



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: PW00001093

Company Name: CENTRO ESCOLAR UNIVERSITY

Industry Classification: M81490

Company Type: Stock Corporation

Document Information

Document ID: OST11015202583787686

Document Type: Quarterly Report

Document Code: SEC_Form_17-Q

Period Covered: August 31, 2025

Submission Type: Original Filing

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

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(Company's Full Name)

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

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Contact Person

8735-6861 to 71

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Fiscal Year

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Annual Meeting

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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LCU

CASHIER

SEC Number 1093
PSE CODE
File Number

CENTROESCOLARUNIVERSITY

Company's Full Name

**9 Mendiola Street
San Miguel, Manila**

Company's Address

735-68-61 to 71

Telephone Number

May 31

Fiscal Year Ending
(Month & Day)

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE,
SRC RULE 17(2)(b) THEREUNDER**

Form Type

(Amendment Designation [If applicable])

First Quarter Report –August 31, 2025

Period Ended Date

N/A

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17- Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC 17(2)(b) THEREUNDER

1. For the quarterly period ended August 31, 2025
2. Commission identification number 1093
3. BIR Tax identification No. 240-000-531-126
4. Exact name of registrant as specified in its charter **CENTRO ESCOLAR UNIVERSITY**
5. Province, country or other jurisdiction of incorporation or organization Manila, Philippines
6. Industry Classification Code _____ (SEC Use only)
7. Address of registrant's principal office 9 Mendiola St.
San Miguel, Manila
8. Registrant's telephone number, including area code: (02) 8735-68-61 to 71
9. Former name, former address and former fiscal year, if change since last report N/A
10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class and amount of debt outstanding	Number of shares of common stock outstanding
Common Shares	446,897,323

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [☒] No [☐]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period 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 [☐]

Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

The financial statements are attached to this SEC Form 17-Q.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited financial statements of the University for the three months ended August 31, 2025.

RESULTS OF OPERATIONS

For the three months ended August 31, 2025, the University had a consolidated gross revenue of ₱383,743,184 and a net income of ₱28,872,860.

Three months ended August 31, 2025 (First Quarter This Year) versus Three months ended August 31, 2024 (First Quarter Last Year).

For the three months ended August 31, 2025, the revenues amounted to ₱383,743,184 as compared to ₱ 342,864,326 for the same period in 2024. Net income of ₱ 28,872,860 was registered for the three months ended August 31, 2025 as compared to ₱15,144,433 net income for the same period in 2024.

Operating expenses increased to ₱354,870,324 for the three months' period ended August 31, 2025 from ₱ 327,718,893 for the same period in 2024.

KEY PERFORMANCE INDICATORS (KPI)

Basic performance indicators are employed and comparisons are then made against internal targets and the previous periods performance.

Performance	First Quarter	First Quarter	Manner of computation	Significance
	August 2025	August 2024		
Revenue Growth	18.48%	-39.02%	Difference between current and last year's tuition and other fees divided by last year's revenues	Measures revenue growth
Return on Revenue	9.00%	5.59%	Net income divided by tuition and other school fees	Shows how much profit is derived from every peso of tuition and other school fees
Dividend Pay-out Ratio	0	0	Dividends divided by net income	Indicates how earnings support dividend payment
Return on Equity	0.46%	0.25%	Net income divided by average total stockholder's equity	Measures extent of profit earned
Return on Assets	0.32%	0.17%	Net income divided by average total assets	Measures use of assets to generate income

LIQUIDITY

The principal sources of liquidity of the University are cash generated from operations. The principal uses of liquidity are for payment of liabilities, operating expenditures, capital expenditures and cash dividends.

The University's cash balance on August 31, 2024 increased to ₱1,400,799,103 from ₱1,114,216,448 as of May 31, 2025.

The University has always relied on internally generated cash to fund its working capital needs and capital expenditures.

The University's current ratio stands at 1.13:1 as of August 31, 2025. The University does not anticipate any liquidity problems in the next 12 months as it consistently maintains a strong cash position.

There is no trend/event or uncertainty that will have a material impact on the University's liquidity, net sales, revenues, and income from continuing operations.

The internal sources of liquidity are tuition and miscellaneous fees, the registrant being a University.

There is no event that will trigger direct or contingent financial obligation that is material to the University, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the University with unconsolidated entities for the year ended August 31, 2025.

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES

For SY 2025-2026, CEU approved the improvements of offices, classroom, laboratories including laboratory equipment. Replacement of computer units and tables in the computer laboratories and offices. Construction of streets inside CEU Malolos campus and development of drainage system to avoid flooding and acquisition of service vehicles for Manila and Malolos.

Segment Reporting

The University operates in geographical segments. The financial information on the operations of these segments are based on segment assets, segment property and equipment (net), segment liabilities, segment revenues, operating expenses and net income/loss.

FINANCIAL CONDITION

The current assets of the University as of the first quarter ended August 31, 2025 were ₱2,885,238,568 as compared with ₱2,015,736,827 on May 31, 2025. The increase in current assets of ₱869,501,741 over May 31, 2025 balance was mainly due to increase in tuition and other receivables.

Receivables from tuition and other fees increased by ₱ 497,512,468.

This account consists of:		
	August 2025	May 31, 2025
Students	893,298,720	395,786,252
Accrued interest receivable	2,927,128	2,927,128
Nontrade receivables	11,113,269	11,113,269
Others:	-	
Advances to employees	20,601,294	20,601,294
Accrued rent receivable	7,153,295	7,153,295
Other receivable	37,132,831	9,939,092
	972,226,537	447,520,330
Less allowance for ECL	158,455,822	158,455,822
	813,770,715	289,064,508

The total current liabilities of the University as of August 31, 2025 were ₱2,555,459,195 higher by ₱830,155,840 from the balance as of May 31, 2025.

Deferred revenue as of the first quarter ending August 31, 2025 were ₱993,611,109.

Unappropriated Retained Earnings increased by ₱28,872,860 due to net income for first quarter ending August 31, 2025.

The nature and amount of items affecting assets, liabilities, equity, net income and cash flow are ordinary and occur in the usual course of University operations.

