

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

i	P	e	e	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	Company's Telephone Number	Mobile Number
vicrafael@ipeople.com.ph	8253-3637	09985843110
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,990	July 30	March 31

**CONTACT PERSON INFORMATION**

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

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

**CONTACT PERSON'S ADDRESS**

<b>8th Floor Mapua University Makati Campus, 1191 Pablo Ocampo Sr. Extension Ave., Brgy. Sta. Cruz, Makati City</b>
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**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 defici

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

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

1. For the year ended: **March 31, 2026**
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**  (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**  
Address of principal office      Postal Code **1205**
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 March 31 – 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 March 31, 2026 with comparative figures for the periods ended March 31, 2025, March 31, 2024 and December 31, 2025 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;*

Malayan Colleges Laguna, National Teachers College, University of Nueva Caceres are constructing new school buildings to expand enrollment capacity. The construction of the school buildings will be funded by internally generated funds.

*(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.*

The Group is monitoring the ongoing geopolitical tensions and armed conflict in the Middle East. The Group has taken measures to manage risks and uncertainties related to the crisis. Given the evolving nature of the situation, management will continue to monitor developments.

Other than the ongoing armed conflict in the Middle East, 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 posted a consolidated net income of ₱384 million for the current year, representing an 18% increase from ₱326 million in the same period last year. This growth was primarily driven by the stronger operating performance of the IPO schools, supported by higher student enrollment.

Revenue from school operations increased by 13%, rising to ₱1.67 billion from ₱1.48 billion in the previous year. The double-digit growth in revenue was mainly attributable to the continued expansion in total student of IPO schools.

Cost of school operations (delivery of services) increased by 12% or ₱105 million, while general and administrative expenses grew by 4% or ₱11 million compared with the same period last year. The increase in expenses was primarily driven by higher enrollment levels and campus expansion, which led to increased operating costs. Additional expenditures were likewise incurred to support the development and rollout of new academic offerings. The launch and expansion of new Business and Health Sciences programs form part of the Group's affiliation agreement with CINTANA Education, in collaboration with Arizona State University.

Interest expense and other finance charges increased by 24%, from ₱26 million in the previous year to ₱32 million in the current year, mainly reflecting higher prevailing interest rates and increased interest on lease liabilities.

### **Statements of Financial Position**

Total consolidated assets stood at ₱23.53 billion as of March 31, 2026, representing a 3% decrease from ₱24.20 billion as of December 31, 2025. The decline was primarily driven by lower receivables and cash and cash equivalents.

Total consolidated current assets amounted to ₱4.76 billion as of March 31, 2026, a 15% decline from ₱5.58 billion as of December 31, 2025. The decrease was mainly attributable to the reduction in receivables and cash and cash equivalent balances.

Receivables, which mainly consist of matriculation and miscellaneous fees due from students, declined by 25%. This reduction reflects the normal collection cycle during the school term, wherein receivables are typically higher at the beginning of the term and gradually decrease as collections are made toward the end of the academic period.

Total consolidated non-current assets amounted to ₱18.77 billion as of March 31, 2026, with no significant changes from the balances as of December 31, 2025.

Total consolidated liabilities decreased by 18%, primarily due to the decline in unearned income. Current liabilities decreased to ₱3.00 billion as of March 31, 2026, from ₱4.04 billion as of December 31, 2025, mainly due to lower unearned income balance.

Unearned income declined significantly from ₱1.28 billion in December 2025 to ₱328 million in March 2026, as revenue was recognized over the course of the school term. Unearned income is higher at the beginning of the term and gradually decreases as educational services are delivered and corresponding revenues are recognized.

The income tax payable outstanding as of December 2025 was settled in April and May 2026. Meanwhile,

the income tax liability for the quarter ended March 31, 2026 is scheduled for payment in May 2026, in line with statutory due dates.

Total non-current liabilities stood at ₱1.74 billion as of March 31, 2026, with no significant movement from prior period balances.

Total consolidated equity increased to ₱18.79 billion as of March 31, 2026, from ₱18.41 billion as of December 31, 2025, reflecting the net income generated during the period. Equity attributable to the Parent likewise increased to ₱18.38 billion, up from ₱18.00 billion as of December 31, 2025.

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

School operations are subject to seasonal fluctuations, particularly during the summer and enrollment periods. The summer period, which generally lasts for approximately two months each year depending on each school's academic calendar, is characterized by a significant decline in student enrollment as most matriculating students are on academic break. Consequently, revenues typically decrease during this period. However, fixed operating costs remain substantially unchanged, resulting in lower net profitability during the summer months.

### Financial Soundness Indicator

The company's top 10 key performance indicators as of the period ended March 31, 2026, March 31, 2025 and December 31, 2025 are as follows:

Financial ratios		<b>Unaudited March 2026</b>	Unaudited March 2025	Audited December 2025
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	<b>1.59:1</b>	1.41:1	1.38:1
<i>Indicates the Group's ability to pay short-term obligation</i>				
Acid-test ratio	$\frac{\text{Current Assets} - \text{Prepaid expenses}}{\text{Current Liabilities}}$	<b>1.42:1</b>	0.22:1	1.26:1
<i>Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately</i>				
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	<b>0.11:1</b>	0.10:1	0.27:1
<i>Shows how likely a Group will be to continue meeting its debt obligations</i>				
Debt-to-equity ratio	$\frac{\text{Total Debt}}{\text{Equity}}$	<b>0.26:1</b>	0.28:1	0.32:1
<i>Measures the Group's leverage</i>				
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Equity}}$	<b>1.25:1</b>	1.28:1	1.31:1
<i>Shows how the Group's leverage (debt) was used to finance the firm</i>				
Interest Rate Coverage	$\frac{\text{EBIT}^*}{\text{Interest Expense Excluding Interest Expense on Lease Liabilities}}$	<b>20.06:1</b>	19.84:1	13.32:1
<i>Shows how easily a Group can pay interest on outstanding debt</i>				
Return on Average Stockholders' Equity	$\frac{\text{Net Income}}{\text{Average Equity}}$	<b>2.14%</b>	2.01%	5.50%
<i>Reflects how much the Group's has earned on the funds invested by the stockholders</i>				
Net profit margin	$\frac{\text{Net Profit}}{\text{Revenue}}$	<b>23.08%</b>	22.07%	15.53%
<i>Reflect how much net income or profit is generated as percentage of revenue</i>				
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	<b>1.63%</b>	1.50%	3.99%
<i>Measure the ability to utilize the Group's assets to create profits</i>				

- The current ratio is at 1.59 as of March 2026 compared to 1.41 as of March 2025 mainly due to higher cash and receivables.
- Acid test ratio increased from 1.22:1 in 2025 to 1.42:1 in 2026 mainly due to increase in cash and receivables
- Solvency ratio is higher in 2026 due to higher income.
- Debt-to-equity ratio is at 0.26 for this year due to higher equity.
- Asset to equity ratio is at 1.25 in March 2026 versus 1.28 last year due to higher equity.
- Interest rate coverage ratio increased from 19.84 times as at March 2025 to 20.06 times this period because of higher earnings before interests and taxes.
- Return on average stockholders' equity is higher this year at 2.14%, because of higher income during the period.
- Net profit margin increased from 22.07% last year to 23.08% as of this period because of the higher revenue growth of the Group.
- Return on asset is at 1.63% this year against 1.50% as of March 2025, because of the higher net income.

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

## PART II – OTHER INFORMATION

### Item 3: First Quarter 2026 DEVELOPMENTS

Significant developments during the first quarter of 2026 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 meet regularly and exercise an oversight role in managing risks.

#### **Risk Factors**

iPeople, Inc. (IPO), as a holding entity with no direct revenue-generating operations, is inherently dependent on the performance, resilience, and reputation of its subsidiaries. With significant exposure to the education sector, the Group is subject to sector-specific risks that may materially impact stakeholder confidence, operational continuity, and long-term value creation. The Company adopts an integrated enterprise risk management (ERM) approach, recognizing that risk management is a shared responsibility across all levels of the organization. Risk considerations are embedded in strategic planning, decision-making, and day-to-day operations across the Group.

The Board Risk Oversight Committee (BROC) assists the Board in fulfilling its governance responsibilities on risk management and ensures the effectiveness of the ERM framework. The Chief Risk Officer reports directly to the BROC on key developments, emerging risks, and overall risk posture. Management, through the company's Risk Management Council, is accountable for managing the associated risks, implementing risk strategies, and monitoring enterprise-wide risks.

Subsidiary management teams are accountable for identifying, assessing, and managing their respective risk exposures and reporting periodically to the IPO.

The Group conducts periodic enterprise-wide risk assessments to ensure that risks remain current, relevant, and aligned with the evolving business and external environment. The following key risks have been identified which may impact the operations, objectives, and long-term value creation of the Group.

#### **Reputational and Stakeholder Risk**

The Company's reputation is closely linked to the performance and public perception of its schools. Any negative publicity, service quality issues, or governance lapses at the school level may adversely affect the Group's brand and stakeholder trust. Reputational risks may arise from academic performance issues and student outcomes, governance concerns, data privacy breaches, or student safety incidents, among others. A reputational incident in one school may cascade across the Group, affecting investor confidence, enrollment levels, and partnerships.

**Competition and Market Risk**

The Group operates in a highly competitive and evolving education landscape. Market dynamics are influenced by increasing competition from both public and private institutions, growth of digital and alternative education platforms, changing student preferences and affordability constraints, and economic pressures affecting enrollment and retention. As a holding company, the lack of direct revenue streams heightens dependence on subsidiary performance, making the Group vulnerable to enrollment volatility and economic downturns impacting household spending on education.

**Business Resiliency Risk**

The Group's ability to maintain operations during disruptions is critical rendering high reliance on digitization and connectivity. Key threats include natural disasters, public health disruptions, system outages and infrastructure failures. Operational disruptions in education can interrupt learning delivery, impact student outcomes, and reduce stakeholder confidence.

**Compliance and Regulatory Risk**

The Company's business may be impacted by changes in laws and policies or the introduction of new laws or regulations which may affect its business operations and financial results. The education subsidiaries operate in a highly regulated environment, subject to accreditation and licensing requirements, curriculum and academic standards, data privacy regulations, and environmental and safety compliance. Failure to comply may result in fines and legal sanctions, suspension or revocation of licenses, and reputational damage.

**Operational and Cybersecurity Risk**

Operational risks arise from failures in internal processes, systems, or human factors, potentially resulting in service and learning disruption and financial loss. Educational institutions are increasingly dependent on digital ecosystems, which expand the attack surface and operational vulnerabilities. The increasing digitization significantly elevates cybersecurity exposure. Cyber incidents may lead to data breaches involving student and employee information, disruption of learning platforms and operations, and legal liabilities and/or reputational damage.

**ESG and Sustainability Risk**

Environmental, social, and governance (ESG) considerations are becoming increasingly material to stakeholders, regulators, and investors. The failure to address and manage the ESG risks of the subsidiaries may impact the Company's reputation, financial performance, or result in regulatory fines. Climate risks may affect school infrastructure and disrupt operations.

**Geopolitical and External Risk**

Global and regional developments may indirectly impact the Group's operations, financial performance, and strategic objectives. These risks may arise from inflationary pressures, supply chain disruptions affecting procurement of educational materials, infrastructure projects, and technology systems, currency volatility, cybersecurity threats, disruptions in international partnerships, including academic collaborations, exchange programs, and research initiatives, enrollment volatility, particularly from foreign students or programs influenced by global mobility constraints and economic uncertainty. The Company continuously monitors geopolitical developments and incorporates these into its enterprise risk assessment, scenario planning, and financial testing, ensuring preparedness and responsiveness to evolving external conditions.

