

COVER SHEET

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|
| P | W | 0 | 0 | 0 | 0 | 1 | 0 | 9 | 3 | |
|---|---|---|---|---|---|---|---|---|---|--|

S.E.C. Registration Number

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|
| C | E | N | T | R | O | | E | S | C | O | L | A | R | | U | N | I | V | E | R | S | I | T | Y | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

(Company's Full Name)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|--|
| 9 | | M | E | N | D | I | O | L | A | | S | T | . | | S | A | N | | M | I | G | U | E | L | | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| M | A | N | I | L | A | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Contact Person

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8 | 7 | 3 | 5 | 6 | 8 | - | 6 | 1 | t | o | 7 | 1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|

Contact Number

| | |
|---|---|
| 0 | 5 |
|---|---|

Month

| | |
|---|---|
| 3 | 1 |
|---|---|

Day

Fiscal Year

| | | | | |
|---|---|---|---|---|
| 2 | 0 | - | I | S |
|---|---|---|---|---|

FORM TYPE

Definitive Information Statement

| | |
|---|---|
| 1 | 0 |
|---|---|

Month

| |
|------------------------|
| 4 th Friday |
|------------------------|

Day

Annual Meeting

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Secondary License Type, If Applicable

| | | |
|--|--|--|
| | | |
|--|--|--|

Dept. Requiring this Doc.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Amended Articles Number/Section

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Total No. of Stockholders

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Domestic

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Foreign

Total Amount of Borrowings

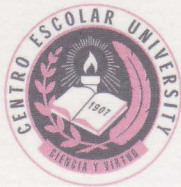
To be accomplished by SEC Personnel concerned

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

LCU

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

CASHIER



CENTRO ESCOLAR UNIVERSITY

September 27, 2022

Mr. Vicente Graciano P. Felizmenio, Jr.
Director
Markets & Securities Regulation Department
Securities and Exchange Commission
SEC Building, EDSA, Greenhills,
Mandaluyong City

**Re: Preliminary Information Statement
Of Centro Escolar University**

Gentlemen:

This is in response to the email dated 19 September 2022 on CEU's Preliminary Information Statement (SEC Form 20-IS) filed with the Commission on 16 September 2022.

The Definitive Information Statement and Management Report is submitted with your checklist; clearance from the Commission prior to said distribution is requested; and response to said checklist is hereby provided in the attached table for easy reference.

We trust that our Company's SEC Form 20-IS are now in full compliance with SRC rules and can be distributed to the stockholders.

Thank you.

Very truly yours,

JAYSON O'S RAMOS
Compliance Officer

MANILA AND MALOLOS CAMPUSES

MANILA CAMPUS

EXCLUDING SCHOOL OF MEDICINE
AND SENIOR HIGH SCHOOL

MANILA AND MALOLOS CAMPUSES



FULL
AUTONOMY
STATUS



INSTITUTIONAL
ACCREDITATION
STATUS
Federation of
Accrediting Agencies
of the Philippines



