Umali, Maria Judith S.	105,042	—	—	105,042
Escalera, Myla L.	113,900	33,100	—	147,000
Hampac, Princess Jesusa B.	23,881	103,894	—	127,775
Taganas, Romeo Jose B.	56,629	108,325	63,325	101,629
Federizo, Rona Lynne A.	—	231,090	—	231,090
Nuera, Rosette Escovilla	—	100,000	—	100,000
Taala, Suzette	275,666	63,530	10,880	275,666
Aberilla, Irish Mae O.	217,694	1,176,200	588,975	804,918
Adanza, Carina Victoria	163,480	-	61,380	102,100
Agbulos, Erlin	224,034	7,725	61,803	169,957
Calderon, Aldrin Dimayuga	310,279	108,616	156,600	262,295
Aleria, Ace Vann Cardiff	-	245,000	129,150	115,850
Alfeche, Lalaine Joan	81,950	46,700	6,749	121,901
Canlas, Alma A	-	204,905	36,102	168,803
Hernaiz, Alodia C.	283,027	8,823	58,350	233,500
Caparanga, Alvin R.	421,880	209,263	126,530	504,613
Dionisio, Anna Rose M.	313,621	-	-	313,621
Aquino, Jesuniño R.	456,266	-	69,606	386,660
Paglinawan, Arnold C.	224,032	24,265	76,736	171,561
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

Name	As at December 31, 2023	Additions	Liquidations/ Collections	As at September 30, 2024
Ballado, Alejandro Jr.	157,056	119,000	97,751	178,305
Balo, Abeliosre	97,600	10,500	-	108,100
Doma, Bonifacio Jr.	249,080	88,305	106,164	231,222
Canoy, Kathleen Ann B.	677,500	678,030	37,645	1,317,886
Cascaro, Rhodessa	194,254	252,382	252,608	194,028
Catarman, Lee Caesar	176,834	878,166	532,162	522,838
De Los Reyes, Cesar Romeo V.	-	734,238	410,196	324,042
Quisaot, Concordio S.	124,659	-	-	124,659
Cuizon, Junneil	501,386	834,960	701,268	635,078
Tiongco, Danilo R.	469,746	137,766	244,046	363,466
Sauquillo, Dante	240,335	24,206	71,178	193,362
Senoro, Delia B.	2,629,714	1,886,918	955,745	3,560,887
Delos Reyes, Marycon	171,440	294,490	317,073	148,857
Arenillo, Denise Jordan P.	-	1,219,968	751,871	468,096
Dingal, Charlymer	208,462	395,000	396,620	206,842
Mejia, Emmillie Joy B.	1,500	479,174	61,874	418,800
Eng, Eman Claudette J.	415,850	145,500	441,350	120,000
Dimaunahan, Ericson Dalangin	43,720	168,683	14,709	197,693
Estorba, Rhacell	229,245	870,907	798,199	301,952
Faderogao, Tristan Jake	46,500	104,300	16,500	134,300
Flores, Eira Marie B.	18,800	405,300	172,352	251,748
Estores, Gilford B.	420,349	16,077	83,926	352,500
Hadlocon, Jogie L.	51,900	88,000	15,000	124,900
Banlawe, Ivane Ann	203,070	-	-	203,070
Cuanang, Joane Rose	114,000	-	-	114,000
Oliveros, Joanna B.	-	280,000	-	280,000
Macayan, Jonathan V.	7,644	1,574,189	339,314	1,242,519
Salvacion, Jonathan W.L.	10,816	768,965	433,431	346,350
Josio, Cesar Glenn A.	197,771	189,430	236,779	150,422
Kikuchi, Khristian	48,048	308,193	65,100	291,142
Pamintuan, Kristopher Ray				
Simbulan	-	568,338	31,550	536,788
Laud, Noel V.	369,750	23,000	10,178	382,572
Tayo, Lemmuel L.	-	933,870	441,945	491,925
Sabino, Lilibeth D.	276,876	227,375	186,404	317,846
Logrosa, Gernelyn T.	90,875	91,728		182,603
Mack, Jose Paolo Y.	196,534	31,750	90,450	137,834
Maestrecampo, Dodjie	-117	695,713	491,244	204,352
Santos, Malaya P.	-	885,448	435,208	450,240
Reyes, Marc Conrad C.	440,000	412,800	726,800	126,000
Camacho, Margarita V.	507,060	757,999	516,890	748,169
Dadiz, Maricel A.	-	400,000	79,500	320,500
Bayag, Marina B.	921,226	203,000	605,103	519,123
Medrano, Anthony Hilmer	181,471	-	33,675	147,796
Divina, Melchor P.	312,881	3,135,581	2,912,081	536,381
Mende, Melwin	61,619	317,762	201,251	178,130
Mesina, James Ronald (Opulencia)	58,683	471,500	58,683	471,500
Young, Michael N.	236,931	480,109	551,439	165,600