**EXHIBIT 1**

**iPEOPLE INC. and SUBSIDIARIES**

**Interim Unaudited Consolidated Financial Statements**

**March 31, 2026, 2025 and 2024 (Unaudited)  
and December 31, 2025 (Audited)**

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

	Unaudited March 2026	Audited December 2025
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 7 and 15)	₱2,829,038	₱3,177,276
Receivables (Notes 8 and 30)	1,411,289	1,890,501
Receivables from related parties (Notes 15 and 30)	28	269
Prepaid expenses and other current assets (Note 9)	511,355	502,194
Financial assets at fair value through profit or loss (FVTPL) [Note 30]	11,406	11,330
Total Current Assets	4,763,116	5,581,570
<b>Noncurrent Assets</b>		
Property and equipment at cost - net (Note 10)	5,705,357	5,543,569
Land at revalued amounts (Notes 10 and 11)	11,915,667	11,915,667
Intellectual property rights (Note 6)	447,676	447,676
Goodwill (Notes 6 and 12)	143,531	143,531
Student relationship (Note 6)	186	743
Right-of-use assets (Note 31)	430,144	446,374
Net pension assets (Note 25)	3,314	3,269
Deferred tax assets - net (Note 23)	643	657
Other noncurrent assets (Note 13)	123,365	117,705
Total Noncurrent Assets	18,769,883	18,619,191
	₱23,532,999	₱24,200,761
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 14 and 30)	₱1,503,630	₱1,603,769
Short-term loans (Notes 16 and 30)	990,000	1,000,000
Current portion of long-term debt (Note 17)	24,430	32,574
Unearned income (Note 14)	327,916	1,283,627
Lease liabilities - current portion (Note 31)	46,314	57,941
Income tax payable	68,867	25,543
Payables to related parties (Notes 15 and 30)	19,599	15,179
Dividends payable (Notes 18 and 30)	18,212	18,212
Total Current Liabilities	2,998,968	4,036,845
<b>Noncurrent Liabilities</b>		
Long-term loans (Note 17)	228,704	228,704
Lease liabilities - net of current portion (Note 31)	454,551	454,551
Net pension liabilities (Note 25)	134,504	147,603
Deferred tax liabilities - net (Note 23)	913,339	914,569
Other noncurrent liabilities (Note 31)	9,492	9,492
Total Noncurrent Liabilities	1,740,590	1,754,919
Total Liabilities	4,739,558	5,791,764

(Forward)

	Unaudited March 2026	Audited December 2025
<b>Equity</b>		
Common stock (Notes 6 and 18)	<b>₱1,044,263</b>	₱1,044,263
Additional paid-in capital (Note 6)	<b>3,294,368</b>	3,294,368
Other comprehensive income (loss):		
Revaluation increment on land - net (Note 11)	<b>6,481,455</b>	6,481,455
Remeasurement losses on defined benefit plans	<b>(56,418)</b>	(56,418)
Equity reserve (Note 6)	<b>(230,494)</b>	(230,494)
Retained earnings (Note 18)	<b>7,844,344</b>	7,468,462
Equity attributable to equity holders of the Parent Company	<b>18,377,518</b>	18,001,636
Non-controlling interest in consolidated subsidiaries (Note 24)	<b>415,923</b>	407,361
Total Equity	<b>18,793,441</b>	18,408,997
	<b>₱23,532,999</b>	₱24,200,761

*See accompanying Notes to Consolidated Financial Statements.*

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

	<b>January 1 to March 31</b>		
	<b>2026</b>	<b>2025</b>	<b>2024</b>
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>			
(Note 19)			
Revenue from schools and related operations	<b>₱1,666,025</b>	₱1,478,319	₱1,275,725
<b>COSTS AND EXPENSES</b>			
Cost of schools and related operations (Note 20)	<b>(941,968)</b>	(837,395)	(733,156)
<b>GROSS PROFIT</b>	<b>724,057</b>	640,924	542,569
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 21)	<b>(287,783)</b>	(276,966)	(209,709)
<b>INTEREST AND OTHER FINANCE CHARGES</b> (Note 22)	<b>(32,020)</b>	(25,907)	(30,491)
<b>INTEREST INCOME</b> (Note 22)	<b>16,844</b>	16,525	15,504
<b>OTHER INCOME</b>	<b>5,789</b>	4,133	4,461
<b>INCOME BEFORE INCOME TAX</b>	<b>426,887</b>	358,709	322,335
<b>PROVISION FOR INCOME TAX</b> (Note 23)	<b>(42,443)</b>	(32,448)	(30,184)
<b>NET INCOME</b>	<b>384,444</b>	326,261	292,151
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income (loss):	-	-	-
	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱384,444</b>	₱326,261	₱292,151
Net income attributable to:			
Equity holders of the parent (Note 23)	<b>₱375,882</b>	₱323,698	₱289,220
Non-controlling interest in consolidated subsidiaries	<b>8,562</b>	2,563	2,931
	<b>₱384,444</b>	₱326,261	₱292,151
Total comprehensive income attributable to:			
Equity holders of the parent	<b>₱375,882</b>	₱323,698	₱289,220
Non-controlling interest in consolidated subsidiaries	<b>8,562</b>	2,563	2,931
	<b>₱384,444</b>	₱326,261	₱292,151
<b>Basic Earnings Per Share</b> (Note 23)	<b>₱0.3599</b>	₱0.3100	₱0.2770

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	Equity Reserve (Note 6)	Retained Earnings (Note 18)	Total	Non - controlling Interest (Note 24)	Total
<b>Balances as at January 1, 2026</b>	<b>₱1,044,263</b>	<b>₱3,294,368</b>	<b>₱6,481,455</b>	<b>(₱56,418)</b>	<b>(₱230,494)</b>	<b>₱7,468,462</b>	<b>₱18,001,636</b>	<b>₱407,361</b>	<b>₱18,408,997</b>
Net income	-	-	-	-	-	375,882	375,882	8,562	384,444
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	375,882	375,882	8,562	384,444
Dividends declared	-	-	-	-	-	-	-	-	-
<b>Balances as at March 31, 2026</b>	<b>₱1,044,263</b>	<b>₱3,294,368</b>	<b>₱6,481,455</b>	<b>(₱56,418)</b>	<b>(₱230,494)</b>	<b>₱7,844,344</b>	<b>₱18,377,518</b>	<b>₱415,923</b>	<b>₱18,793,441</b>
Balances as at January 1, 2025	₱1,044,263	₱3,294,368	₱5,481,723	(₱32,743)	(₱230,494)	₱6,802,792	₱16,360,089	₱371,831	₱16,731,920
Net income	-	-	-	-	-	323,698	323,698	2,564	326,261
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	323,698	323,698	2,564	326,261
Dividends declared	-	-	-	-	-	-	-	-	-
<b>Balances as at March 31, 2025</b>	<b>₱1,044,263</b>	<b>₱3,294,368</b>	<b>₱5,481,723</b>	<b>(₱32,743)</b>	<b>(₱230,494)</b>	<b>₱7,126,670</b>	<b>₱16,683,787</b>	<b>₱374,395</b>	<b>₱17,058,182</b>
Balances as at January 1, 2024	₱1,044,263	₱3,294,368	₱4,516,945	(₱32,649)	(₱230,494)	₱6,165,650	₱14,758,083	₱326,445	₱15,084,528
Net income	-	-	-	-	-	289,220	289,220	2,931	292,151
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	289,220	289,220	2,931	292,151
Dividends declared	-	-	-	-	-	-	-	-	-
<b>Balances as at March 31, 2024</b>	<b>₱1,044,263</b>	<b>₱3,294,368</b>	<b>₱4,516,945</b>	<b>(₱32,649)</b>	<b>(₱230,494)</b>	<b>₱6,454,870</b>	<b>₱15,047,303</b>	<b>₱329,376</b>	<b>₱15,376,679</b>

See accompanying Notes to Consolidated Financial Statements.

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

January 1 to March 31

	2026	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱426,887	₱358,709	₱322,335
Adjustments for:			
Depreciation and amortization (Notes 10, 13, 20 and 21)	150,602	142,576	127,429
Interest expense and other finance charges (Note 22)	32,020	25,907	30,491
Provision for doubtful accounts (Notes 8 and 21)	17,509	17,202	11,905
Interest income (Note 22)	(16,844)	(16,525)	(15,504)
Unrealized foreign exchange loss (gain) - net	(76)	626	(381)
Unrealized market loss (gain) on financial assets at FVTPL	(1,056)	(144)	(100)
Operating income before working capital changes	609,042	528,351	476,175
Decrease (increase) in:			
Receivables	461,703	427,361	140,874
Prepaid expenses and other current assets	(9,160)	(73,823)	(44,849)
Increase (decrease) in:			
Accounts payable and other current liabilities	(100,424)	82,899	(26,526)
Unearned income	(955,712)	(864,938)	(322,360)
Other noncurrent liabilities	-	-	(1,885)
Net pension assets and liabilities	(13,144)	(4,971)	(3,678)
Net cash generated from operations	(7,695)	94,879	217,751
Interest paid	(29,864)	(27,192)	(30,491)
Income taxes paid	16,844	708	(956)
Interest received	(349)	16,525	15,461
Net cash flows from operating activities	(21,064)	84,920	201,764
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of:			
Property and equipment (Note 10)	(295,895)	(101,684)	(103,712)
Computer software (Note 13)	(2,085)	-	(934)
Decrease (increase) in:			
Receivables from related parties	240	(1,785)	(826)
Other noncurrent assets	(5,140)	(4,108)	2,491
Net cash flows used in investing activities	(302,880)	(107,577)	(102,981)

(Forward)

	<b>January 1 to March 31</b>		
	<b>2026</b>	2025	2024
<b>CASH FLOWS FROM FINANCING</b>			
<b>ACTIVITIES</b>			
Payment of short-term loans	<b>(₱10,000)</b>	₱-	₱-
Payments of long-term loans	<b>(8,143)</b>	(8,143)	(8,143)
Payment of lease liabilities (Notes 26 and 27)	<b>(11,627)</b>	(14,255)	(12,500)
Increase (decrease) in payables to related parties (Note 26)	<b>4,420</b>	12,219	10,436
Net cash flows used in financing activities	<b>(25,350)</b>	(10,080)	(10,207)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>			
<b>ON CASH AND CASH EQUIVALENTS</b>			
	<b>1,056</b>	(626)	381
<b>NET INCREASE (DECREASE) IN CASH AND</b>			
<b>CASH EQUIVALENTS</b>			
	<b>(348,238)</b>	(33,362)	88,959
<b>CASH AND CASH EQUIVALENTS AT</b>			
<b>BEGINNING OF YEAR</b>			
	<b>3,177,276</b>	2,578,426	1,807,164
<b>CASH AND CASH EQUIVALENTS AT</b>			
<b>END OF YEAR (Note 7)</b>			
	<b>₱2,829,038</b>	₱2,545,064	₱1,896,123

*See accompanying Notes to Consolidated Financial Statements.*

# IPEOPLE, INC. AND SUBSIDIARIES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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 mainly involved in education sector with the list of subsidiaries disclosed in Note 2.

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

The Parent Company’s principal office address is at 8<sup>th</sup> Floor Mapua University Makati Campus, 1191 Pablo Ocampo Sr. Extension Ave., Makati City, Metro Manila 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.