ISO 9001:2015



PROFICIENCY
IN QUALITY
MANAGEMENT
SYSTEM



PAPAL AWARD
PRO ECCLESIA
ET PONTIFICE
December 30, 2006

| | | |
|--|----------|--|
| CENTRO ESCOLAR UNIVERSITY | | |
| SEC Form 20-IS Preliminary filed on September 16, 2022 | | |
| Checklist of Requirements | Page No. | Remarks |
| THE COMPANY IS ADVISE OF THE NOTICE DATED FEBRUARY 16, 2022 RE: ALTERNATIVE MODE FOR DISTRIBUTING AND PROVIDING COPIES OF NOTICE OF MEETING, INFORMATION STATEMENT, AND OTHER DOCUMENTS IN CONNECTION WITH THE HOLDING OF ANNUAL STOCKHOLDERS' MEETING ("ASM") FOR 2022. | | |
| MC. No. 3, Series 2020 and Section 49 of the Revised RCC (21 days prior to ASM) | | Disclose compliance of Section 49 of the Revised RCCP and MC. No. 3, Series 2020 Please see page 3 of the Definitive Information Statement. Nonetheless, if approved early, we undertake to distribute immediately. |
| Part I. | | |
| B. Control and Compensation Information | | |
| ITEM 4. VOTING SECURITIES & PRINCIPAL HOLDERS | | |
| Furnish information required by Part IV paragraph (C) of "Annex C" | | |
| (1) Security Ownership of Certain Record and Beneficial Owners of more than 5%: | | |
| (1) Title of class (2) Name, address (3) Name of Beneficial (4) Citizenship (5) No. of Shares (6) Percent of record owner Owner and Relationship Held and relationship with Record Owner with issuer | 3 to 4 | (1) Update Information to August 31, 2022. (2) Identify the person who has 5% ownership under PCD Nominee Corporation, if any. |
| | | See attached Definitive Information Statement, Page 4 to 5, Item 4. |
| (2) Security Ownership of Management | | |
| (1) Title of Class (2) Name of Beneficial (3) Amount and Nature (4) Citizenship (5) Percent owner of beneficial ownership | 4 to 5 | Update Information to August 31, 2022. |
| | | See attached Definitive Information Statement, Page 5 |
| ITEM 5. DIRECTORS & EXECUTIVE OFFICERS | | |
| | | Submit a certification that none of directors and officers works in government and if there is, submit a letter consent from the head of the Department/Agency. |
| | | See attached certification |

| | | |
|--|----------|--|
| Information required by Part IV paragraphs (A), (D)(1) and (D)(3) of "Annex C" | | |
| (A)(1) Identify Directors, including Independent Directors and Executive Officers | | (1) The company is advised SEC Memo. Circular No. 4, Series of 2017 re: Term Limit of Independent Directors. (2) Submit updated Certification on the Qualifications and Disqualification of Independent Directors pursuant to SEC Memo. Circular No. 5, Series of 2017. (3) Identify the person/s who nominated the candidate of Independent Directors and their relationship, if any. |
| | | See attached Definitive Information Statement, Page 6 to 12, Item 5. |
| (2) Significant Employees | | |
| (a) Names and ages of all Persons who is not an Executive Officer but expected by the registrant to make significant contribution to the business; | | Disclose, if any |
| (b) List of positions and offices such person held or will hold; | | |
| (c) Term of office as a Director and the period which it has served; and | | |
| (d) Brief description of person's business experience (last five years). | | |
| | | See attached Definitive Information Statement, Page 11 to 12. |
| (D)(1) Certain Relationships and Related Transactions | 11 | Revised discussion on related party transaction of Consolidated Audited Financial Statement (CAFS) its should be Note 2022 CAFS, instead of 2020 CAFS. |
| | | See attached Definitive Information Statement, Page 13. |
| ITEM 6. COMPENSATION OF DIRECTORS & EXECUTIVE OFFICERS | | |
| If action to be taken with regard to election, any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities, furnish the following: | | |
| (1) Summary Compensation Table | 11 to 12 | (1) 2022-2023 estimated compensation of top (4) most highly Executive Officers as a group. (2) Compensation of each of the Board of Directors and Trustee pursuant to Revised Corporation Code of the Philippine (RCC) Section 29 and Section 49. |
| | | See attached Definitive Information Statement, Page 12 to 13, Item 6. |
| ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS | | |
| Election, Approval or Ratification | | |

| | | |
|---|----|--|
| Name of principal accountant selected/recommended | 12 | Revised statement that SGV & Co. will recommended in the ASM schedule on October 21, 2022 , instead of fiscal year ending 2016. |
| | | See attached Definitive Information Statement, Page 14, Item 7. |

Part III.