Name	As at December 31, 2023	Additions	Liquidations/ Collections	As at September 30, 2024
Miguel, Charisse B.	52,000	56,800	8,000	100,800
Delos Santos, Mira M.	240,656	8,852	46,347	203,162
Mondia, Bai Nyssa Mae S.	127,953	167,000	176,380	118,573
Nacua, Juliet	185,780	7,500	41,000	152,280
Custodio, Oliver Ryan B.	168,515	1,427,423	326,504	1,269,434
Otero, Gerlyn D.	273,295	333,020	488,869	117,446
Susulin, Paola Collene I.	4,476	244,122	98,598	150,000
Meris, Paulo Rafael Villaflor	240,750	-	-	240,750
Peligrino, Bianca Mae L.	24,275	235,000	149,333	109,943
Quijada, Gertie	162,070	-	-	162,070
Quiñagon, Ramon	496,372	315,370	95,483	716,258
Quiñagon, Ramon	496,372	215,370	-	711,742
Quiñal, Jeremia	274,950	270,140	70,140	474,950
Rabanes, Cristy	155,300	468,005	376,364	246,941
Ramirez, Paolo Aiman S.	68,400	156,939	61,693	163,646
Alcantara, Randy B.	262,267	417,600	191,867	488,000
Ebio, Ressian Dhel E.	110,000	-	-	110,000
Villa, Robert Joseph G.	182,064	87,556	15,501	254,119
Dineros, Rochelle	177,669	-	-	177,669
Ambuyoc, Rodel R.	158,284	252,600	263,325	147,559
Sinday, Grace	227,304	254,500	21,000	460,804
Songsong, Maribel	220,188	-	60,975	159,213
Suaybaguio, Zyrah Gwen I.	114,993	476,191	207,196	383,988
Suello, Lito	456,267	-	69,600	386,667
Suganob, Jennifer	-	110,185	10,000	100,185
Tajura, Ali	25,127	234,055	29,955	229,226
Toylo, Anthony	183,675	867,789	352,421	699,042
Tupas, Trishia	181,138	99,570	127,501	153,207
Untal, Jessa Velle S.	14,995	198,114	77,621	135,488
Uy, Juval Jake	432,557	478,417	397,817	513,157
Villanueva, Rachel	131,753	-	3,748	128,005
Yparraguirre, Flora Mae	510,062	374,000	338,091	545,972
Yu, Margarita	52,543	117,000	29,100	140,443
Monteagudo, Marvin	-	694,403	-	694,403
Gomez, Marianne Edna	719,525	-	32,619	686,906
Rodriguez, Annelle	602,500	-	-	602,500
Bonafe, Eufemia	300,000	-	-	300,000
Fortuno, Vivian	300,000	-	-	300,000
Ogarte, Joshua	287,650	-	21,100	266,550
San Juan, Cloyd	237,000	-	-	237,000
Caramoan, Melanie	200,000	-	-	200,000
Mendoza, Joseph	-	150,000	-	150,000
Cedo Vida, Carminda	150,000	100,000	-	250,000
Parra, Francisco	150,000	-	-	150,000
Solis, Elias Jr	150,000	-	-	150,000
Fajardo, MariaTheresa	133,067	-	-	133,067
Tanjay, Lorlie	136,000	-	12,000	124,000
Ogarte, Nico	127,333	-	14,333	113,000

Name	As at December 31, 2023	Additions	Liquidations/ Collections	As at September 30, 2024
Various	112,950	-	-	112,950
Employees(FFCMutualAidProgram)				
San Andres, Magelia	5,625	100,000	4,821	100,804
Santiago, Raymart	-	100,000	-	100,000
Balang, Ernesto	100,000	-	-	100,000
Ciudadano, Maria Leisel	100,000	-	-	100,000
Dizon, Susana	100,000	-	-	100,000
	P29,694,094	P37,314,620	P23,455,402	P43,553,313