#### Merger of National Teachers College (NTC) and AC College of Enterprise Technology (ACCET)

In February 2025, the BOD of NTC and ACCET, both subsidiaries of iPeople, Inc., approved the merger of ACCET to NTC, with ACCET as the absorbed entity. The Merger became effective on October 21, 2025, at which point the NTC legally absorbed ACCET. As of the effective date, all assets, liabilities, rights, and obligations of ACCET were transferred to and assumed by NTC.

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### 2. Basis of Preparation

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

#### Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2026 and December 31, 2025, and for each of the three years in the period ended March 31, 2026, 2025 and 2024.

The consolidated financial statements are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Below are the Group's subsidiaries and percentage of ownership:

	<b>Percentage of Ownership</b>		
	<b>2026</b>	2025	2024
Malayan Education System, Inc. (MESI) [Operating Under the Name of Mapua University] and subsidiaries	<b>100%</b>	100%	100%
Direct ownership of MESI on its subsidiaries:			
Malayan Colleges Laguna, Inc., A Mapua School (MCLI)	<b>100</b>	100	100
Malayan Colleges Mindanao (A Mapua School), Inc. (MCMI)	<b>100</b>	100	100
Malayan High School of Science, Inc. (MHSSI)	<b>100</b>	100	100
Mapua Information Technology Center, Inc. (MITC)	<b>100</b>	100	100
Mapua Techserv, Inc.	<b>100</b>	100	100
Mapua Techpower, Inc.	<b>75</b>	75	75
People eServe Corporation	<b>100</b>	100	100
Pan Pacific Computer Center, Incorporated (PPCCI)	<b>100</b>	100	100
National Teachers College doing business under the name/s and style/s of The National Teachers College**	<b>99.82</b>	99.82	99.79
University of Nueva Caceres	<b>83.01</b>	83.01	83.01
AC College of Enterprise and Technology, Inc.*	–	–	100
LINC Institute, Inc. doing business under the Name and Style of LINC Academy	<b>100</b>	100	100

*\*In October 2025, SEC approved the merger of ACCET and NTC, at which point the NTC legally absorbed the Company*

*\*\*With NTC and ACCET merger, percentage of ownership has increased from 99.79% to 99.82%*

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.

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

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### 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, 2025. The adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated.

- Amendments to PAS 21, *Lack of exchangeability*

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

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

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below.

#### *Effective beginning on or after January 1, 2026*

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

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

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

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

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards—Volume 11

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

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

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

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*

a) Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

b) Transaction Price

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

o Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

o Amendments to PAS 7, *Cost Method*

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

*Effective beginning on or after January 1, 2027*

• PFRS 17, *Insurance Contracts*

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

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

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

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

• PFRS 18, *Presentation and Disclosure in Financial Statements*

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

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

The Group is currently working to identify all impacts and amendments will have on the consolidated financial statements and notes to the financial statements. The initial expected material impacts on Group's financial statements are, as follows:

- Foreign exchange difference will be classified in the category where the related income and expense from the item giving rise to the foreign exchange difference
  - New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the consolidated statements of comprehensive income; and (c) a reconciliation for each line item in the consolidated statements of comprehensive income between the restated amounts presented applying PFRS 18 and the amounts previously presented applying PAS 1.
- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

#### *Deferred effectivity*

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

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

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

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

The Group continues to assess the impact of the above new and amended accounting standards and

interpretations effective subsequent to 2025 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.

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#### 4. Summary of Material Accounting Policies

##### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1* – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- *Level 2* – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- *Level 3* – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

##### Financial Instruments

###### *Initial recognition and subsequent measurement*

The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

#### *Financial assets – Initial recognition and measurement*

Financial assets are classified, at initial recognition, as “subsequently measured at amortized cost”; fair value through other comprehensive income (FVOCI); and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flow that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### *Subsequent measurement*

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

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

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

#### *Financial assets at amortized cost (debt instruments)*

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

This accounting policy relates to the Group’s cash and cash equivalents, receivables, receivables from related parties, short-term investments, and refundable deposits.

#### *Financial assets at fair value through profit or loss*

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

The Group may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an ‘accounting mismatch’) that would otherwise arise from

measuring assets or liabilities or recognizing the gains and losses on them on different bases.

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

#### *Modification of financial assets*

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

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

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

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

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

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

#### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### *Impairment of financial assets*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

The Group's debt instruments at amortized cost comprise of cash and cash equivalents, short-term investments and refundable deposits that are considered to have low credit risk. Hence, it is the Group's policy to measure ECL on such instrument on a 12-month basis applying the low credit risk simplification and based on the PD which is publicly available. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses external credit ratings both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

For tuition and other fees receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group generally uses a provision matrix to calculate ECL. The provision rates are based on days past due for groupings based on school term. The provision matrix is initially based on the Group's historical observed default rates. The Group will then consider directly relevant forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are considered.

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

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

### *Financial Liabilities – Initial recognition and measurement*

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

The Group's financial liabilities include loans and borrowings.

#### *Subsequent measurement*

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

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

#### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as finance costs in the statement of comprehensive income.

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

#### *Exchange or modification of financial liabilities*

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

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

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

#### *Derecognition of financial liabilities*

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

#### Offsetting of Financial Instruments

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

#### Prepaid Expenses and Other Current Assets

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

##### *Prepaid Expenses*

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

##### *Short-term investments*

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

##### *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.

##### *Bookstore inventories*

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

#### Advances to Suppliers and Contractors

Advances to suppliers and contractors represent downpayments made for goods or services to be received in the future. These are initially measured at the amount of cash paid and presented in the statement of financial position based on the nature of the underlying asset or expense to which the advances relate. Advances related to the acquisition or construction of property, plant, and equipment are classified as non-current assets and are recognized as part of the related asset upon receipt of the goods or completion of services.

#### Property and Equipment

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

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs

and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

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

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

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

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

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

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

#### Land at Revalued Amounts

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

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

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

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

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

#### Right-of-use Assets and Lease Liabilities

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

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

Lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

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

The Group applies the short-term lease recognition exemption to its short-term leases of office space. It also applies the low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Business Combination and Goodwill

An acquisition of a business (i.e. an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors) is a business combination. Business combinations are accounted for using the acquisition method. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Any excess of the acquisition cost over the net fair value of

the identifiable assets acquired and liabilities assumed is recognized as goodwill. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill at least annually.

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

#### Intangible Assets Other Than Goodwill

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

The estimated useful life of intangible assets is assessed as either finite or indefinite. The estimated useful lives of intangible assets are as follows:

	Number of Years
Intellectual property rights (Note 6)	Indefinite
Student relationship (Note 6)	5-7
Software cost (Note 13)	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, intellectual property rights, student relationship, right-of-use assets, and other noncurrent assets*

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

#### *Goodwill and intellectual property rights*

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

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

#### Combination of Entities under Common Control

Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method accounted for prospectively from the acquisition date as allowed under PIC Q&A 2012-01. Under the prospective pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets and liabilities, at the date of the combination. No new goodwill is recognized. The adjustments made, if any, are only to the extent to harmonize accounting policies within the Company. The difference between the book value of net asset acquired and the consideration paid or transferred is recognized in equity. The profit and loss of the acquirees are consolidated from the acquisition date. Comparative periods are not restated.

### Equity

The Group records common stock at par value for all shares issued and outstanding, and additional paid-in capital for the excess of the total contributions received over the aggregate par values of the equity shares.

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

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

### Revenue and Income Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the goods or service. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. Revenue is measured at fair value of the consideration received, excluding discounts, scholarship grants, rebates, and value-added tax (VAT).

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.

#### Contingences

Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

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

#### Events after the Financial Reporting Date

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

#### Related Party Transactions

Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

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## 5. Significant Accounting Judgments and Estimates

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

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

#### Estimates and Assumptions

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

#### *Fair valuation of land*

The Group measures land at revalued amount with changes in fair value being recognized in other comprehensive income. The Group engaged an independent firm of appraisers to determine the fair value as at December 31, 2025 and 2024. The key assumptions used to determine fair value are disclosed in Note 11.

As at March 31, 2026 and December 31, 2025, the fair value of land amounted to ₱11,915.7 (Note 11).

#### *Estimation of allowance for ECL on tuition and other fees receivables*

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

The Group also applied weights to various scenarios in the computation of the allowance for ECL to incorporate impact of uncertainty due to the current economic conditions. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

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

#### *Estimation of losses arising from the earthquake*

The determination of losses arising from the earthquake requires significant management judgment and is based on estimates that may differ from actual outcomes in future periods. The estimation process involves assessing the extent of damage to the Company's assets and operations and certain assumptions and sources of information, including the results of ongoing inspections and investigations, estimated repair or replacement costs, inflation, and the recoverability and timing of related insurance claims.

While management believes that the assumptions applied in estimating the losses are reasonable and appropriate based on information available as of the reporting date, significant differences in actual costs incurred, the outcome of further assessments and evaluation, or changes in other assumptions could materially affect the amount of loss recognized.

As of December 31, 2025, management recognized an estimated loss of ₱194.52 million. Insurance claims related to the earthquake remain under evaluation by the insurer. Any insurance recoveries have been recognized only to the extent that recovery is considered virtually certain as of the reporting date.

#### *Impairment of nonfinancial assets*

Impairment of goodwill and intellectual property rights (nonfinancial assets with indefinite useful life) 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 2025, 2024, and 2023, the Group performed an impairment testing of the property and equipment and right-of-use assets of APEC aggregating to ₱202.2 million, ₱290.1 million and ₱376.7 million as of December 31, 2025, 2024, and 2023 respectively, due to the continuing losses of APEC. In assessing the impairment, the Group determines the recoverable amount using value in use, with details disclosed in Note 31. As of March 31, 2026 and December 31, 2025 and December 31, 2024, management assessed that these assets are not impaired considering that the calculated recoverable amount is higher than the carrying value (see Note 31).

#### *Determining the Incremental Borrowing Rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in functional currency). The Group determines the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

The Group’s lease liabilities are disclosed in Note 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 March 31, 2026 and December 31, 2025, the net pension liabilities amounted to ₱134.5 million and ₱147.6 million, respectively, while net pension assets amounted to ₱3.3 million as at March 31, 2026 and December 31, 2025 (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. An estimate of the provision is based on known information at the end of the reporting period. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information. The ultimate disposition of these matters cannot be determined with certainty.

Based on the legal grounds of certain claims and assessments, the Group’s outstanding provision for losses is disclosed in Note 31. The Group will exhaust all legal remedies available to it in defending itself in these claims and proceedings.

## 6. Intangible Assets Arising from the Merger

As a result of the merger which was disclosed in Note 1, iPeople, Inc. issued to AC an aggregate of 295,329,976 shares with par value of ₱ 1.0 per share for a total fair value of ₱3,591.21 million based on iPeople, Inc.'s quoted closing rate per share as of May 2, 2019 in exchange for the transfer of the net assets of AEI. The excess of the fair value of shares issued over the par value was recognized as additional paid-in capital.

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

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

Intellectual property rights have infinite life and the student relationship has an estimated useful life of five (5) years to seven (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, 2025 and 2024, 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 2025 and 2024). Revenue projections are based on financial budgets approved by management and the BOD. The long-term growth rate considers the expected growth rate in the education industry sector.
- Discount rates (13.7% for 2025 and 14% to 15% for 2024). 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 (5% for 2025 and 2024). This is based on the publicly available information on franchising of educational institutions in the Philippines, with consideration on the operational risk of the involved entity.