MANAGEMENT REPORT

| | | |
|--|--|---|
| Audited Financial Statements and Interim Financial Statements | | Not submitted |
| | | See attached Audited Financial Statements |
| Changes in and Disagreements with Accountants on Accounting and Financial Disclosure (Required by Part III (B) of "Annex C") | | |
| (1) If during the two most recent fiscal years or any subsequent interim period, the independent accountant has resigned, was dismissed or otherwise ceased performing services, state the name of the previous accountant and the date of resignation, dismissal or cessation of performing services. | | Disclose, if any |
| (2) Describe if there were any disagreements with the former accountant on any matter of accounting and financial disclosure. | | |
| (3) File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the statements made by the registrant and, if not, stating the respects in which it does not agree. | | |
| | | See attached Management Report, Item 2, Page 1. |
| Management's Discussion and Analysis (MD&A) or Plan of Operation (Required by Part III(A) of "Annex C") | | |
| No revenues form operation in each of the last two (2) fiscal years, or the last fiscal year and any interim period in the current fiscal year, shall <i>in addition to applicable items under subparagraph (2) provide provide the following information:</i> | | |
| (1) Describe the plan of operation for the next twelve (12) months. This description includes: | | Not complied with |
| (a) how long the registrant can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve (12) months; | | |
| (b) summary of any product research and development for the term of the plan; | | |
| (c) any expected purchase or sale of plant and significant equipment; and | | |
| (d) any expected significant changes in the number of employees. | | |
| | | See attached Management Report, Item 2, Page 1. |
| <i>All other registrants shall provide the following information:</i> | | |
| For both full fiscal years and interim periods, disclose the company's and its majority-owned subsidiaries' top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis. | | Not complied with |
| | | See attached Management Report, Item 2, Page 1. |
| (a) Full fiscal years | | |
| (1) Discussion of the Registrant's Financial Condition, Changes in Financial Condition and Results of Operations for each of the last 3 fiscal years. | | Not complied with |
| (2) If FS shows losses from operation, explain the causes underlying these losses and the steps the registrant has taken or is taking to address these cause. | | |
| (3) Past and future financial condition and results of operation, with particular emphasis on the prospects for the future. | | |

| | | |
|--|--|---|
| (4) Key Variable and Other Qualitative and Quantitative Factors. | | |
| | | See attached Management Report, Item 2, Page 1 to 5. |
| If Material: | | |
| (i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) | | Not complied with, Disclose, if any |
| (ii) <i>Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation</i> | | |
| (iii) <i>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.</i> | | |
| (iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures | | |
| (v) Any Known Trends, Events or Uncertainties (Material Impact on Sales) | | |
| (vi) Any Significant Elements of Income or Loss (from continuing operations) | | |
| (vii) Causes for Any Material Changes from Period to Period of FS <i>which shall include vertical and horizontal analyses of any material item (5%)</i> | | |
| The term "material" in this section shall refer to changes or items amounting to at least five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors. | | |
| (viii) Seasonal Aspects that has Material Effect on the FS | | |
| | | See attached Management Report, Item 2, Page 6. |
| (b) Interim Periods: Comparable discussion to assess material changes (last fiscal year and comparable interim period in the preceding year). <i>Disclose the required information under subparagraph (2)(a)(I) to (viii) above.</i> | | Attached the latest Quarterly Report SEC Form 17-Q. |
| | | See attached Quarterly Report SEC For 17-Q 3 rd Quarter, Feb. 28, 2022 |
| INFORMATION ON INDEPENDENT ACCOUNTANT | | |
| EXTERNAL AUDIT FEES (MC No. 14 Series of 2004) | | |
| (a) Under the caption Audit and Audit-Related Fees, the aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by the external auditor for: | | Not complied with |
| 1. The audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years; | | |
| 2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements. The registrant shall describe the nature of the services comprising the fees disclosed under this category. | | |
| (b) Under the caption "Tax Fees", the aggregate fees billed in each of the last two (2) fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services. Registrant shall describe the nature of the services comprising the fees disclosed under this category. | | |
| (c) Under the caption "All Other Fees", the aggregate fees billed in each of the last two (2) fiscal years for products and services provided by the external auditor, other than the services reported under items (a) & (b) above. Registrants shall describe the nature of the services comprising the fees disclosed under this category; | | See attached Management Report Page 8 to 9. |
| (d) The audit committee's approval policies and procedures for the above services | | |
| Market Price of and Dividends required by Part V of Annex C | | |
| (I) Market Information | | |
| (a) Identification of the Principal Market or Markets where the Registrant's Common Equity is Traded | | Not complied with |
| | | See attached Management Report Page 15. |
| If principal market is a Stock Exchange in the Philippines or a foreign Exchange: | | |
| (1) State the name of the Exchange. | | |