There is no significant element of income or loss arising from continuing operations.

There are no material changes in the estimates of amounts reported in prior interim periods of the current financial year. Thus, there is no effect on the amounts reflected in the current interim period.

There have been no material events subsequent to the end of the interim period, nor any other changes in the composition of the issuer. Also, there are no changes in contingent liabilities or contingent assets since the last annual balance sheet date. Neither does any material contingencies or events that are material to the understanding of the current interim period exist.

CEU operations are generally affected by seasonality. There is usually a 7%-12% drop in the number of students in the second semester, as compared to the first semester. There are generally fewer students enrolled during summer months.

There are no issuances, repurchases or repayments of debt and equity securities.

Drop in enrollment, a seasonal aspect, had a material effect on the financial condition or results of operations of the university.

ADDITIONAL DISCLOSURES

In view of the global financial conditions, Centro Escolar University hereby assesses its financial risk exposures on its financial instruments as of date of these financial statements.

1. Financial Risk

a. Currency risk

- i. The majority of the University's short-term investments is maintained in Peso government securities and time deposits. As of the end of August 2025, ₱547,399,199 worth of money market placements were maintained in Peso government securities and time deposits.
- ii. As of the end of August 2025, US\$119,643 were maintained in Dollar time deposits. The University maintains these deposits in order to service its academic purchases from the United States. Examples of these purchases are library books, subscriptions, as well as purchases of equipment used in education.

b. Interest risk

- i. The University has no purchases or transactions that bear interest.

c. Credit risk

- i. The University's clientele is composed of students who are admitted to the University only upon full or installment payment of tuition fees. When the student fails to pay for his/her tuition fee, the University allows the student to take the examinations but withholds his/her grades and clearance until the student settles his/her accounts.
- ii. The University maintains policies on providing for doubtful accounts. As of the end of August 2025, the provision for doubtful accounts was at ₱158.45 million.

- d. Market risk
 - i. As of the end of August 2025, the University foresees no market risk until the end of its fiscal year May 31, 2026.
- e. Liquidity risk
 - i. The University maintains a sufficient cash balance to sustain its operations, as well as to provide dividends for shareholders. The University foresees no liquidity risk.

2. Disclosure regarding financial instruments

PFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015. PFRS 9, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project.

After careful consideration of the result of its impact evaluation, the Group decided not to early adopt PFRS 9 for its 2013 reporting ahead of its effectivity date, and therefore the impact of the said standard on its quarterly financial statements is not reflected. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. The Group will conduct another impact evaluation using the consolidated financial statements as of and for the year ended March 31, 2015. Should the Group decide to early adopt the said standard for its 2016 financial reporting, its interim consolidated financial statements as of and for the period ending March 31, 2018 will reflect application of the requirement under the said standard and will contain the qualitative and quantitative discussions of the results of the Group's impact evaluation.

Except for the short-term placements as described above, the University maintains no other financial instruments.

DIVIDEND DECLARATION

There is no dividend for the first quarter ended August 31, 2025.

EARNINGS/LOSS PER SHARE

The income per share is ₱0.06 based on the outstanding common shares of 446,897,323 for the first quarter ended August 31, 2025, and income per share of ₱0.04 based on the outstanding common shares of 372,414,400 for the first quarter ended August 31, 2024.

PART II. OTHER INFORMATION

There are no other information not otherwise previously reported on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTRO ESCOLAR UNIVERSITY



DANILO L. CONCEPCION
President and Vice Chairman

Date

OCT 13 2025



CESAR F. TAN
Principal Financial Officer

Date

OCT 13 2025

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES		
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
As of August 31, 2025		
(With Comparative Figures for May 31, 2025)		
	Unaudited August 2025	Audited May 2025
ASSETS		
Current Assets		
Cash and cash equivalents	1,400,799,103	1,114,216,448
Short-term investment	470,724,983	470,724,983
Tuition and other receivables - net	813,770,715	289,064,508
Inventories	49,267,146	35,334,469
Other current assets	150,676,621	106,396,419
Total Current Assets	2,885,238,568	2,015,736,827
Noncurrent Assets		
Property and Equipment	6,547,283,609	6,551,489,832
Right-of-use- asset	97,469,073	97,469,073
Goodwill	47,605,695	47,605,695
Other assets	18,549,138	18,245,483
Total Noncurrent Assets	6,710,907,515	6,714,810,083
	9,596,146,083	8,730,546,910
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	730,372,960	763,398,608
Deferred revenue	993,611,109	131,237,190
Dividends payable	793,636,305	793,636,305
Current portion of lease liability	17,928,286	17,928,286
Income tax payable	19,910,535	19,135,966
Total Current Liabilities	2,555,459,195	1,725,336,355
Noncurrent Liabilities		
Deferred income tax liability -net	519,728,925	519,290,526
Lease liability - net of current portion	96,588,498	96,588,498
Retirement liability	134,612,390	128,447,316
Other noncurrent liability	12,064,427	12,064,427
Total Noncurrent Liabilities	762,994,240	756,390,767
Total Liabilities	3,318,453,435	2,481,727,122
Stockholders' Equity		
Capital stock	446,897,323	446,897,323
Additional paid-in capital	916,803,480	916,803,480
Revaluation increment in property	4,101,848,685	4,101,848,685
Financial assets at FVOCI	(324,309)	(324,309)
Remeasurement loss on retirement obligation	(27,226,271)	(27,226,271)
Effect of transactions with non-controlling interest	3,613,144	3,613,144
Retained earnings		
Unappropriated	831,050,951	802,178,091
Appropriated	-	-
Noncontrolling interest	5,029,645	5,029,645
Total Stockholders' Equity	6,277,692,648	6,248,819,788
	9,596,146,083	8,730,546,910