The Group's impairment testing on intellectual property rights resulted to the recognition of impairment loss on APEC amounting to nil, ₱10.4 million and ₱32.8 million in 2025, 2024 and 2023, respectively. The carrying value of intellectual property rights as of March 31, 2026 and December 31, 2025 amounted to ₱447.7 million for both years.

### *Sensitivity to changes in assumptions*

Management believes that no possible change in any of the above assumptions would cause the carrying value of the intellectual property rights to materially exceed their recoverable amount.

### Student Relationship

The carrying value and movement of student relationship as of March 31, 2026 and December 31, 2025 follows:

	2026	2025
Cost from business combination	<b>₱116,009</b>	₱116,009
Accumulated amortization:		
Beginning balance	<b>(115,266)</b>	(113,038)
Amortization (Note 20a)	<b>(557)</b>	(2,228)
Ending balance	<b>(115,823)</b>	(115,266)
Balance at end of the year	<b>₱186</b>	₱743

Amortization amounted to ₱0.6 million in 2026, ₱0.6 million in 2025 and ₱0.8 million 2024.

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## 7. Cash and Cash Equivalents

This account consists of:

	<b>Unaudited March 2026</b>	Audited December 2025
Cash on hand	<b>₱3,184</b>	₱1,941
Cash in banks (Note 15)	<b>961,349</b>	963,638
Cash equivalents (Note 15)	<b>1,864,505</b>	2,211,697
	<b>₱2,829,038</b>	₱3,177,276

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents have terms with varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Interest income from cash in banks and cash equivalents amounted to ₱16.34 million, ₱16.48 million and ₱15.46 million in 2026, 2025 and 2024, respectively (Note 22).

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## 8. Receivables

This account consists of:

	<b>Unaudited March 2026</b>	Audited December 2025
Tuition and other fees	<b>₱1,710,062</b>	₱2,200,996
Advances to officers and employees	<b>60,076</b>	61,479
Others	<b>136,125</b>	106,590
	<b>1,906,263</b>	2,369,065
Allowance for ECL	<b>(494,974)</b>	(478,564)
	<b>₱1,411,289</b>	₱1,890,501

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 ₱223.0 million and ₱225.4 million as at March 31, 2026 and December 31, 2025, respectively, arising from the Senior High School (SHS) Voucher Program wherein qualified SHS students are given assistance on tuition fees. These receivables are noninterest-bearing and are generally collectible within one year.

Advances to officers and employees are related to employee benefits, calamity loan, and advances for use in Company's operational requirements. These receivables are noninterest-bearing and are generally collectible within one year.

Others pertain to receivables from concessionaires, tenants, contractors and suppliers among others. These receivables are noninterest-bearing and are generally collectible within one year.

The changes in allowance for ECL as at March 31, 2026 and December 31, 2025 follows:

	2026		
	Tuition and other fees	Others	Total
Balance at beginning of year	P469,794	P8,770	P478,564
Provisions for the year (Note 21)	17,509	–	17,509
Adjustments	(1,100)	–	(1,100)
<b>Balance at end of year</b>	<b>P486,204</b>	<b>P8,770</b>	<b>P494,973</b>
<b>Gross receivables</b>	<b>P1,710,062</b>	<b>P136,125</b>	<b>P1,846,187</b>

	2025		
	Tuition and other fees	Others	Total
Balance at beginning of year	P426,328	P8,770	P435,098
Provisions for the year (Note 21)	79,587	–	79,587
Write-off	(36,121)	–	(36,121)
<b>Balance at end of year</b>	<b>P469,794</b>	<b>P8,770</b>	<b>P478,564</b>
<b>Gross receivables</b>	<b>P2,200,996</b>	<b>P106,590</b>	<b>P2,307,586</b>

## 9. Prepaid Expenses and Other Current Assets

	Unaudited March 2026	Audited December 2025
Prepaid expenses	P361,045	P353,288
Short-term investments	68,233	67,506
Bookstore inventories	29,722	27,652
CWT	17,575	15,414
Office supplies	7,022	6,994
Others	27,758	31,340
	<b>P511,355</b>	<b>P502,194</b>

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

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

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

Others relate to rent deposits, materials inventory, other supplies and input VAT.

## 10. Property and Equipment

The rollforward analysis of this account follows:

	March 2026				Total
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	
<b>Cost</b>					
Balance at beginning of year	₱6,762,650	₱3,811,300	₱92,635	₱386,382	₱11,052,967
Acquisitions	115,866	98,087	–	93,846	307,799
Disposals/retirement	–	–	–	–	–
Reclassifications and adjustments	(11,009)	126	(436)	–	(11,319)
<b>Balance at end of year</b>	<b>6,867,507</b>	<b>3,909,513</b>	<b>92,199</b>	<b>480,228</b>	<b>11,349,447</b>
<b>Accumulated depreciation, amortization and impairment loss</b>					
Balance at beginning of year	2,421,221	3,033,373	54,804	–	5,509,398
Depreciation (Notes 20 and 21)	60,158	71,117	2,832	–	134,107
Disposals/retirement	–	–	–	–	–
Reclassifications and adjustments	3	1,200	(618)	–	585
<b>Balance at end of year</b>	<b>2,481,382</b>	<b>3,105,690</b>	<b>57,018</b>	<b>–</b>	<b>5,644,090</b>
<b>Net book value at cost</b>	<b>4,386,125</b>	<b>803,823</b>	<b>35,181</b>	<b>480,228</b>	<b>5,705,357</b>
Land at revalued amounts (Note 11)	–	–	–	–	11,915,667
<b>Total</b>	<b>₱4,386,125</b>	<b>₱803,823</b>	<b>₱35,181</b>	<b>₱480,228</b>	<b>₱17,621,024</b>

	December 2025				Total
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	
<b>Cost</b>					
Balance at beginning of year	₱6,885,670	₱3,529,733	₱90,087	₱90,351	₱10,595,841
Acquisitions	117,776	281,567	17,914	309,538	726,795
Disposals/retirement	(254,303)	–	(15,366)	–	(269,669)
Reclassifications and adjustments	13,507	–	–	(13,507)	–
<b>Balance at end of year</b>	<b>6,762,650</b>	<b>3,811,300</b>	<b>92,635</b>	<b>386,382</b>	<b>11,052,967</b>
<b>Accumulated depreciation, amortization and impairment loss</b>					
Balance at beginning of year	₱2,225,443	₱2,753,576	₱53,336	₱–	₱5,032,355
Depreciation (Notes 20 and 21)	245,957	270,293	10,332	–	526,582
Disposals/retirement	(50,179)	–	(8,609)	–	(58,788)
Reclassifications and adjustments	–	9,504	(255)	–	9,249
<b>Balance at end of year</b>	<b>2,421,221</b>	<b>3,033,373</b>	<b>54,804</b>	<b>–</b>	<b>5,509,398</b>
<b>Net book value at cost</b>	<b>4,341,429</b>	<b>777,927</b>	<b>37,831</b>	<b>386,382</b>	<b>5,543,569</b>
Land at revalued amounts (Note 11)	–	–	–	–	11,915,667
<b>Total</b>	<b>₱4,341,429</b>	<b>₱777,927</b>	<b>₱37,831</b>	<b>₱386,382</b>	<b>₱17,459,236</b>

In 2025, MCMI, one of the subsidiaries of the group, experienced an earthquake that caused damage to certain items of property and equipment. As a result, MCMI recognized a loss amounting to ₱194.52, representing management's assessment of the reduction in the recoverable amount of the affected assets (Note 21).

Construction in progress as at March 31, 2026 and December 31, 2025 represents buildings improvements under construction. There are no capital commitments related to construction in progress as at March 31, 2026 and December 31, 2025.

The total costs of fully depreciated property and equipment that are still in use amounted to ₱697.9 million as of March 31, 2026 and December 31, 2025.

Proceeds from sale and disposal of assets amounted to nil as of March 31, 2026 and ₱1.2 million as of

December 2025. No assets were pledged as collateral.

## 11. Land at Revalued Amounts

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

	Unaudited March 2026	Audited December 2025
Land at cost	<b>₱4,066,906</b>	₱4,066,906
Revaluation increment on land:		
Balance at beginning of year	7,848,761	6,753,255
Change in revaluation increment	-	1,095,506
Balance at end of year	<b>7,848,761</b>	7,848,761
	<b>₱11,915,667</b>	₱11,915,667

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

These parcels of land were appraised by SEC-accredited independent firms of appraisers to determine the revalued amounts as at December 31, 2025 and 2024.

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

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

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

Location	Range	
	2025	2024
Makati and Intramuros, Manila	<b>₱153,900 to ₱348,970</b>	₱132,098 to ₱261,630
Cabuyao, Laguna	<b>₱15,400 to ₱18,200</b>	₱15,000 to ₱17,700
Davao City, Davao Del Sur	<b>₱46,800 to 64,125</b>	₱40,950 to 63,000
Pandacan, Metro Manila	<b>₱158,400 to ₱167,400</b>	₱132,300 to ₱156,400
San Jose Del Monte City, Bulacan	<b>₱56,745 to 64,890</b>	₱57,915 to 61,506
Naga City, Camarines Sur	<b>₱28,350 to ₱45,000</b>	₱22,658 to ₱42,750
Quiapo, Manila	<b>₱202,500 to ₱297,000</b>	₱211,500 to ₱261,000

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 -20% to +15% in 2025 and from -25% to +20% in 2024.

The balance of the revaluation increment presented in equity in the statements of financial position as of March 31, 2026 and December 31, 2025 are as follow:

	<b>March 2026</b>	December 2025
Appraisal increase	<b>₱7,848,762</b>	₱7,848,762
Less deferred tax liability (Note 23)	<b>1,367,308</b>	1,367,308
	<b>₱6,481,454</b>	₱6,481,454

*Sensitivity to changes in assumptions*

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

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## 12. Goodwill

The goodwill recognized in the consolidated statement of financial position amounting to ₱143.5 million as at March 31, 2026 and December 31, 2025 pertains to the ₱137.8 million goodwill from acquisition of MESI in 1999 and ₱13.5 million goodwill from the 2019 acquisition of AEI subsidiaries (see Note 6).

The Group performed impairment testing on goodwill arising from acquisition of MESI wherein MESI was considered as the CGU. No impairment testing was done on the ₱13.5 million goodwill as the Group assessed it as not material to the consolidated financial statements. Management assessed that there is no impairment loss in 2025. In 2024 an impairment loss amounting to ₱7.8 million was recognized, nil in 2023.

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

As at December 31, 2025 and 2024, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections.

Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management and the BOD covering a five-year period.
- Long-term growth rates (3.48% for 2025 and 3.05% for 2024). 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 (11.2% for 2025 and 11.8% for 2024). 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.

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### 13. Other Noncurrent Assets

This account consists of:

	Unaudited March 2026	Audited December 2025
Advances to suppliers	P52,419	P52,419
Miscellaneous deposits	44,724	36,920
Creditable withholding tax	7,221	7,685
Computer software	9,403	8,883
Books and periodicals	9,598	11,798
	<b>P123,365</b>	<b>P117,705</b>

Miscellaneous deposits include rent deposits of the Group amounting to P18.3 million and P25.0 million as of March 31, 2026 and December 31, 2025, respectively. It also includes security deposit amounting to P2.2 million and P15.1 million as of March 31, 2026 and December 31, 2025, respectively.

Advances to suppliers pertains to the downpayments for the construction of building in Bulacan.