| | | |
|---|--|--|
| (2) Presentation of the High and Low Sales Prices for Each Quarter within the last two (2) fiscal years and any subsequent interim period for which Financial Statements are required by SRC Rule 68. | | Not complied with |
| | | See attached Management Report Page 15, Item 6. |
| (b) If the information called for by paragraph (A) of this Part is being presented, the document shall also <u>include the price information as of the latest practicable trading date</u> , and in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction. | | Comply with the highlighted portion re: include the price information as of the latest practicable trading date |
| | | See attached Management Report Page 15. As data for September is not yet available by the time the DIS will be distributed, latest practicable trading date is as of August (16 August 2022.) |
| (c) If there is no established public trading market in the Philippines, indicate the: | | |
| (i) Amount that is Subject to Outstanding Options or Warrants to Purchase or Securities Convertible into, Common Equity of the Registrant | | Not Complied with. Disclose, if any |
| (ii) Amount of Common Equity that is being or has been Proposed to be Publicly Offered by the Registrant | | |
| | | See attached Management Report Page 15. |
| (2) Holders | | |
| (a) (i) Approximate Number of Holders of Each Class of Common Security as of the latest practicable date but in no event more than 90 days prior to filing of report. | | Not complied with, it should be as of August 31, 2022 |
| (ii) Names of the Top Twenty (20) Shareholders of Each Class | | |
| (iii) Number of Shares Held | | |
| (iv) Percentage of Total Shares Outstanding Held by Each | | |
| | | See attached Management Report Page 16. |
| (b) If it relates to an acquisition, business combination or other reorganization, indicate the effect of such transaction on the amount and percentage of present holdings of the registrant's common equity owned beneficially by: | | |
| (i) more than five percent (5%) beneficial owner of registrant's common equity; | | Not complied with. Disclose if any |
| (ii) each director and nominee; and | | |
| (iii) all directors and officers as a group, and the registrant's present commitments to such persons with respect to the issuance of shares. | | |
| | | See attached Management Report Page 16. |
| (3) Dividends | | |
| (a) Discussion of any Cash Dividends Declared (two most recent years) | | Not complied with |
| (b) Description of any Restriction that Limits the Payment of Dividend on Common Shares | | |
| | | See attached Management Report Page 16 to 17. |
| (4) Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction | | |
| (a) Date of sale and the Title and Amount of Securities Sold | | Not complied with |
| | | |
| (b) Names of the Underwriters or Identity of Persons to whom the Securities were Sold | | See attached Management Report |
| (c) If sold for cash: Total Offering Price and Total Underwriting Discounts or Commissions | | |

| | | |
|--|--|--|
| Sold otherwise for cash: State the nature of the transaction and the type and amount of consideration received. | | |
| (d) Exemption from Registration Claimed - Indicate section of the Code & state briefly the facts relied upon to make the exemption available | | |
| | | |
| <i>Discussion on Compliance with leading practice on Corporate Governance</i> | | |