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES		
CONSOLIDATED STATEMENTS OF INCOME		
FOR THE THREE MONTHS PERIOD ENDED AUGUST 31, 2025 AND 2024		
	First Quarter	First Quarter
	3 mos. Ended	3 mos. Ended
	August 2025	August 2024
REVENUES		
Tuition and other school fees	320,931,075	270,875,771
Interest income	5,411,605	1,840,673
Auxiliary services	41,199,945	48,604,262
Miscellaneous	16,200,559	21,543,620
	383,743,184	342,864,326
EXPENSES		
General and administrative expenses	354,870,324	327,719,893
	354,870,324	327,719,893
NET INCOME (LOSS)	28,872,860	15,144,433
Earnings (loss) Per Share	0.06	0.04
CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES		
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME		
FOR THE THREE MONTHS PERIOD ENDED AUGUST 31, 2025 AND 2024		
	First Quarter	First Quarter
	3 mos. Ended	3 mos. Ended
	August 2025	August 2024
NET INCOME (LOSS)	28,872,860	15,144,433
OTHER COMPREHENSIVE INCOME(LOSS)		
Revaluation increment on land	0	0
Income tax effect	0	0
TOTAL COMPREHENSIVE INCOME (LOSS)	28,872,860	15,144,433

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES		
CONSOLIDATED STATEMENTS OF CASH FLOWS		
FOR THE THREE MONTHS PERIOD ENDED AUGUST 31, 2025 AND 2024		
	3 mos. Ended	3 mos. Ended
	August 2025	August 2024
CASH FLOWS FROM OPERATING		
ACTIVITIES		
Net income	28,872,860	15,144,433
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Depreciation	25,690,273	24,273,770
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Tuition and other receivables	(524,706,207)	(531,319,906)
Inventories	(13,932,677)	(9,654,895)
Other current assets	(44,280,202)	5,054,908
Increase (decrease) in:		
Accounts payable and		
accrued expenses	(33,025,648)	(50,411,838)
Dividends payable	-	(717,746)
Income tax payable	774,569	-
Retirement liability	6,165,074	5,881,462
Deferred income tax liability	438,399	-
Deferred tuition and other school fees	862,373,919	1,011,074,558
Net cash provided by operating activities	308,370,360	469,324,746
CASH FLOWS FROM INVESTING		
ACTIVITIES		
Additions to property and equipment	(21,484,050)	(46,396,538)
Other assets	(303,655)	(800,000)
Net cash used in investing activities	(21,787,705)	(47,196,538)
CASH FLOWS FROM FINANCING		
ACTIVITIES		
Payment of cash dividends	-	-
Cash used in financing activities	-	-
NET INCREASE IN CASH AND CASH		
EQUIVALENTS	286,582,655	422,128,208
CASH AND CASH EQUIVALENTS AT		
BEGINNING	1,114,216,448	1,114,216,448
CASH AND CASH EQUIVALENTS AT END		
OF FIRST QUARTER	1,400,799,103	1,536,344,656

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES		
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY		
As of August 31, 2025		
(With Comparative Figures for August 2024)		
	August 2025	August 2024
CAPITAL STOCK = P1 par value		
Authorized - 800,000,000 shares		
Issued shares	446,897,323	372,414,400
ADDITIONAL PAID-IN CAPITAL	916,803,480	664,056
REVALUATION INCREMENT IN PROPERTY	4,101,848,685	4,101,848,685
UNREALIZED GAIN ON AVAILABLE-FOR-SALE INVESTMENT	-	-
FINANCIAL ASSETS AT FVOCI	(324,309)	(305,301)
REMEASUREMENT LOSS ON RETIREMENT PLAN - NET	(27,226,271)	(49,918,465)
EFFECT OF TRANSACTIONS WITH NON-CONTROLLING INTEREST	3,613,144	3,613,144
NONCONTROLLING INTEREST	5,029,645	5,086,224
RETAINED EARNINGS		
Unappropriated		
Balance at beginning of year	802,178,091	949,366,405
Additional appropriated retained earning for the University expansion projects	-	-
Balance	802,178,091	949,366,405
Comprehensive Income (Loss)	28,872,860	15,144,433
Other Comprehensive Income(Loss)	-	-
Total Comprehensive Income(Loss)	28,872,860	15,144,433
Cash dividends	-	-
Balance at end of quarter	831,050,951	964,510,838
Appropriated		
Balance at beginning of year	-	786,000,000
Additional appropriated retained earning for the University expansion projects	-	-
Balance	-	786,000,000
Balance at end of quarter	831,050,951	1,750,510,838
TOTAL STOCKHOLDERS' EQUITY	6,277,692,648	6,183,913,581

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
As of August 31, 2025

School Year	Amount	Percent
2025-2026	584,298,720	65.41%
2024-2025	244,943,720	27.42%
2023-2024	30,433,466	3.41%
2022-2023	19,135,624	2.14%
2021-2022	14,487,190	1.62%
Total	893,298,720	100.00%

Please note that the terms of aging of accounts receivable is by school year or semester.

CENTROESCOLARUNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The consolidated financial statements include the financial statements of Centro Escolar University (the “University”) and the following subsidiaries (collectively referred to as the “Group”):

Subsidiary	2025	2024
Centro Escolar University Hospital, Inc. (the “Hospital” or CEUHI)	100.00%	100.00%
Centro Escolar Las Piñas, Inc. (CELPI) (formerly Las Piñas College [LPC])	99.90%	99.90%
Centro Escolar Integrated School, Inc. (CE-IS)	95.80%	95.80%

The University, a publicly listed entity, was organized in the Philippines on June 3, 1907 to establish, maintain and operate an educational institution or institutions for the instruction and training of the youth in all branches of the arts and sciences, offering classes in tertiary level.

On September 15, 2023, the University applied for the renewal of grant of autonomous or deregulated status pursuant to CMO No. 6, series of 2023, for its three campuses, Makati, Malolos and Mendiola.

By virtue of CHED Memorandum Order No.07 series of 2024, issued on September 16, 2024, CHED granted autonomous and deregulated status to its three campuses, with a validity of three (3) years from September 16, 2024 to September 15, 2027.

Under this autonomous status, the University is free from monitoring and evaluation of activities of CHED and has the privilege to determine and prescribe curricular programs, among other benefits, as listed in the memorandum order. The three general criteria used by CHED for the selection and identification of institutions which shall receive autonomous status are as follows:

- Institutions established as centers of excellence or centers of development and/or with Federation of Accrediting Agencies of the Philippines Level III Accredited programs;
- With outstanding overall performance of graduates in the government licensure examinations; and
- With long tradition of integrity and untarnished reputation.