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

	Unaudited March 2026	Audited December 2025
<b>Cost</b>		
Balance at the beginning of the year	P81,008	P73,574
Additions	2,085	7,434
Balance at the end of the year	83,094	81,008
<b>Accumulated Amortization</b>		
Balance at the beginning of the year	72,125	65,779
Amortization (Notes 20 and 21)	1,566	5,040
Reclassifications	-	1,306
Balance at the end of the year	73,691	72,125
<b>Net Book Value</b>	<b>P9,403</b>	<b>P8,883</b>

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

*Accounts Payable and Other Current Liabilities*

Accounts payable and other current liabilities consists of:

	Unaudited March 2026	Audited December 2025
Accounts payable	P522,358	P588,702
Accrued expenses	402,019	407,976
Funds payable	364,478	397,093
Provisions (Note 31)	129,318	124,647
Other payables	85,457	85,351
	<b>P1,503,630</b>	<b>P1,603,769</b>

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 ₱15.6 million and ₱17.7 million as at March 31, 2026 and December 31, 2025, respectively, which are expected to be earned the following year.

Accrued expenses consist of:

	<b>Unaudited March 2026</b>	Audited December 2025
Payable to suppliers	<b>₱131,834</b>	₱173,394
Accrued salaries and wages	<b>54,691</b>	92,264
Accrued professional fees	<b>74,215</b>	30,950
Contracted services	<b>21,271</b>	29,568
Withholding taxes and others	<b>27,557</b>	23,055
Output VAT payable	<b>10,215</b>	11,406
Accrued communication expense	<b>9,572</b>	8,622
Accrued utilities	<b>4,454</b>	8,496
SSS and other contributions	<b>17,541</b>	4,951
Accrued interest (Note 18)	<b>6,031</b>	3,874
Insurance	<b>465</b>	2,172
Others	<b>44,172</b>	19,224
	<b>₱402,019</b>	₱407,976

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 ₱327.9 million and ₱1,283.6 million as at March 31, 2026 and December 31, 2025, respectively, which are considered contract liabilities.

#### Contract Liabilities

As at March 31, 2026, contract liabilities amounted to ₱327.9 million and these will be recognized as revenue in the next period. Contract liabilities as of December 31, 2025 amounting to ₱1,283.6 million were recognized as revenue in 2026.

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## 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

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

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
<b>Controlling entity – HI</b>				
a) Payable to HI				
	<b>2026</b>	<b>₱–</b>	<b>(₱15,112)</b>	<b>Noninterest-bearing; unsecured; due and demandable</b>
	2025	–	(₱13,122)	
Management fee and other professional fees (Notes 20 and 21)	<b>2026</b>	<b>37,069</b>	–	–
	2025	30,336	–	–
	2024	30,693	–	–
b) Receivable from HI				
	<b>2026</b>	–	–	<b>Noninterest-bearing; unsecured; due and demandable; no impairment</b>
	2025	–	232	
<b>Entities under common control of HI</b>				
c) Receivables from related parties				
	<b>2026</b>	–	<b>10</b>	<b>Noninterest-bearing; unsecured; due and demandable; no impairment</b>
	2025	–	2,633	
Rental income	<b>2026</b>	<b>(2,694)</b>	–	–
	2025	(2,804)	–	–
	2024	(2,771)	–	–

*(Forward)*

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
d) Payables to related parties				
	<b>2026</b>	<b>₱–</b>	<b>(₱546)</b>	<b>Noninterest-bearing; unsecured; due and demandable</b>
	2025	–	(2,029)	
Contracted services (Notes 20 and 21)				
	<b>2026</b>	<b>26,628</b>	–	–
	2025	17,988	–	–
	2024	3,004	–	–
<b>Entities under common control of PMMIC</b>				
e) Cash and cash equivalents (Note 7)				
	<b>2026</b>	–	<b>2,180,717</b>	<b>Interest at prevailing deposit and short-term rates; unsecured; no impairment</b>
	2025	–	1,242,588	
Interest income (Note 22)				
	<b>2026</b>	<b>16,341</b>	–	–
	2025	16,479	–	–
	2024	15,461	–	–
g) Receivables from related parties				
	<b>2026</b>	–	<b>18</b>	<b>Noninterest-bearing; unsecured; due and demandable; no impairment</b>
	2025	–	18	
Insurance expense				
	<b>2026</b>	<b>4,289</b>	–	
	2025	8,078	–	
	2024	4,726	–	
Financial asset at FVTPL (Note 30)				
	<b>2026</b>	–	<b>11,406</b>	<b>Carried at fair value; No impairment</b>
	2025	–	10,956	
Short-term investments (Note 9)				
	<b>2026</b>	–	<b>68,233</b>	<b>Interest at prevailing deposit and short-term rates; unsecured; no impairment</b>
	2025	–	57,860	

	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
<b>Entities with significant influence</b>				
h) Payable to related parties	2026	–	(2,930)	<b>Due on demand, noninterest-bearing; unsecured; no impairment</b>
	2025	–	(2,930)	
Management fee and other professional fees (Notes 20 and 21)	2026	2,930	–	
	2025	2,977	–	–
	2024	2,977	–	–

Total due from related parties amounted to ₱0.28 million and ₱0.30 million as of March 31, 2026 and December 31, 2025, respectively, while due to related parties amounted to P19.6 million and ₱15.2 million as of March 31, 2026 and December 31, 2025, respectively

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) *Accounts payable to entities under common control of HI*  
Accounts payable pertains to the outstanding balance of general cost of construction of school buildings and other facilities and professional fees related to the building construction (Notes 10 and 14).
- f) *Cash and Cash Equivalents*  
The Company maintains cash and cash equivalent with its affiliate bank and earns interest income at prevailing deposit and short-term investment rates (Note 7).
- g) *Receivables from entities under common control of PMMIC*  
Due from entities under common control of PMMIC arises from RCBC's rental of the Group's office spaces in its Makati property.
- h) *Payables to entities under common control of PMMIC*  
The Group obtains property and personnel insurance with its affiliated insurance company, Malayan Insurance Company, Inc. (MICO). Insurance contract coverage pertains to the Group's

fire, accident, group and other insurance policies.

i) *Payable to related parties*

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

j) *Accounts payable to related parties*

Pertains to the water utility bills and professional fees payable to other affiliates.

*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 March 31, 2026 and 2025, 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.

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## 16. Short-term Loans

In July 2023, MCMI availed ₱ 1.0 billion short-term loans from RCBC and BPI at 6.5% and 6.35% interest rate, respectively. The short-term loans from RCBC and BPI were rolled over in March 2026 and will mature on June and September 2026, respectively. Last March 2026, partial payment amounting to ₱10 million was made representing the principal amount of the loan.

Interest expense charged to operations in 2026, 2025 and 2024 amounted to ₱15.6 million, ₱15.3 million and ₱19.2 million, respectively (Note 22).

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## 17. Long-term Loans

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

	<b>Unaudited March 2026</b>	Audited December 2025
Unsecured bank loans	<b>₱253,134</b>	₱261,278
Less: Current portion of unsecured bank loans	<b>24,430</b>	32,574
Noncurrent portion of long-term loans	<b>₱228,704</b>	₱228,704

### 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 ₱380 million. The ₱300 million is subject to 5.5% fixed rate and the ₱80 million is subject to annual repricing based on higher of 5.5% or the prevailing one year benchmark rate or done rate of a liquid/active security, as agreed by the parties, with the same tenor if benchmark rate is not reflective of market rate, plus interest spread.

In September 2021, the ₱80 million was converted to a 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity (D:E) structure ratio of 3:1. As of March 31, 2026 and December 31, 2025, NTC has complied with its covenant obligations, including maintaining the required D:E ratio.

Interest expense recognized in profit or loss in 2026, 2025 and 2024 amounted to ₱3.6 million, ₱4.1 million and ₱4.5 million, respectively (Note 22).

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## 18. Equity

### Capital Stock

Capital stock consists of 2,000,000,000 authorized with 1,044,263,197 issued and outstanding common shares as of March 31, 2026 and December 31, 2025, with a par value of ₱1 per share.

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

Below is the summary of the Group's outstanding number of shares and holders of securities as at March 31, 2026:

Year	Number of shares registered	Number of holders of securities as at year end
January 1, 2025	1,044,263,197	1,992
Add (deduct) movement	–	(2)
December 31, 2025	1,044,263,197	1,990
Add (deduct) movement	–	-
March 31, 2026	1,044,263,197	1,990

### Retained Earnings

In accordance with Revised Securities Regulation Code (SRC) Rule No. 68, the Parent Company's retained earnings available for dividend declaration as at March 31, 2026 and December 31, 2025 amounted to ₱1,900 million and ₱1,894.8 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 to ₱7,954.18 million and ₱7,577.81 million as at March 31, 2026 and December 31, 2025, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD declared cash dividends as follows:

	2026	2025	2024
April 8, 2026, (₱0.23 per share) to stockholders of record as of May 8, 2026, payable on or before May 29, 2026	<b>₱241,509</b>	₱ –	₱ –
April 5, 2025, (₱0.25 per share) to stockholders of record as of May 8, 2025, payable on or before May 30, 2025	–	259,243	–
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
	<b>₱241,509</b>	<b>₱259,243</b>	<b>₱198,410</b>

#### 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 as of March 31, 2026 and December 31, 2025.

As at March 31, 2026 and December 31, 2025, the Group is not subject to externally imposed capital requirements except for the long-term loans of NTC that are subject to debt to equity ratio requirement (Note 17).

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

	2026	2025
Liabilities (a)	<b>₱4,739,558</b>	₱5,791,764
Equity (b)	<b>18,377,518</b>	18,001,636
Debt-to-equity ratio (a/b)	<b>0.26:1.00</b>	0.32:1.00

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## 19. Revenue from Contracts with Customers

Revenue from schools and related operations consists of:

	2026	2025	2024
Tuition and other matriculation fees	<b>₱1,688,805</b>	₱1,489,828	₱1,293,654
Less: Scholarship grants and discounts	<b>(84,738)</b>	(55,524)	(57,140)
	<b>1,604,067</b>	1,434,304	1,236,514
Other student-related income and auxiliary services	<b>61,958</b>	44,015	39,211
	<b>₱1,666,025</b>	₱1,478,319	₱1,275,725

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 bookstore sales, 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.