| | | |
|--|--|--|
| a. Evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance | | Not complied with See page 14 of Management Report |
| b. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance | | |
| c. Any deviation from the company's Manual of Corporate Governance. Including a disclosure of the name and position of the person/s involved and sanction/s imposed on said individual | | |
| d. Any plan to improve corporate governance of the company | | |
| | | |
| Sec 49 RCC, required Disclosure | | |
| a) A description of the voting and vote tabulation procedures used in the previous meeting; | | Not complied with See page 14 to 20 of the Definitive Information Statement |
| b) A description of the voting and vote tabulation procedures used in previous meeting; or members to ask questions and a record of the questions asked and answers given; | | |
| c) The matters discussed and resolutions reached; | | |
| d) A record of the voting results for each agenda item; | | |
| e) A list of the directors or trustees, officers and stockholders or members who attended the meeting; | | |
| f) Material information on the current stockholders, and their voting rights; | | |
| g) Appraisals and performance report for the board and the criteria and procedure for assessment; and | | |
| h) Directors disclosures on self-dealing and related party transactions. | | |
| AUDITED FINANCIAL STATEMENTS | | |
| Statement of Management Responsibility on the Financial Statements (as prescribed by SRC Rule 68, As Amended)(Financial Reporting Bulletin No. 1) | | Not submitted See attached Statement of Management Responsibility |
| <p>The Management of (name of reporting company) is responsible for the preparation and fair presentation of the financial statements for the year (s) ended (date), including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and the implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.</p> <p>The Board of Directors or Trustees reviews and approves the financial statements and submit the same to the stockholders or members. (Name of Auditing Firm), the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed opinion on the fairness of presentation upon completion of such examination. Signature (Printed Name of the (1) Chairman of the Board (2) Chief Executive Officer (3) Chief Financial Officer)</p> | | |
| | | |
| ADDITIONAL COMPONENTS OF FINANCIAL STATEMENTS (SRC Rule 68, as amended October 2011) | | |
| Legal matter paragraph in the Auditor's Report on each components: | | Not submitted |
| Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1,4 (c)) | | |
| A reconciliation of Retained Earnings available for dividend declaration which shall present the prescribed adjustments as indicated in Annex 68-C | | |
| A map of the conglomerate or group of companies showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates (Par 4(h)) | | |
| | | See attached Audited FS |
| ADDITIONAL DISCLOSURE REQUIREMENTS | | |
| Additional disclosures set forth in <u>Annex 68-D</u> shall appear on the face of the balance sheets or related notes and in the Statement of comprehensive income or related notes filed and on the face of the financial statements | | Not submitted |
| Disclosures of receivable/payables with related parties eliminated during consolidation (Annex 68-D) | | See attached FS. |

| ADDITIONAL DISCLOSURE REQUIREMENTS (SRC Rule 68, as amended October 2011) | | |
|--|--|--|
| A schedule showing financial soundness indicators in two comparative period as follows: 1) current/liquidity ratios; 2) solvency ratios, debt-to-equity ratio; 3) assets-to-equity ratio; 4) interest rate coverage ratio; 5) profitability ratio and 6) other relevant ratio as the Commission may prescribe. | | Not submitted |
| | | See attached Audited FS |
| Undertaking in bold face prominent type to provide without charge to each person solicited, on the written request of any such person, a copy of the registrant's annual report on SEC Form 17-A and shall indicate the name and address of the person to whom such a written request is to be directed. At the discretion of management, a charge may be made for exhibits, provided such charge is limited to reasonable expenses incurred by the registrant in furnishing such exhibits. | | Not complied with See Undertaking at the last page of the Management Report |



Machine Validation:

ORH 2171064
RENE B. TANSeptember 16, 2022 09:13AM
PHP7,575.00*****

Republic of the Philippines

DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

PAYMENT ASSESSMENT FORM

No. 20220906-5920286

| | |
|--|-------------------------------|
| DATE 09/06/2022 | RESPONSIBILITY CENTER MSRD |
| PAYOR: CENTRO ESCOLAR UNIVERSITY MANILA | |

| | NATURE OF COLLECTION | QUANTITY | ACCOUNT CODE | AMOUNT |
|--------------------------|------------------------------------|---|------------------|--------------|
| | Information Statement - Registrant | | 4020199099 (678) | 7,500.00 |
| | Legal Research Fee (A0823) | | 2020105000 (131) | 75.00 |
| | ---NOTHING FOLLOWS--- | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL AMOUNT TO BE PAID | | | | Php 7,575.00 |
| Assessed by: fbdelfin | | Amount in words: SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100 | | |
| Remarks: | | | | |