The registered principal office of the University is at 9 Mendiola Street, San Miguel, Manila.

The University incorporated the Hospital on June 10, 2008. The primary purpose of the Hospital is to establish, maintain and operate a hospital, medical and clinical laboratories and such other facilities that shall provide healthcare or any method of treatment for illnesses or abnormal physical or mental health in accordance with advancements in modern medicine and to provide education and training facilities in the furtherance of the health-related professions. The registered principal office of the Hospital is at 103 Esteban corner Legaspi Streets, Legaspi Village, Makati City. In January 2016, the Hospital entered into an agreement with Hemotek Renal Center (Hemotek), a dialysis clinic, for the former to provide laboratory examinations to Hemotek patients. As at May 31, 2025, the Hospital is providing laboratory examinations to eight Hemotek Renal Centers.

CELPI was incorporated on June 1, 1975 and is primarily engaged as an educational institution offering a full range of programs from kindergarten to graduate school. The principal place of business of CELPI is at Dr. Faustino Uy Avenue, Pilar Village, Las Piñas City.

CE-IS was incorporated on July 24, 2013 and is a learning institution which offers pre-school, primary and secondary education. The principal place of business of CE-IS is at Km. 44 MacArthur Highway, Longos,

Malolos City. In September 2022, the University purchased an additional 1.80% ownership in CE-IS, increasing its ownership from 94.00% to 95.80%.

Change in Academic Year and Fiscal Year

For the fiscal year ended May 31, 2022, the academic calendar of the University changed and the completion of the academic year was moved from May 2022 (fiscal year ended May 31, 2022) to June (fiscal year ended May 31, 2023). This is due to the offering of the programs by learning block affected by the health breaks imposed by the City Governments.

The University intends to modify the academic year starting fiscal period of 2023-2024. The change in the academic year will result in classes commencing in August instead of September for the first semester, while the second semester classes will be held from January to May instead of February to June.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements are prepared using the historical cost basis, except for land, which is carried at revalued amount and available-for-sale (AFS) financial assets which are measured at fair value.

The consolidated financial statements are presented in Philippine Peso (₱), which is also the Group's functional currency.

Statement of Compliance

The accompanying consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements include the financial statements of the University and its wholly owned subsidiary, the Hospital, which were incorporated in the Philippines.

The financial statements of the Hospital are prepared for the same reporting year as the University.

A subsidiary is consolidated when control is transferred to the Group and ceases to be consolidated when control is transferred out of the Group. Control is presumed to exist when the University owns more than 50% of the voting power of an entity unless in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, intercompany profits and unrealized gains and losses have been eliminated in the consolidation.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting April 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise discussed.

- PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases; operating and finance leases.

The Group adopted PFRS 16 using the modified retrospective approach with an initial application date of April 1, 2019 and did not restate comparative amounts for the year prior to first adoption. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 1, 2019. Instead, the Group applied the standard only to IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemption to the lease contracts for which the underlying asset is of low value (low-value asset) and for leases with a lease term of 12 months or less (short-term leases).

The impact of adoption of PFRS 16 as at April 1, 2019 is as follows:

	March 31, 2019, as previously reported	Impact from adoption of PFRS 16	April 1, 2019 as restated
Right-of-use asset	₱-	₱205,121,481	₱205,121,481
Lease liability - current	-	(12,619,721)	(12,619,721)
Lease liability - noncurrent	-	(192,501,760)	(192,501,760)

Before the adoption of PFRS 16, the Group classified each of its leases (lessee) at the inception date as operating lease. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for the leases of low-value assets and short-term leases. For the detailed disclosures, refer to Note 19.

The Group has a lease contract for the land and building of Philtrust Bank for its Makati-Buendia Campus which qualifies as a lease contract under PFRS 16. The Group also has lease contracts for its water services and billboard placement which qualify as leases of low-value assets and short-term leases.

Leases previously accounted for as operating leases

The Group recognized right-of-use asset and lease liability for the lease previously classified as operating leases, except for the leases of low-value assets and short-term

leases. The right-of-use asset was recognized based on the amount equal to the lease liability. Lease liability was recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lessee's incremental borrowing rate applied to the lease liability on March 31, 2019 and April 1, 2019 was 5.71%. The lease commitments as of March 31, 2019 reconciled to the lease liability as of April 1, 2019 is as follows.

Operating lease commitment as at April 1, 2019	₱282,000,000
Weighted average incremental borrowing rate as at April 1, 2019	5.71%
Lease liability as at April 1, 2019	₱205,121,48

Due to the adoption of PFRS 16, the Group's net income decreased. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

The adoption of PFRS 16 did not have an impact on beginning retained earnings in 2020 since the Group elected to measure the right-of-use asset an amount equal to the lease liability.

- Philippine Interpretation IFRIC 23, *Uncertainty over income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Group is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The Group shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined based on its assessment that it is probable

that its uncertain tax treatment will be accepted by the taxation authorities. Accordingly, the Interpretation did not have an impact on the financial statements of the Group.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PFRS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendment to PFRS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs 2015-2017 Cycle.*
- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation.*
- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity.*
- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of the operations.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash-on-hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement, and are subject to an insignificant risk of change in value.

Inventories

Inventories are valued at cost or net realizable value (NRV), whichever is lower. NRV is the estimated selling price in the ordinary course of business, less costs of marketing and distribution. Cost includes the invoice amount, freight and other incidental costs, and is determined using the first-in, first-out method.

Financial Assets and Liabilities

Date of Recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments which are classified at FVPL.

As of June 30, 2019 and March 31, 2019, the Group has no financial asset or liability at PL and HTM financial assets.

'Day 1' difference

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortized cost in the consolidated statement of financial position. Amortization is determined using the effective interest rate method, and is included under interest income in the profit and loss. The losses arising from impairment of such financial assets are recognized in the profit and loss. Gains and losses are recognized in the profit and loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Included under this category are the Group's cash and cash equivalents and tuition and other receivables.