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## 20. Cost of Schools and Related Operations

Cost of schools and related operations account consists of:

	2026	2025	2024
Personnel expenses (Note 24)	<b>₱464,263</b>	₱410,314	₱354,538
Depreciation and amortization	<b>125,485</b>	117,378	98,713
Student-related expenses	<b>69,006</b>	54,520	45,827
IT expense - software license	<b>67,332</b>	60,518	34,063
Management and other professional fees (Note 15)	<b>53,231</b>	45,950	57,844
Periodicals	<b>49,394</b>	41,332	40,172
Utilities	<b>34,275</b>	29,838	33,620
Membership fees	<b>20,465</b>	11,297	-
Research and development fund	<b>12,193</b>	12,959	8,526
Accreditation cost	<b>11,335</b>	13,241	9,471
Repairs and maintenance	<b>7,572</b>	10,845	11,786
Tools and library books	<b>6,840</b>	8,788	10,099
Rent (Note 31)	<b>4,677</b>	991	1,578
Seminar	<b>4,505</b>	4,596	3,450
Laboratory supplies	<b>3,150</b>	3,449	1,853
Insurance	<b>2,149</b>	5,671	3,558
Office supplies	<b>1,874</b>	1,324	1,991
Transportation and travel	<b>1,629</b>	1,717	1,686
Taxes and licenses	<b>1,080</b>	908	688
Advertising	<b>451</b>	169	11,681
Entertainment, amusement and recreation	<b>318</b>	373	506
Miscellaneous	<b>744</b>	1,217	1,509
Total	<b>₱941,968</b>	₱837,395	₱733,156

a. Details of depreciation and amortization follows:

	2026	2025	2024
Depreciation (Note 10)	<b>₱134,107</b>	₱126,018	₱113,215
Depreciation - ROU assets (Note 31)	<b>14,372</b>	14,260	11,841
Amortization - Student relationship (Note 6)	<b>557</b>	557	765
Amortization (Note 13)	<b>1,566</b>	1,741	1,608
	<b>₱150,602</b>	₱142,576	₱127,429

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

	2026	2025	2024
Cost of schools and related operations	<b>₱111,645</b>	₱103,118	₱86,872
Cost of schools and related operations - ROU assets (Note 31)	<b>13,841</b>	14,260	11,841
	<b>125,485</b>	117,378	98,713
General and administrative expenses (Note 21)	<b>25,117</b>	25,198	28,716
	<b>₱150,602</b>	₱142,576	₱127,429

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## 21. General and Administrative Expenses

This account consists of:

	2026	2025	2024
Personnel expenses (Note 24)	<b>₱75,520</b>	₱56,714	₱49,151
Management and other professional fees (Note 15)	<b>68,463</b>	76,970	51,048
Advertising (Note 20)	<b>33,544</b>	46,915	16,787
Depreciation and amortization	<b>25,117</b>	25,198	28,716
Provisions for expected credit losses (Note 8)	<b>17,509</b>	17,202	11,906
Taxes and licenses	<b>13,044</b>	11,326	10,778
Utilities	<b>9,588</b>	9,568	5,594
Repairs and maintenance	<b>6,358</b>	5,524	4,614
Provision for losses	<b>4,671</b>	4,141	3,758
Insurance	<b>4,118</b>	2,234	2,690
IT expense - software license	<b>3,596</b>	6,102	6,355
Rent (Note 31)	<b>2,982</b>	43	5
Transportation and travel	<b>1,985</b>	2,148	2,462
Seminar	<b>578</b>	573	447
Commission	<b>541</b>	269	221
Office supplies	<b>501</b>	746	737
Entertainment, amusement, and recreation	<b>379</b>	634	363
Investor relations	<b>310</b>	321	313
Donations	<b>6</b>	15	5
Miscellaneous	<b>18,973</b>	10,323	13,761
	<b>₱287,783</b>	₱276,966	₱209,709

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.

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## 22. Interest Income, Interest and Other Finance Charges

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

	2026	2025	2024
Cash in banks and cash equivalents (Note 7)	16,341	₱16,479	₱15,461
Advances to officers and employees (Note 8)	503	46	43
	<b>₱16,844</b>	<b>₱16,525</b>	<b>₱15,504</b>

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

	2026	2025	2024
Short-term loans (Note 16)	₱19,315	₱15,271	₱19,219
Long-term loans (Note 17)	3,557	4,111	4,550
Interest expense on lease liabilities (Note 31)	9,148	6,525	6,722
	<b>₱32,020</b>	<b>₱25,907</b>	<b>₱30,491</b>

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

	2026	2025	2024
Miscellaneous income	₱1,848	₱725	₱825
Rent income	3,865	3,264	3,536
Investment income in UITF	76	144	100
	<b>₱5,789</b>	<b>₱4,133</b>	<b>₱4,461</b>

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## 23. Earnings Per Share

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

	2026	2025	2024
Net income attributable to equity holders of Parent Company (a)	₱375,883	₱323,698	₱289,220
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)	<b>₱0.3599</b>	<b>₱0.3100</b>	<b>₱0.2770</b>

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 2026 and 2025 follows:

	2026	2025
University of Nueva Caceres	<b>16.99%</b>	16.99%
National Teachers College	<b>0.21%</b>	0.21%

Non-controlling interests in material subsidiaries as at March 31, 2026 and December 31, 2025 follows (in million pesos):

	2026	2025
University of Nueva Caceres	<b>₱408</b>	₱400
National Teachers College	<b>8</b>	7

As at March 31, 2026 and December 31, 2025, the summarized financial information attributable to non-controlling interests in material subsidiaries is shown in the next page.

(In million pesos)

	University of Nueva Caceres		National Teachers College	
	2026	2025	2026	2025
<b>Assets</b>				
Current assets	<b>₱601</b>	₱561	<b>₱1,491</b>	₱1,282
Noncurrent assets	<b>2,020</b>	1,959	<b>3,209</b>	3,189
	<b>₱2,621</b>	₱2,520	<b>₱4,700</b>	₱4,471
<b>Liabilities and Equity</b>				
Current liabilities	<b>₱306</b>	₱266	<b>₱521</b>	₱478
Noncurrent liabilities	<b>191</b>	179	<b>747</b>	692
	<b>497</b>	445	<b>1,268</b>	1,170
<b>Equity</b>	<b>2,124</b>	2,075	<b>3,432</b>	3,301
	<b>₱2,621</b>	₱2,520	<b>₱4,700</b>	₱4,471
Attributable to:				
Equity holders of parent	<b>₱1,716</b>	₱1,675	<b>₱3,424</b>	₱3,293
Non-controlling interest	<b>408</b>	400	<b>8</b>	7
<b>Net revenue</b>	<b>₱174</b>	₱594	<b>₱297</b>	₱1,094
<b>Gross profit</b>	<b>101</b>	314	<b>189</b>	628
<b>Net income (loss)</b>	<b>49</b>	138	<b>121</b>	366
Attributable to:				
Equity holders of parent	<b>₱41</b>	₱115	<b>₱121</b>	₱366
Non-controlling interest	<b>8</b>	23	<b>0</b>	-

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## 25. Operating Segment Information

### Business Segment

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

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

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

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

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

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

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

Segment assets and liabilities exclude deferred tax assets and liabilities.

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

Capital expenditures consist of additions to property and equipment.

(In million Pesos)

	Education			Others			Elimination			Consolidated		
	2026	2025	2024	2026	2025	2024	2026	2025	2024	2026	2025	2024
<b>Revenues</b>												
Income from external customers	<b>₱1,666</b>	₱1,478	₱1,276	<b>₱-</b>	₱-	₱-	<b>₱-</b>	₱-	₱-	<b>₱1,666</b>	₱1,478	₱1,276
<b>Total Revenues</b>	<b>₱1,666</b>	₱1,478	₱1,276	<b>₱-</b>	₱-	₱-	<b>₱-</b>	₱-	₱-	<b>₱1,666</b>	₱1,478	₱1,276
<b>Net Income attributable to Parent Company</b>												
	<b>₱373</b>	₱321	₱286	<b>₱5</b>	₱6	₱5	<b>(₱2)</b>	(₱2)	(₱3)	<b>₱376</b>	₱324	₱289
<b>Other Information</b>												
Segment assets	<b>₱24,696</b>	₱22,404	₱20,776	<b>₱6,322</b>	₱6,618	₱6,445	<b>(₱7,391)</b>	(₱7,162)	(₱7,187)	<b>₱23,627</b>	₱21,860	₱19,926
Segment liabilities	<b>6,181</b>	5,972	5,763	<b>58</b>	110	111	<b>(1,405)</b>	(1,280)	(1,325)	<b>4,834</b>	4,802	4,549
Deferred tax assets	<b>94</b>	81	50	<b>1</b>	1	1	<b>-</b>	-	-	<b>95</b>	82	51
Deferred tax liabilities	<b>956</b>	831	695	<b>0</b>	46	44	<b>52</b>	53	55	<b>1,008</b>	929	795
Interest expense	<b>34</b>	35	44	<b>-</b>	0	0	<b>(2)</b>	(9)	(14)	<b>32</b>	26	30
Provision for income tax	<b>42</b>	32	29	<b>0</b>	1	1	<b>(0)</b>	(0)	(0)	<b>42</b>	32	30
Depreciation and amortization	<b>147</b>	139	124	<b>1</b>	0	1	<b>3</b>	3	3	<b>151</b>	143	127

## 26. Notes on Consolidated Statements of Cash Flows

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

	December 2025	Non-cash Changes				Cash Flows	March 2026
		Declaration of Cash Dividend	Additions on Lease liabilities	Interest Expense	Other Non-Cash		
Short-term loans	₱1,000,000	₱–	₱–	₱–	₱–	₱–	₱1,000,000
Current portion of long-term loans	32,574	–	–	–	–	(8,143)	24,430
Long-term loans	228,704	–	–	–	–	–	228,704
Dividends payable	18,212	–	–	–	–	–	18,212
Payables to related parties	15,179	–	–	–	–	4,420	19,599
Lease liabilities	512,491	–	(9,148)	9,148	–	(11,627)	500,865
	₱1,807,160	₱–	(₱9,148)	₱9,148	₱–	(₱25,350)	₱1,781,811

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

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

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## 27. Lease Commitments and Provisions

### 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:

	2026	2025
Within one year	<b>₱7,457</b>	₱7,457
More than one year but not more than five years	<b>21,322</b>	21,322
	<b>₱28,779</b>	₱28,779

#### *Group as lessee*

The Group leases building spaces for office and school sites and annexes from third-party lessors for a period ranging from two 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, recognized right-of-use assets and lease liabilities from these operating lease agreements. For those leases subjected to PFRS 16, the IBR used in the computation of lease liabilities ranges from 5.88% to 8.96% in 2026 and 2025 (see Note 5).

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

	2026	2025
Net Book Value at January 1	<b>₱446,374</b>	₱339,121
Additions	–	174,116
Amortization (Note 20a)	<b>(14,372)</b>	(67,045)
Lease modification	<b>1,858</b>	182
Pre-termination/expiration	–	–
Net Book Value at December 31	<b>₱430,144</b>	₱446,374

The following are the amounts recognized in the 2026, 2025 and 2024 statement of comprehensive income (Note 20):

	2026	2025	2024
Depreciation expense of right-of-use assets	<b>₱14,372</b>	₱14,260	₱11,841
Interest expense on lease liabilities	<b>9,148</b>	6,524	6,618
Rent expense on short-term leases (Notes 20 and 21)	<b>4,677</b>	991	1,578
Total amount recognized in profit or loss	<b>₱23,520</b>	₱20,784	₱18,459

The rollforward analysis of lease liabilities from APEC follows:

	<b>March 2026</b>	December 2025
As at January 1	<b>₱512,492</b>	₱394,952
Additions	–	165,565
Interest expense (Note 22)	<b>9,148</b>	26,837
Pre-termination	–	–
Payments	<b>(20,775)</b>	(74,862)
	<b>₱500,865</b>	₱512,492

The balance of lease liabilities as of March 31, 2026 and December 31, 2025 are as follows:

	<b>2026</b>	2025
Lease liabilities - current	<b>₱46,314</b>	₱57,941
Lease liabilities - noncurrent	<b>454,551</b>	454,551
	<b>₱500,865</b>	₱512,492

Shown below is the maturity analysis of the undiscounted lease payments as of March 31, 2026 and December 31, 2025:

	<b>2026</b>	2025
Within one year	<b>₱52,787</b>	₱52,787
More than one year but less than five years	<b>642,411</b>	642,411
Five years and more	<b>224,603</b>	224,603
	<b>₱919,801</b>	₱919,801

The Group performed an impairment testing of the property and equipment and right-of-use assets of APEC, through NTC, the aggregate carrying value for which amounted to ₱202.2 million and ₱290.1 million as of December 31, 2025 and December 31, 2024, respectively. Key assumptions used are as follows:

- Revenue projections. The revenue projections were based on financial budgets approved by management and BOD.
- Discount rate (10.8% in 2025 and 10.9% in 2024). 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, 2025 and 2024 are not impaired considering that the calculated recoverable amount is higher than the carrying value.