Payment Options

- Online payment thru SEC Payment Portal
 - <https://espaysec.sec.gov.ph>
- Over the Counter Payments
 - SEC Cashier Office
 - Selected Landbank Branches

SEC BIR Accounts - DST

| SEC Clearing Account | SEC Office |
|----------------------|-------------------|
| 3752-1002-75 | Head Office / NCR |
| 0072-1178-59 | Tarlac |
| 0222-1003-48 | Baguio |
| 0132-1123-98 | Legazpi |
| 3302-1046-88 | Iloilo |
| 3162-1098-20 | Bacolod |
| 0142-1085-85 | Cebu |
| 0192-0639-30 | Zamboanga |
| 0152-1090-08 | Cagayan De Oro |
| 0162-1090-73 | Davao |

SEC BTR Accounts - LRF

| SEC Clearing Account | SEC Office |
|----------------------|----------------------|
| 3402-2319-20 | Head Office / Tarlac |
| 3402-2319-38 | Baguio |
| 3402-2319-46 | Legaspi |
| 3402-2319-54 | Iloilo / Bacolod |
| 3402-2319-62 | Cebu |
| 3402-2319-70 | Zamboanga |
| 3402-2319-89 | Cagayan De Oro |
| 3402-2319-97 | Davao |

Breakdown Summary

| FUND ACCOUNT | AMOUNT | ACCOUNT # |
|-------------------------|---------------------|----------------------|
| SEC SRC Current Account | 7,500.00 | 0552-1052-57 |
| BTR Account - LRF | 75.00 | see SEC BTR accounts |
| TOTAL | Php 7,575.00 | |

Notes:

- This form is valid for forty-five (45) calendar days from the date of Payment Assessment Form (PAF)
- Accepted modes of payment at SEC Main Office, Pasay City:
 - Cash
 - Manager's/Cashier's Check
 - Postal Money Order
- Accepted modes of payment at selected Landbank branches:
 - Cash
 - Manager's/Cashier's Check payable to the Securities and Exchange Commission
- For check payment, please prepare separate checks per fund account as indicated on the breakdown summary. All checks must be payable to Securities and Exchange Commission
- For over the counter payment at LandBank, preparation of oncoll payment or deposit slip shall be per fund account as indicated on the breakdown summary.
 - If fund code is BTR, use an oncoll payment slip.
 - If fund code is BIR, REIT, SRC or RCC, use a regular deposit slip.
- Send through email the copy of the machine-validated oncoll payment slip / deposit slip to the issuer of this PAF to confirm that payment has been made.
- For National Capital Region, payments are only allowed through the following Landbank Branches: EDSA Greenhills, EDSA Congressional, Araneta EO, YMCA, DOTC, Ortigas EO, Muntinlupa, and North Avenue
- ANY ALTERATIONS WILL INVALIDATE THIS FORM**



OFFICIAL RECEIPT

Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307



| | |
|---|-------------|
| Accountable Form No. 51 Revised 2006 | ORIGINAL |
| DATE September 16, 2022 | No. 2171064 |

| |
|--|
| PAYOR CENTRO ESCOLAR UNIVERSITY MANILA |
|--|

| NATURE OF COLLECTION | ACCOUNT CODE | RESPONSIBILITY CENTER | AMOUNT |
|---------------------------------------|-------------------------|-----------------------|----------|
| Information Statement - Registrant | MSRD 4020199099(678) | | 7,500.00 |
| Legal Research Fee (A0223) | 2020105000(131) | | 75.00 |

TOTAL PHP 7,575.00

| |
|--|
| AMOUNT IN WORDS SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100 |
|--|

| | |
|---|--|
| Received <input type="checkbox"/> Cash <input type="checkbox"/> Treasury Warrant <input checked="" type="checkbox"/> Check <input type="checkbox"/> Money Order | Received the Amount Stated Above RENE B. TAN COLLECTING OFFICER |
| Treasury Warrant, Check, Money Order Number MC-16895 | |
| Date of Treasury Warrant, Check, Money Order MC-2022-09-15 | O.R. No. 2171064 |

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.