AFS Financial Assets

AFS financial assets are non-derivative instruments that are either designated in this category or are not classified in any of the other categories. AFS financial assets are carried at fair value in the consolidated statement of financial position.

Changes in the fair value of such assets are accounted for as other comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously recognized as other comprehensive income is included in the profit and loss.

Classified under this category are the Group's investments in equity shares.

Other Financial Liabilities

Other financial liabilities pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain contractual obligations to deliver cash or another financial asset to the holder.

After initial recognition, these liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Other financial liabilities consist primarily of accounts payable and accrued expenses, dividends payable and long-term liability.

Impairment of Financial Assets

The Group assesses at each statement of financial position date whether a financial asset or a group of financial assets is impaired.

Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss is recognized in the profit and loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the profit and loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the profit and loss, is transferred from other comprehensive income to the profit and loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in the profit and loss. Increases in fair value after impairment are recognized under other comprehensive income.

Derecognition of Financial Assets and Liabilities

Financial Assets

The derecognition of financial asset takes place when the Hospital has either (a) transferred substantially all the risks and rewards of the ownership or (b) when it has neither transferred nor retained substantially all the risks and rewards but it no longer has control over the assets or a portion of the asset.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented gross in the consolidated statement of financial position.

Property and Equipment

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Land is carried at revalued amount. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus net of tax effect is included under other comprehensive income except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the profit and loss, in which case the increase is recognized in the profit and loss. A revaluation decrease is recognized in the profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized under other comprehensive income.

Construction in progress, included in property and equipment, is stated at cost. This includes cost of building construction. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul cost, are normally charged to income in the year 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.

Depreciation of property and equipment is computed using the straight-line method over 10 years except for buildings, which are depreciated over 50 years.

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

The useful life and depreciation and amortization method are reviewed at least at each statement of financial position date to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets

The carrying values of nonfinancial assets (i.e., property and equipment) are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of net selling price and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the profit and loss.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation or amortization) had no impairment loss been recognized for the asset in prior years. Any reversal of an impairment loss is credited to current operations.

Other Current Assets

Advances to suppliers and contractors

Advances to suppliers and contractors represent amounts paid to suppliers and contractors for purchases not yet received as of statement of financial position date. This is subsequently reversed to asset or expense accounts when the asset or services are received.

Prepayments

Prepayments are initially measured at the amounts paid and subsequently recognized as expense over the period on which the prepayments apply.

Income Taxes

Current Income Tax

Current income 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 statement of financial position date.

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply on the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Tuition and Other School Fees

Tuition and other school fees are recognized as income when earned over the corresponding school term.

Interest Income

Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Auxiliary Services and Miscellaneous Income

Revenue is recognized when services are rendered.

Retirement Costs

Retirement costs on the Group's defined benefit retirement plan are actuarially computed using the projected unit credit valuation method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

Retirement cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses to the extent recognized, past service cost to the extent recognized and the effect of any curtailment or settlement. Actuarial gains and losses are recognized as income or expense using the corridor approach. The excess of the net cumulative actuarial gains and losses over the greater of 10% of the present value of the defined benefit obligation at the end of the previous reporting period and of 10% of the fair value of any plan assets is distributed over the expected average remaining working life of the employees as income or expense.

The liability recognized in the consolidated statement of financial position with respect to the defined benefit retirement plan is the present value of the defined benefit obligation at the statement of financial position date and actuarial gains and losses not recognized less past service cost not yet recognized and the fair value of the plan asset. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using rates that have terms to maturity approximating the terms of the related retirement liability.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are vested immediately following the introduction of, or changes to, a retirement plan, past service cost is recognized immediately.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs that are directly attributable to the acquisition, development, improvement and construction of a property that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the property.

The capitalization of borrowing costs as part of the cost of the property: (a) commences when the expenditures and borrowing costs for the property are incurred and activities that are necessary to prepare the property for its intended use; (b) is suspended during extended periods in which active development, improvement and construction of the property are interrupted; and (c) ceases when substantially all the activities necessary to prepare the property for its intended use are complete.

Equity

Capital stock is measured at par value for all shares issued. When the University issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional Paid-in Capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the University, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained earnings represent accumulated earnings of the Group, less dividends declared. Unappropriated retained earnings represent accumulated earnings available for dividend declaration subject to certain adjustments per SEC Memorandum Circular No. 11, Series of 2008, while appropriated retained earnings represent portion appropriated by the University's BOD for expansion of school facilities and laboratory equipment, payment of long-term liability and contribution to the retirement fund.

Expense Recognition

Expenses are recognized in the profit and loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the consolidated statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Lease payments are recognized on a straight-line basis over the lease term or based on a certain percentage of the net income of the leased property, pursuant to the terms of the lease contracts.

Foreign Currency Transactions and Translations

Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the statement of financial position date. Foreign exchange differentials between rate at transaction date and rate at settlement date or statement of financial position date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign currency exchange gains or losses are recognized in the profit and loss.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year and adjusted for the effect of dilutive options and dilutive convertible preferred shares, if any.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the geographic locations, designated as the Group branches, with each segment representing a strategic business unit that offers varying courses depending on demands of the market. Financial information on business segments is presented in Note 19.

Provisions

A provision is recognized only when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and, a reliable estimate can be made of the amount of the obligation. 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.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is

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

Events after the Statement of Financial Position Date

Post year-end events that provide additional information about the Group's position at statement of financial position date (adjusting events) are reflected in the consolidated financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS requires Management to make judgments, estimates and assumptions 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. Estimates and judgments 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.

Judgment

In the process of applying the Group's accounting policies, Management has made the judgment below apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Operating Lease - Group as Lessee

The Group has entered into lease on premises it uses for its Makati-Buendia campus. The Group has determined based on an evaluation of (a) the terms and condition of the arrangement, (b) the economic life of the asset as against the lease term and (c) the minimum lease payments of the contract as against the fair value of the asset, that all significant risks and rewards of ownership of the properties are not transferrable to the Group, and so accounts for the contract as operating lease.