#### Provisions

The Group is involved in certain claims arising from the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. The estimate of the probable costs for the resolution of these claims has been developed in consultation with external counsels handling the defense in these matters and is based upon an analysis of potential results. The ultimate disposition of these matters cannot be determined with certainty. The Group will exhaust all legal remedies available to it in defending itself in these claims and proceedings. Provisions disclosed in Note 14 as of March 31, 2026 and December 31, 2025 amounted to ₱129.32 million and ₱124.65 million, respectively. Provisions recognized in 2026 and 2025 amounted to ₱4.7 million and ₱4.1 million, respectively (Note 21).

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

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**IPEOPLE, INC. AND SUBSIDIARIES**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**

**SUPPLEMENTARY SCHEDULES**

Schedule	Content
I	Annex 68-D Reconciliation of Retained Earnings Available for Dividend Declaration
II	Annex 68-J Schedules <ul style="list-style-type: none"><li>• Schedule A. Financial Assets</li><li>• Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)</li><li>• Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements</li><li>• Schedule D. Long-term Debt</li><li>• Schedule E. Indebtedness to Related Parties</li><li>• Schedule F. Guarantees of Securities of Other Issuers</li><li>• Schedule G. Capital Stock</li></ul>
III	Group Structure

**SCHEDULE II****IPEOPLE, INC. AND SUBSIDIARIES****ANNEX 68-J: SCHEDULES****MARCH 31, 2026**

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

Schedule A. Financial Assets in Equity Securities

As at March 31, 2026, the Group has no financial assets in Equity Securities.

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

Below is the schedule of advances to officers and employees of the Group with balances above ₱100,000 as at March 31, 2026:

Name	As of December 31, 2025	Additions	Collections/ Liquidations	As of March 31, 2026
Abalos, Mark	181,667	-	24,222	157,444
Aberilla, Irish Mae O.	866,403	276,750	-	1,143,153
Adanza, Carina Victoria	-200	436,500	14,123	422,178
Agbulos, Erlin C.	-0	167,654	2,708	164,946
Alcantara, Randy	188,000	16,533	1,072	203,461
Alfeche, Lalaine Joan	112,358	-	-	112,358
Alquino, Kenneth R.	81,131	40,255	-	121,386
Ambuyoc, Rodel R.	148,119	-560	-	147,559
Aquino, Jesunino, R.	270,650	-	23,202	247,448
Aquino, Leopoldo	200,348	-	6,000	194,348
Aranas, Joseph Adrian T.	-	219,000	-	219,000
Arenillo, Denise Jordan P	442,674	-	106,204	336,469
Astronomo, Cyril Jess	333,422	-	-	333,422
Austria, Maria Rhodora	182,642	-	21,700	160,942
Avila, Claribel P.	484,500	-	-	484,500
Aya-ay, Adorico	716,830	-	-	716,830
Azcueta, Crisanta F.	-	116,000	-	116,000
Ba-ang, Marie Gabrielle	187,358	5,000	-	192,358
Baarde, Larissa Marie	242,769	-	-	242,769
Balan, Ariel Kelly D.	38,983	419,434	30,000	428,416
Balang, Ernesto Jr.	100,000	-	-	100,000
Ballado, Alejandro Jr.	0	596,933	298,466	298,466
Balo, Abeliosre	102,837	-	-	102,837
Bandola, Ruby	-	585,000	97,500	487,500
Banlawe, Ivane Ann	203,070	-	-	203,070
Bascuna, Sheryl	-	500,000	118,055	381,945
Bayag, Marina B.	465,111	-	-	465,111
Bitor, Rolando	420,865	-	-	420,865
Bolonos, Eric John S.	153,612	-	-	153,612
Bonafe, Eufemia	300,000	-	-	300,000
Cabrera, Allen Rose V.	-	111,099	8,299	102,800
Calamba, Michael G.	982,111	38,976	-	1,021,087
Calderon, Aldrin Dimayuga	242,095	6,733	87,533	161,295
CALLO, AILENE JOY	104,365	-	-	104,365
Camacho, Margarita V.	412,671	-75,841	70,099	266,731
Camus, Rosette Eira E.	-	464,309	28,215	436,094

<b>Name</b>	<b>As of December 31, 2025</b>	<b>Additions</b>	<b>Collections/ Liquidations</b>	<b>As of March 31, 2026</b>
Caparanga, Alvin R.	350,261	24,016	22,500	351,777
Caramoan, Melanie	200,000	-	-	200,000
Carbonell, Joyce Jan	157,870	-	-	157,870
Cascaro, Rhodessa	630,107	-	-	630,107
Cedo, ,Vida Carminda	-	150,000	-	150,000
Cedo, Vida Carminda	150,000	-	-	150,000
Ciudadano, Maria Leisel	100,000	-	-	100,000
Coritico, Cheryl Jean D.	22,587	307,700	-	330,287
Crisostomo, Mary Ann	-	126,800	18,047	108,753
Cuanang, Joane Rose	114,000	-	-	114,000
Cuizon, Junneil	905,983	264,000	-	1,169,983
Custodio, Oliver Ryan B.	1,240,205	307,719	101,423	1,446,501
Deang, John Jovaniel C.	70,643	463,638	174,320	359,961
Dela Cruz, John Ross	-	275,000	128,916	146,084
Delos Cientos, Darlene	92,000	152,000	-	244,000
Delos Reyes, Marycon	375,466	-	265,650	109,816
Diez, Freddie	147,877	128,495	-	276,372
Dimaunahan, Ericson Dalangin	-	810,790	263,233	547,557
Dineros, Rochelle	177,669	-	-	177,669
Dionio, Kendrick O.	77,005	31,200	-	108,205
Dionisio, Anna Rose M.	313,621	-	-	313,621
Divina, Melchor P.	91,781	489,800	86,900	494,681
Doma Jr, Bonifacio	213,672	50,358	32,595	231,435
Ebio, Ressian Dhel E.	110,000	-	-	110,000
Española, Ma. Eloisa P.	140,950	-	-	140,950
Estores, Gilford B.	330,000	-	43,885	286,115
Fajardo, Maria Theresa	133,067	-	-	133,067
Federizo, Rona Lynne A.	290,097	53,290	112,297	231,090
Federizo, Rona Lynne A.	290,097	53,290	112,297	231,090
Felices, Elvira V.	-	1,018,500	508,797	509,703
Fermin, Edizon A.	247,871	-	92,785	155,087
Flores, Eira Marie B.	157,774	-	-	157,774
Fortuno, Vivian	300,000	-	-	300,000
Fuliga, Antonio Jr.	172,650	-	-	172,650
Gomez, Marianne Edna	637,978	628,563	224,639	1,041,902
Jassel, Jagdeep	163,224	-	-	163,224
Josio, Cesar Glenn A.	771,406	-	-	771,406
Kikuchi, Khristian	182,641	-	21,700	160,941
Lagunday, Albert P.	355,100	205,350	-	560,450
Lasa, Sandy	-	250,000	70,000	180,000
Laud, Noel V.	394,654	10,000	-	404,654
Liboon, Cristelle Dela Cruz	202,709	3,100	-	205,809
Limpot, Kareen Michelle	777,349	-	-	777,349
Lizardo, Glenda P.	381,100	-	22,200	358,900
Logrosa, Gernelyn T.	142,340	-	-	142,340
Lopez, Jonathan	465,541	-	107,293	358,247
Macaballug, Grace D.	-	180,060	14,552	165,508
Macayan, Jonathan V.	1,125,800	-	64,605	1,061,195
Mack, Jose Paolo Y.	82,603	39,620	-	122,223
Magon, Sherwin Somo	-	125,000	2,352	122,648
Mapua Entries	134,682	-	-	134,682
Mejia, Emmillie Joy B.	422,787	-	148,709	274,079
Mende, Melwin	177,279	-	-	177,279

Name	As of December 31, 2025	Additions	Collections/ Liquidations	As of March 31, 2026
Meris, Paulo Rafael Villaflor	240,750	-	-	240,750
Mesina, James Ronald	361,483	-	23,575	337,908
Miguel, Charisse B.	100,800	-	-	100,800
Mondejar, Jeffrey Jr., B.	301,504	32,370	-	333,874
Mondia, Bai Nyssa Mae S.	123,797	7,500	-	131,297
Monteagudo, Marvin	694,403	-	-	694,403
Nacua, Juliet	194,560	-	-	194,560
Nano, Francis German D.	150,400	-	-	150,400
Ocmer, Ma. Kristina M.	-	100,000	-	100,000
Ogarte, Joghua	351,927	-	65,172	286,755
Otero, Gerlyn D.	137,991	-	-	137,991
Pamintuan, Kristopher Ray Simbulan	427,500	-56,935	22,500	348,065
Paña, Janyssa Mariae B.	147,300	40,000	-	187,300
Parra, Francisco	150,000	-	-	150,000
Pulmon, Eden Leysam	85,385	28,210	-	113,595
Quijada, Gertie	162,070	-	-	162,070
Quiñagon, Ramon	732,617	-	-	732,617
Quiñal, Jeremia	456,500	-	-	456,500
Quinto, Edward Jay M.	-	550,838	22,500	528,338
Quisaot, Concordio	111,634	-	-	111,634
Rafael, Victor	348,883	-	137,798	211,085
Ramirez, Juconz Philip C.	234,200	-	-	234,200
Reyes, Cesar Romeo V. De Los	306,367	-	73,571	232,795
Reyes, Keilah Mari L.	-	130,500	-	130,500
Rodriguez, Annelle	602,500	-	-	602,500
Sabino, Lilibeth	185,025	-60,975	20,325	103,725
Salvacion, Jonathan W.L.	328,675	15,580	35,967	308,288
San Juan, Cloyd	237,000	-	-	237,000
Sandoval, Renzo James	157,424	-	-	157,424
Santiago, Raymart	-	100,000	-	100,000
Santos, Malaya P.	420,240	-71,221	39,715	309,304
Seguritan, Ben Jay-Me G.	73,412	496,410	-	569,822
Senoro, Delia B	3,020,649	536,574	301,024	3,256,199
Sinday, Grace	508,012	10,000	-	518,012
Suaybaguio, Zyrah Gwen I.	128,001	-	-	128,001
Tablante, Dennis H.	190,550	-	11,100	179,450
Taylaran, Jennifer	110,185	-	-	110,185
Tayo, Lemmuel L.	390,000	16,540	22,500	384,039
Tiongco, Danilo R.	310,520	-	157,680	152,840
Tomas, Mary Christine A.	-	658,821	183,655	475,166
Toylo, Anthony	106,103	-	-	106,103
Tupas, Trishia	172,707	-	-	172,707
Ugpay, Rex Michael	103,359	-	-	103,359
Uy, Juval Jake	292,557	-	-	292,557
Valdez, Francis	169,839	-	-	169,839
Villalon, Jose Luis Lucas	-	175,246	-	175,246
Yparraguirre, Flora Mae	344,054	-	-	344,054
<b>TOTAL</b>	<b>35,855,719</b>	<b>12,781,520</b>	<b>4,694,177</b>	<b>43,943,063</b>

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/Payables from and to Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables and payables with related parties, which are eliminated in the consolidated financial statements as at March 31, 2026:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Pan Pacific Computer Center, Inc.	₱1,104,410	₱–	₱–	₱1,104,410
Malayan Education System, Inc.	3,113,444	3,614,887	(6,728,331)	0
Malayan Colleges Laguna, Inc.	4,227,643	3,449,077	(5,896,376)	1,780,344
Malayan Colleges Mindanao, Inc.	310,418,202	80,217,609	(8,283,901)	382,351,910
University of Nueva Caceres	464,183	1,166,725	(903,587)	727,321
National Teachers College	1,070,442	3,814,139	(3,498,445)	1,386,136
RCBC	0	1,197,167	(1,197,167)	0

Schedule D. Long-term debt

As at March 31, 2026, the Group has outstanding long-term debts as follow (in thousands):

Unsecured bank loans	₱253,134
Secured bank loans	–
Total	253,134
Less: current portion of unsecured bank loans	24,430
Noncurrent portion of long-term loans	₱228,704

Unsecured

The Group, through NTC, entered into a 10-year unsecured term loan facility with a third party local bank for ₱650.00 million to finance its building refurbishment and/or expansion. The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility amounted to ₱380 million. The ₱300 million is subject to 5.5% fixed rate and the ₱80 million is subject to annual repricing based on higher of 5.5%.