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 September 30, 2024:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Pan Pacific Computer Center, Inc.	P1,104,410	P-	P-	P1,104,410
Malayan Education System, Inc.	11,944,165	19,410,747	(29,312,635)	2,042,277
Malayan Colleges Laguna, Inc.	2,586,597	16,209,200	(15,527,152)	3,268,645
Malayan Colleges Mindanao, Inc.	309,002,750	24,572,510	(25,432,884)	308,142,376
University of Nueva Caceres	898,877	4,431,396	(5,330,273)	0
National Teachers College	4,263,404	17,580,995	(20,183,838)	1,660,561
Landev Corporation	14,395	30,808	(45,203)	0
House of Investments, Inc.	7,710	30,833	(38,543)	0

Schedule D. Long-term debt

As at September 30, 2024, the Group has outstanding long-term debts as follow (in thousands):

Unsecured bank loans	P301,994
Secured bank loans	-
Total	301,994
Less: current portion of unsecured bank loans	8,143
Noncurrent portion of long-term loans	P293,851

Unsecured

The Group, through NTC, entered into a 10-year unsecured term loan facility with a third party local bank for P650.00 million to finance its building refurbishment and/or expansion. The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility amounted to P380 million. The P300 million is subject to a 5.5% fixed rate and the P80 million is subject to annual repricing based on higher of 5.5%.

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

As at September 30, 2024, the Group has no outstanding long-term debt to related parties.

Schedule F. Guarantees of Securities of Other Issuers

As at September 30, 2024, the Group does not guarantee any securities.

Schedule G. Capital Stock

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

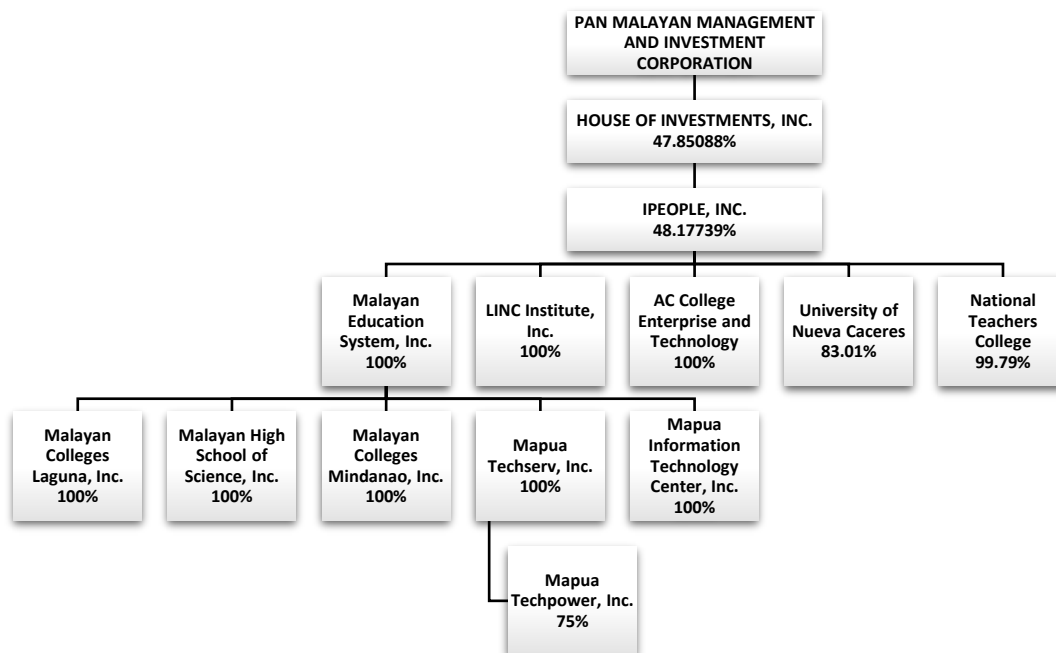
IPEOPLE, INC. AND SUBSIDIARIES

GROUP STRUCTURE

SEPTEMBER 30, 2024

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company and subsidiaries as at September 30, 2024:



SCHEDULE I

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-D: RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION SEPTEMBER 30, 2024

Items	Amount (in thousands)
Unappropriated retained earnings, <i>as adjusted to available for distribution, beginning</i>	₱1,627,845
Add: Net income actually earned/realized during the period	
Net income (loss) during the period closed to retained earnings	₱18,983
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	—
Unrealized actuarial gain	—
Fair value adjustment (M2M gains)	—
Fair value adjustment of Investment Property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP-gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—
Sub-total	—
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	—
Adjustments due to deviation from PFRS/GAAP - loss	—
Loss on fair value adjustment of investment property (after tax)	—
Sub-total	—
Net income actually realized during the period	18,983
Add (Less):	
Dividends declaration during the year	(198,410)
Appropriations of retained earnings during the period	—
Reversal of appropriations	—
Effects of appropriations	—
Effects of prior period adjustments	—
Treasury shares	—
Transfer to retained earnings of fair value reserve of equity instruments	—
	(198,410)
Total Retained Earnings, End Available for Dividend	₱1,448,418

iPeople, inc. and Subsidiaries
Aging of Accounts Receivable
For the quarter ended September 30, 2024

	No. of days due			
	0-30	31-60	Over 61 days	Total
Education	₱1,675,769,538	₱54,573,209	₱542,604,918	₱2,272,947,665
Others	61,572,973	5,756,640	72,677,998	140,007,611
Total	1,737,342,511	60,329,849	615,282,916	2,412,955,276
Less: Allowance for doubtful accounts	(9,147,133)	(507,607)	(408,406,341)	(418,061,081)
	₱1,728,195,378	₱59,822,242	₱206,876,575	₱1,994,894,195

IPEOPLE, INC. AND SUBSIDIARIES

ANNEX 68-E: SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

SEPTEMBER 30, 2024

Below are the financial ratios that are relevant to the Group's as of the period ended September 30, 2024, March 31, 2023 and December 31, 2023

Financial ratios		Unaudited September 2024	Unaudited September 2023	Audited December 2023
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.19:1	1.09:1	1.17:1
<i>Indicates the Group's ability to pay short-term obligation</i>				
Acid-test ratio	$\frac{\text{Current Assets} - \text{Prepaid expenses}}{\text{Current Liabilities}}$	0.99:1	0.97:1	0.98:1
<i>Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately</i>				
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	0.17:1	0.15:1	0.24:1
<i>Shows how likely a Group will be to continue meeting its debt obligations</i>				
Debt-to-equity ratio	$\frac{\text{Total Debt}}{\text{Equity}}$	0.38:1	0.41:1	0.33:1
<i>Measures the Group's leverage</i>				
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Equity}}$	1.38:1	1.40:1	1.32:1
<i>Shows how the Group's leverage (debt) was used to finance the firm</i>				
Interest Rate Coverage	$\frac{\text{EBIT}^*}{\text{Interest Expense Excluding Interest Expense on Lease Liabilities}}$	10.39:1	5.42:1	7.18:1
<i>Shows how easily a Group can pay interest on outstanding debt</i>				
Return on Average Stockholders' Equity	$\frac{\text{Net Income}}{\text{Average Equity}}$	4.21%	3.19%	4.76%
<i>Reflects how much the Group's has earned on the funds invested by the stockholders</i>				
Net profit margin	$\frac{\text{Net Profit}}{\text{Revenue}}$	15.86%	12.57%	14.74%
<i>Reflect how much net income or profit is generated as percentage of revenue</i>				
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	2.80%	2.16%	3.32%
<i>Measure the ability to utilize the Group's assets to create profits</i>				
<i>*Earnings before interest and taxes (EBIT)</i>				

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 _____, 2024.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and the seal of the Corporation this 13 day of November, 2024 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

NOV 13 2024

SUBSCRIBED AND SWORN to before me this _____ day of November 2024, 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

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Page No. 25 ;
Book No. 9 ;
Series of 2024

ATTY. VIRGILIO J. LAGUNILLA
NOTARY PUBLIC, City of Makati
Until December 31, 2024
Appointment No. M-458
PTR No. MKT 10075898 / 01-03-2024/Makati
IBF No. 597708/01/04/2024/Pasig City
MCLE NO. VII-NO-0013706/ Roll No. 3137
4897 Binakol St., Olympia, Makati City