Operating Lease - Group as Lessor

The Group has entered into commercial property leases on its Mendiola campus. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risk and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position 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:

Estimating Allowance for Doubtful Accounts

The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of the allowance for doubtful accounts

is evaluated by Management on the basis of factors affecting the collectability of the receivables. In addition, a review of the age and status of receivables, designed to identify accounts to be provided with allowance, is made on a continuous basis. The carrying value of tuition and other receivables as of August 31, 2025 and May 31, 2025 amounted to ₱893.29 million and ₱395.78 million, respectively.

Estimating Useful Lives of Property and Equipment

The Group estimates the useful lives of its property and equipment based on the year over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The carrying value of property and equipment as of August 31, 2025 and May 31, 2025 amounted to ₱6,547.28 million and ₱6,551.48 million, respectively.

Estimating Retirement Obligation and Other Retirement Benefits

The determination of the Group's obligation and cost for retirement and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts.

Those assumptions are described in Note 16 and include among others, discount and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations.

Retirement liability amounted to ₱134.61 million and ₱128.44 million as of August 31, 2025 and May 31, 2025.

Revaluation of Land

The Group engaged the services of an independent appraiser to determine the fair values of its land carried at revalued amount. Key assumptions used by the independent appraiser are disclosed in Note 9. The revalued amount of land included under property and equipment in the consolidated statements of financial position amounted to ₱5.09 billion and ₱5.09 billion as of August 31, 2025 and May 31, 2025, respectively .

4. Cash and Cash Equivalents and Short-term Investments

This account consists of:

	August 2025	May 31, 2025
Cash on hand and in banks	359,480,052	356,740,360
Short-term deposits	1,041,319,051	757,476,088
	1,400,799,103	1,114,216,448

Cash in banks earns interest at the prevailing bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

5. Tuition and Other Receivables

This account consists of:		
	August 2025	May 31, 2025
Students	893,298,720	395,786,252
Accrued interest receivable	2,927,128	2,927,128
Nontrade receivables	11,113,269	11,113,269
Others:	-	
Advances to employees	20,601,294	20,601,294
Accrued rent receivable	7,153,295	7,153,295
Other receivable	37,132,831	9,939,092
	972,226,537	447,520,330
Less allowance for ECL	158,455,822	158,455,822
	813,770,715	289,064,508

Other receivables comprise of Meralco refund and advances and loans to faculty members and employees, which are collectible through salary deductions.

The allowance pertains to the Group's tuition fee receivables which was impaired through collective assessment.

6. Inventories

This account consists of:

	August 2025	May 31, 2025
Uniforms and outfits	43,825,235	31,641,000
Materials production	2,188,001	1,837,451
Supplies	3,253,910	1,856,018
	49,267,146	35,334,469

7. Other Current Assets

This account consists of:

	August 2025	May 31, 2025
Advances to suppliers	111,299,585	86,819,591
Prepaid expense	27,975,700	8,818,991
Cost to fulfil a contract	618,954	618,954
Others	10,782,382	10,138,883
	150,676,621	106,396,419

8. Other Assets

This account consists of:

	August 2025	May 2025
Advances to contractors	10,457,350	10,141,716
Prepaid taxes	7,108,198	7,108,198
Refundable security deposits	896,040	908,019
Financial assets at FVOCI	87,550	87,550
	18,549,138	18,245,483

9. Property and Equipment

This account consists of:			
		Addition	
	May 2025	(deductions)	August 2025
Cost:			
Land (Revalued Amount)	5,094,787,432		5,094,787,432
Land improvements	32,002,632		32,002,632
Buildings and Leasehold improvements	2,037,305,806	583,160	2,037,888,966
Furniture ,Transportation and Auxiliary	757,519,252	7,557,219	765,076,471
Laboratory equipment	481,758,859	10,028,973	491,787,832
Library books	181,466,798	3,314,698	184,781,496
	8,584,840,779	21,484,050	8,606,324,829
Less accumulated depreciation	2,033,350,947	25,690,273	2,059,041,220
	6,551,489,832	(4,206,223)	6,547,283,609
Construction in progress	-	-	-
	6,551,489,832	(4,206,223)	6,547,283,609

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10. Accounts Payable and Accrued Expenses

This account consists of:		
	August 2025	May 2025
Accounts payable	369,340,178	392,180,484
Accrued expenses	251,044,785	261,230,127
Deposits	41,233,877	41,233,877
Contract liability	16,131,432	16,131,432
Payable to students	35,071,158	35,071,158
Provision for propable losses	10,133,294	10,133,294
Alumni fees payable	7,418,236	7,418,236
	730,372,960	763,398,608

Others include miscellaneous payables for culminating fees and alumni fees, among others.

11. Stockholders' Equity

Capital Stock

The University's capital stock consists of the following number of shares:

Common shares - ₱1 par value	
Authorized	800,000,000
Issued	446,897,323
Outstanding	446,897,323

Retained Earnings

Appropriations of retained earnings are as follows:

Date of Appropriation and Expiration	Remarks/ Projects	Amount
June 23, 2017 - June 22, 2022	On June 23, 2017, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below: • Planned construction of a 3-storey building for Science-related courses in CEU Malolos; • Additional investments in CE-IS for construction of building in anticipation of increased number of students in S.Y. 2020-2021; • Additional investment in CELPI for construction of building in anticipation of increased number of students in S.Y. 2020-2021; and • Modernization of CEU Manila campus. The estimated date of completion of the above projects as set by the University is within 5 years.	₱210,000,000
August 28, 2020 - August 27, 2025	On August 28, 2020, the University's BOD approved the detailed expansion program and projects of the University. These projects include the budget for capital expenditures and the following in the Malolos Campus: • Planned construction of a 5-storey dormitory for the students, faculty and employees of the University; • Planned construction of a 2-storey building for the School of Dentistry; • Planned construction of a 2-storey building to house a food court with students' area in the ground floor and commercial spaces in the second floor; • Renovation of the Centrodome; • Planned construction of a multi-purpose activity center and swimming pool for use of students; and • Renovation and extension of buildings and various laboratories. The estimated date of completion of the above projects as set by the University is within five years.	₱336,000,000