Secured

In 2019, the Group, through MCMI, entered into a ten-year secured long-term loan agreement with a third party local bank for ₱1,500.00 million to refinance the construction of MCMI's school buildings and facilities that were initially funded by short-term loans. MCMI made partial drawdowns against this agreement amounting to ₱680.00 million, ₱350.00 million and ₱470.00 million in January, June and July 2019, respectively. The loans were subject to prevailing borrower's rate, plus a minimum spread of 0.50% per annum, but in no case lower than 4% per annum, subject to quarterly repricing. MCMI shall repay the loan in 20 equal quarterly installments to start at the end of 21<sup>st</sup> quarter from the initial drawdown date. The loans were secured by the land and related improvements owned by MCMI with carrying value of ₱2,376.76 million as of December 31, 2019 and suretyship of MESI. In July 2023, the long-term loan amounting to ₱1.5 billion was fully paid.

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

As at March 31, 2026, the Group has no outstanding long-term debt from/to related parties.

Schedule F. Guarantees of Securities of Other Issuers

As at March 31, 2026, 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	-	14,693,051	99,930	129,470,216

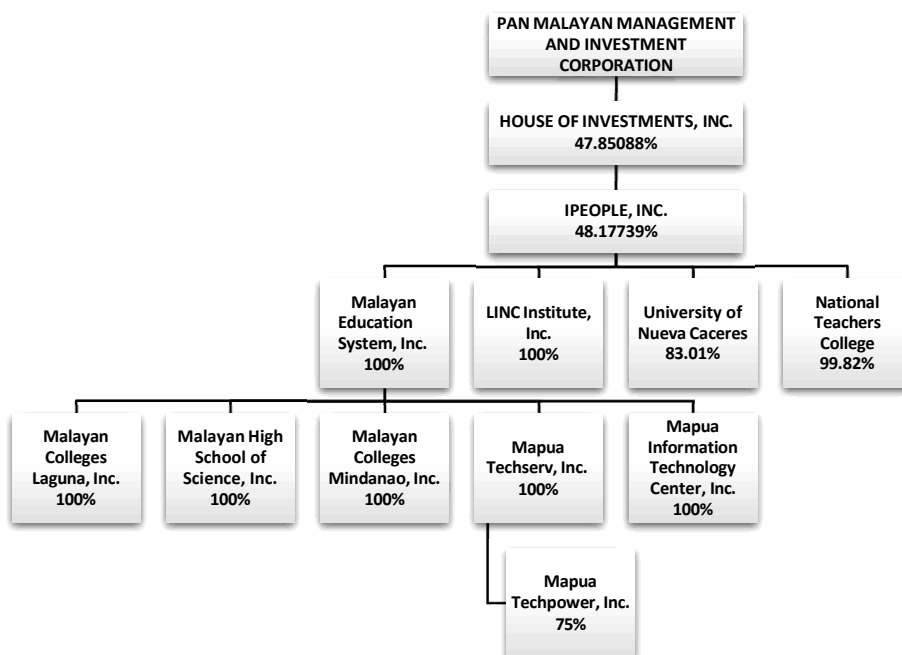
**IPEOPLE, INC. AND SUBSIDIARIES**

**GROUP STRUCTURE**

**MARCH 31, 2026**

*Group Structure*

Below is a map showing the relationship between and among the Group and its ultimate parent company and subsidiaries as at March 31, 2026:



**SCHEDULE I**

**IPEOPLE, INC. AND SUBSIDIARIES**

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

**MARCH 31, 2026**

**Amounts in Thousands**

The table below presents the parent retained earnings available for dividend declaration as of March 31, 2026:

<b>Unappropriated Retained Earnings, beginning</b>	<b>₱1,894,771</b>
<b>Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings</b>	
Reversal of Retained Earnings Appropriation/s	—
Effect of restatements or prior-period adjustments	—
Others	—
	<hr/>
<b>Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings</b>	
Dividend declaration during the reporting period	—
Retained Earnings appropriated during the reporting period	—
Effect of restatements or prior-period adjustments	—
Others	—
	<hr/>
Unappropriated Retained Earnings, as adjusted	<b>1,894,771</b>
Add/(Less): Net Income (loss) for the current year	<b>5,214</b>
<b>Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Unrealized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—
	<hr/>
<b>Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other realized gains or adjustments to the RE as a result of certain transactions accounted for under the PFRS	—
	<hr/>

<b>Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u></b>	–	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	–
		<hr/>
Adjust Net Income/Loss		<b>5,214</b>
<b>Add/(Less): <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u></b>		
Depreciation on revaluation increment (after tax)	–	–
		<hr/>
<b>Add/(Less): <u>Category E: Adjustments related to relief granted by the SEC and BSP</u></b>		
Amortization of the effect of reporting relief	–	
Total among reporting relief granted during the year	–	
Others	–	–
		<hr/>
<b>Add/(Less): <u>Category F: Other items that should be excluded from the determination of the amount available for dividends distribution</u></b>		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set up of asset and asset retirement obligation	–	
Adjustment due to deviation from PFRS/GAA – gain (loss)	–	
Others	–	–
		<hr/>
<b>Unappropriated Retained Earnings Available for Dividends Distribution, March 31, 2026</b>		<b>1,899,986</b>
Add: Reversal of Retained Earnings – Appropriation/s approved		–
<b>Unappropriated Retained Earnings available for dividends declaration</b>		<b>₱1,899,986</b>
		<hr/> <hr/>

**iPeople, inc. and Subsidiaries**  
**Aging of Accounts Receivable**  
**For the quarter ended March 31, 2026**  
**Amounts in Thousands**

	No. of days due			Total
	0-30	31-60	Over 61 days	
Education	<b>₱958,030</b>	<b>₱38,468</b>	<b>₱609,940</b>	<b>₱1,644,283</b>
Others	<b>61,733</b>	<b>7,095</b>	<b>86,154</b>	<b>261,980</b>
Total	<b>1,019,762</b>	<b>45,563</b>	<b>696,094</b>	<b>1,906,263</b>
Less: Allowance for doubtful accounts	<b>(11,594)</b>	<b>-</b>	<b>(454,717)</b>	<b>(494,973)</b>
	<b>₱1,124,349</b>	<b>₱45,563</b>	<b>₱241,377</b>	<b>₱1,411,289</b>

## IPEOPLE, INC. AND SUBSIDIARIES

### ANNEX 68-E: SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

MARCH 31, 2026

Below are the financial ratios that are relevant to the Group's as of the period ended March 31, 2026, March 31, 2025 and December 31, 2025

Financial ratios		Unaudited March 2026	Unaudited March 2025	Audited December 2025
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	<b>1.59:1</b>	1.41:1	1.38:1
<i>Indicates the Group's ability to pay short-term obligation</i>				
Acid-test ratio	$\frac{\text{Current Assets} - \text{Prepaid expenses}}{\text{Current Liabilities}}$	<b>1.42:1</b>	0.22:1	1.26:1
<i>Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately</i>				
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	<b>0.11:1</b>	0.10:1	0.27:1
<i>Shows how likely a Group will be to continue meeting its debt obligations</i>				
Debt-to-equity ratio	$\frac{\text{Total Debt}}{\text{Equity}}$	<b>0.26:1</b>	0.28:1	0.32:1
<i>Measures the Group's leverage</i>				
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Equity}}$	<b>1.25:1</b>	1.28:1	1.31:1
<i>Shows how the Group's leverage (debt) was used to finance the firm</i>				
Interest Rate Coverage	$\frac{\text{EBIT}^*}{\text{Interest Expense Excluding Interest Expense on Lease Liabilities}}$	<b>20.06:1</b>	19.84:1	13.32:1
<i>Shows how easily a Group can pay interest on outstanding debt</i>				
Return on Average Stockholders' Equity	$\frac{\text{Net Income}}{\text{Average Equity}}$	<b>2.14%</b>	2.01%	5.50%
<i>Reflects how much the Group's has earned on the funds invested by the stockholders</i>				
Net profit margin	$\frac{\text{Net Profit}}{\text{Revenue}}$	<b>23.08%</b>	22.07%	15.53%
<i>Reflect how much net income or profit is generated as percentage of revenue</i>				
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	<b>1.63%</b>	1.50%	3.99%
<i>Measure the ability to utilize the Group's assets to create profits</i>				

\*Earnings before interest and taxes (EBIT)

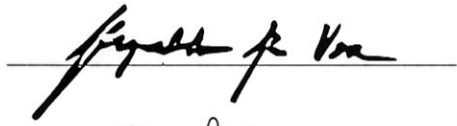
**SIGNATURES**

Pursuant to the requirements of Section 17 of the Securities Regulation Code and the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Makati on MAY 14 2026, 2026.

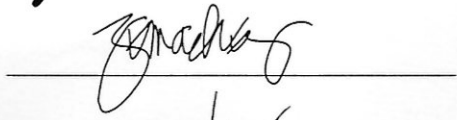
IN WITNESS WHEREOF, we have hereunto affixed our signatures and the seal of the Corporation this \_\_\_\_ day of May 2026 at Makati City.

By: *Text*

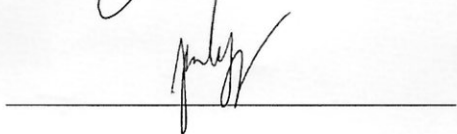
**DR. REYNALDO B. VEA**  
Chairman and Chief Executive Officer



**GEMA O. CHENG**  
EVP and Chief Finance Officer



**JONATHAN M. LOPEZ**  
Controller



**ATTY. SAMUEL V. TORRES**  
Corporate Secretary



SUBSCRIBED AND SWORN to before me this MAY 14 2026 day of May 2026, at Makati City.  
Affiants exhibited to me their proof of identification as indicated beside each name.

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

Doc. No. 216 ;  
Page No. 46 ;  
Book No. 27 ;  
Series of 2026

**ATTY. BERNARDINO O. LAUTILLO**  
NOTARY PUBLIC FOR MAKATI CITY  
APPT. NO. M-028 UNTIL DEC. 31, 2027  
ROLL NO. 77752 / MGLE Compliance No. VII-002331 UNTIL APR. 14, 2028  
IBP OR. NO. 589306 JAN. 2, 2026 / MAKATI CHAPTER  
PTR No. 10765532 - JAN. 5, 2026  
UNIT 2-B2 TRANS-PHIL HOUSE, DON CHINO ROCES AVE., COR.  
BAGTIKAN ST., SAN ANTONIO, MAKATI CITY