Date of Appropriation and Expiration	Remarks/ Projects	Amount
April 29, 2022 - April 28, 2027	On April 29, 2022, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below: • Continuous upgrading of laboratory equipment of all campuses in preparation for full setup of face to face modality of learning. • Construction of 8 storey building in the Manila campus • Construction of road, drainages, and primary metering in the Malolos campus • Construction of multipurpose activity center on the Malugay property for the Makati campus The estimated date of completion of the above projects as set by the University is within 5 years.	₱450,000,000
August 25, 2023 - May 31, 2024*	On August 25, 2023, the University's BOD approved for the upgrading and procurement of laboratory equipment such as dental chairs, precision instruments, optometry equipment and devices for School Year (S.Y.) 2023-2024.	₱125,000,000

**Appropriated retained earnings amounting to ₱125.00 million was reversed on May 31, 2024, upon expiration of the related appropriation.*

On October 3, 2024, the Group released in advance the appropriations made on August 28, 2020 and April 29, 2022 amounting to ₱336.00 million and ₱450.00 million, respectively, prior to their expiration dates. The construction projects for the Malolos campus are substantially complete, and the planned dormitory will no longer be pursued. Additionally, construction projects for the Malugay campus have been deferred due to a strategic shift in the Group's development plans.

On October 3, 2024 and October 25, 2024, the BOD and Stockholders, respectively, approved the issuance of 20% stock dividends, equivalent to 74,482,923 shares, at a market value of ₱13.30 per share, amounting to ₱990.62 million. Subsequently, on January 28, 2025 and March 7, 2025, the BOD and Stockholders, respectively, approved the additional distribution of 43 common shares at a par value of one peso per share. In accordance with Section 10.1 (d) of the SEC code, the dividend declaration is exempt from the registration requirements. On March 17, 2025, the University paid ₱1,010 as an exemption fee.

12. Tuition and Other School Fees

This account consists of:

	August 2025	August 2024
Tuition fees	145,993,447	107,730,477
Other fees	114,405,709	105,173,278
Income from other school services	60,531,919	57,972,016
	320,931,075	270,875,771

Other fees include registration fees, health services fees, library fees, laboratory fees, development fees, practicum fees, internship fees and review fees. Income from other school services comprise of fees for diploma and certificates, transcript of records, student handbooks, identification cards, entrance and qualifying examinations and various collections for specific items or activities.

13. Miscellaneous Income

Miscellaneous Income include rent, foreign currency exchange gains, swimming fee, dental pre-board fee, fee for dental materials, photograph fee, handling fee, insurance fee and others.

14. General and Administrative Expenses

This account consists of:

	August 2025	August 2024
Salaries, SSS contributions and other employee	154,306,493	135,438,630
Light and water	22,140,522	24,613,581
Depreciation and amortization	25,690,273	24,273,770
Development	10,633,575	9,129,101
Library	5,156,880	3,620,931
Rental	6,232,209	8,030,000
Janitorial and security services	15,808,525	25,026,352
Transportation and communications	11,310,774	11,327,952
Retirement expense	5,581,461	7,333,157
Recruitment and placement	2,197,293	1,314,783
Stationery and office supplies	5,439,365	4,020,664
Publications	68,270	75,134
Management information	4,700,121	14,672,660
Repairs and maintenance	12,337,344	13,256,782
Guidance and counseling	1,755,123	1,705,350
Laboratory	9,478,519	4,276,920
Instructional and academic expenses	2,368,767	1,724,546
Entertainment, amusement and recreation	5,738,338	6,038,998
Insurance	833,221	647,891
Directors' and administrative committee	1,396,995	1,266,405
Professional fees	3,749,077	4,428,608
Membership fees and dues	573,909	268,962
Comprehensive and oral examinations	1,061,064	1,287,521
Affiliation	4,237,347	4,357,973
Miscellaneous	42,074,858	19,583,220
	354,870,324	327,719,893

15. Retirement Plan

The Group has a funded, noncontributory retirement plan which provides for death, disability and retirement benefits for all of its permanent employees. The annual contributions to the retirement plan consist of a payment covering the current service cost for the year, plus payments toward funding the unfunded actuarial liabilities.

16. Income Taxes

The current provision for income tax represents the 10% income tax on special corporations.

The significant components of the Group's net deferred income tax liabilities follow:

	August 2025	May 2025
Deferred income tax assets on:		
Retirement liability	12,103,572	12,541,971
Accrued expenses	24,828,418	24,828,418
Allowance for ECL/doubtful accounts	13,303,502	13,303,502
Advance collection on tuition fee not yet recognized as income during FY	11,982,702	11,982,702
Unamortized excess of contribution over the normal cost	7,093,823	7,093,823
Excess of acquisition cost over fair value of net assets acquired from business combination	4,073,966	4,073,966
Contract liability	2,475,345	2,475,345
NOLCO	5,083	5,083
Difference between the actual lease payments and PFRS 16 related accounts	1,704,771	1,704,771
Unrealized foreign currency exchange loss	-	-
Others	-	-
	77,571,182	78,009,581
Deferred income tax liabilities on:		
Revaluation increment on land	455,760,965	455,760,965
Undepreciated cost of property and equipment	141,417,417	141,417,417
Advance Collection on tuition fee not yet recognized as income during the FY	-	-
Unrealized foreign currency exchange gain	59,830	59,830
Cost to fulfill a contract	61,895	61,895
Other	-	-
	597,300,107	597,300,107
Net deferred tax liabilities	519,728,925	519,290,526

The Group claims the tax deductions from capital expenditures for tax purposes when incurred.

17. Operating Lease

Group as Lessee

On July 29, 2004, the Group entered into a 25-year operating lease which commenced on January 1, 2005 with Philtrust Bank for the lease of its building in Makati. The contract requires for ₱24.00 million fixed minimum annual rentals, plus a percentage of the annual income of the Group's Makati-Buendia campus.

Group as Lessor

The Group leases out portions of its spaces to concessioners which is renewable every two (2) years.

19. Segment Reporting

The University operates in geographical segments. Financial information on the operations of these segments are summarized as follows:

August 2025								
	Mendiola	Malolos	Makati- Gil Puyat	Makati-Legaspi	Malolos Intergrated School	Makati-Legaspi Hospital (Pre-operating)	Las Piñas College	Total
Segment assets	6,481,778,820	1,632,464,874	167,910,867	760,906,330	281,964,515	38,148,741	232,971,935	9,596,146,082
Segment property and equipment - net	4,331,828,755	1,502,622,903	54,429,744	616,708,459	16,690,099		25,003,649	6,547,283,609
Segment liabilities	2,459,519,187	257,573,463	284,221,890	19,072,209	129,364,331	4,590,084	164,112,271	3,318,453,435
Segment revenues	235,882,863	37,393,876	37,057,172	27,759,451	27,506,368	880,707	17,262,746	383,743,184
Operating expenses	204,363,404	52,391,189	37,582,936	27,802,577	15,172,110	509,725	17,048,383	354,870,324
Depreciation expense	14,903,762	2,804,022	2,183,066	3,967,246	625,258	0	1,206,918	25,690,273
Net income (loss)	31,519,459	(14,997,313)	(525,764)	(43,124)	12,334,258	370,982	214,363	28,872,860
August 2024								
	Mendiola	Malolos	Makati- Gil Puyat	Makati-Legaspi	Malolos Intergrated School	Makati-Legaspi Hospital (Pre-operating)	Las Piñas College	Total
Segment assets	6,945,846,222	1,498,994,373	107,314,842	670,241,204	104,774,848	170,628	49,200,332	9,376,542,449
Segment property and equipment - net	4,407,323,411	1,480,604,841	49,716,012	613,831,402	91,325		1,372,761	6,552,939,752
Segment liabilities	2,361,206,697	240,395,101	361,063,123	75,652,743	104,774,848	14,044	49,522,313	3,192,628,868
Segment revenues	225,408,299	35,301,300	25,542,856	24,608,634	18,088,457	625,332	13,289,447	342,864,326
Operating expenses	211,081,920	34,736,642	40,717,631	15,819,726	11,283,797	468,747	13,611,428	327,719,893
Depreciation expense	13,502,961	2,804,022	2,183,066	3,967,246	603,553	0	1,212,922	24,273,770
Net income (loss)	14,326,379	564,658	(15,174,775)	8,788,908	6,804,660	156,585	(321,981)	15,144,433

20. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions;

and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Transaction with related parties are made at terms similar to those offered to third parties.

In the ordinary course of business, the Group has transactions with Philtrust Bank, an affiliate under common control, as follows:

- a. Lease of a building in Makati as lessee
- b. Savings account and short-term investments.

The Group avails of advertising services of Manila Bulletin Publishing Corporation, an affiliate under common control.

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

21. Basic/Diluted EPS

The income and share data used in the basic/diluted EPS computations are as follows:

	August 2025	August 2024
Net income(loss)(a)	28,872,860	15,144,433
Weighted average number of outstanding common shares(b)	446,897,323	372,414,400
Basic/diluted earnings (loss) per share (a/b)	0.06	0.04

There were no dilutive financial instruments during the year.

22. Financial Assets and Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, tuition and other receivables and accounts payable and accrued expenses* - due to short-term nature of these accounts, the fair values approximate the carrying amounts.
- *AFS financial assets* -fair values of quoted AFS financial assets are based on quoted prices published in markets. Fair values of unquoted AFS financial assets approximate

carrying amounts due to the unpredictable nature of future cash flows and lack of suitable methods of arriving at reliable fair value.

- *Long-term liability* - fair value is estimated using the discounted cash flow methodology using the prevailing risk free rates, plus the applicable spread.

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, AFS investments and long-term liability. The main purpose of these financial instruments is to raise funds for the Group's operations and capital expenditures. The Group has various other financial instruments such as tuition and other receivables and accounts payable and accrued expenses that arise directly from operations.

The main risk arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

The Group's risk management policy to mitigate credit risk on its accounts receivable from students include the refusal of the Group to release pertinent records like examination permit, transcript of records and transfer credentials, if applicable, until the student's account is cleared/paid. As of balance sheet date, there are no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from a counterparty failing on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds.

Foreign Currency Risk

The Group's foreign exchange risk results primarily from movements in the prevailing exchange rate between the Philippine Peso (PHP) and the United States Dollar (USD). The revenues and the operating expenses of the Group are denominated in PHP. However, the Group maintains certain deposits with banks which are denominated in USD.

The Group closely monitors the movements in the USD/PHP exchange rate and makes a regular assessment of future foreign exchange movements. The Group then manages the balance of its USD-denominated deposits based on this assessment.

There is no other impact on the Group's equity other than those already affecting income before income tax.

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 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 dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives and policies or processes during the year ended May 31, 2025 and quarter ended August 31, 2025.

The Group monitors capital using a debt-to-equity ratio which is debt divided by total stockholder's equity. The Group includes within debt, interest-bearing loans and accounts payable and accrued expenses.

The following table shows how the Group computes for its debt-to-equity ratio as of August 31, 2025 and May 31, 2025:

	August 2025	May 31, 2025
Accounts payable and accrued expenses (a)	730,372,960	763,398,608
Lease Liability	114,516,784	114,516,784
Total debt	844,889,744	877,915,392
Total Stockholders' Equity (d)	6,277,692,648	6,248,819,788
Debt-to-Equity ratio (c/d)	0.13:1	0.14:1

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES			
LIST OF FINANCIAL RATIOS			
August 31, 2025			
		First Quarter August 2025	First Quarter August 2024
Current ratio	Current assets	1.13:1	1.12:1
	Current Liabilities		
Debt to equity ratio	Accounts Payable+Accrued Expenses+Interest bearing loans	0.12:1	0.11:1
	Total Equity (capital)		
Interest rate coverage	Net income before income tax	-	-
	Interest expense		
Revenue growth	(Current period tuition+other school fees)-(Present period tuition+other school fees)	18.48%	-39.02%
	Present period tuition + other school fees		
Return on Revenue	Net income	9.00%	5.59%
	Tuition + other school fees		
Return on Equity	Net Income	0.46%	0.25%
	Average Stockholders' Equity		
Return on assets	Net Income	0.32%	0.17%
	Average total assets		