CENTRO ESCOLAR UNIVERSITY

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To the Stockholders of Centro Escolar University:

Notice is hereby given that the Annual Meeting of the Stockholders of CENTRO ESCOLAR UNIVERSITY (CEU) will be held on Friday, October 21, 2022, 1:00 pm, online via remote communication under the Zoom Video Communications platform, at Centro Escolar University, No. 9 Mendiola Street, San Miguel, City of Manila, Philippines.

AGENDA

1. Call to Order
2. Proof of Notice and Quorum
3. Approval of the Minutes of Annual Stockholders' Meeting on October 22, 2021
4. Chairman's Address
5. Approval of the Annual Report of the Board of Directors
6. Ratification of all acts, resolutions, and transactions of the Board of Directors and the management for the fiscal year 2021 - 2022
7. Ratification/approval of the continuous engagement of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors.
8. Election of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

The minutes of the 2021 Annual Stockholders' Meeting is available at the University's website at www.ceu.edu.ph under the Corporate Information Tab.

All stockholders of record as of the close of business on September 29, 2022 are entitled to notice and to vote at the annual meeting and at any adjournment thereof. The stock and transfer book of the University will be closed from September 30, 2022 to October 20, 2022.

Given the current public health situation, stockholders may participate in the Meeting by remote communication. Voting shall also be done electronically in absentia.

Stockholders who will participate in the Annual Stockholders' meeting by remote communication shall register and vote electronically in absentia at www.ceu.edu.ph from October 03, 2022 to October 10, 2022. Instructions and Procedures for Online Registration, Online Voting in Absentia, and Participation by Remote Communication is attached herein as Annex "A" and are likewise set forth in the Definitive Information Statement posted at the University's website at www.ceu.edu.ph under the Corporate Information Tab, and the PSE Edge Portal.

A PROXY instrument in accordance with the Corporation Code may also be submitted through the same registration page at www.ceu.edu.ph on or before October 10, 2022. Proxies will be validated on October 13, 2022. For your convenience, a downloadable copy of the Proxy Instrument is available at www.ceu.edu.ph. WE ARE NOT, HOWEVER, SOLICITING PROXIES.

MANILA AND MALOLOS CAMPUSES

MANILA CAMPUS

EXCLUDING SCHOOL OF MEDICINE
AND SENIOR HIGH SCHOOL

MANILA AND MALOLOS CAMPUSES



FULL
AUTONOMY
STATUS



INSTITUTIONAL
ACCREDITATION
STATUS
Federation of
Accrediting Agencies
of the Philippines



ISO 9001:2015



PROFICIENCY
IN QUALITY
MANAGEMENT
SYSTEM



PAPAL AWARD
PRO ECCLESIA
ET PONTIFICE
December 30, 2008

ASEAN University Network (AUN) Quality Assurance certified: Dentistry, Pharmacy, Biology, Business Administration, Hotel and Restaurant Management, Tourism Management, Nursing, Nutrition and Dietetics and Optometry Programs • **CHED Center of Excellence in Teacher Education** • **CHED Center of Development in Business Education** • **CHED Center of Development in Optometry Education** • **HIGHEST LEVEL of accreditation, LEVEL IV, by PACUCOA as certified by FAAP:** Biology, Psychology, Pharmacy, Business Administration, Dentistry, Optometry, Nutrition and Dietetics, Liberal Arts (Mass Communication and Political Science), Education, and Medical Technology

Only stockholders who have successfully registered within the prescribed period, or participate through proxy, will be included in the determination of quorum. Successful registrants will receive an email invitation containing the necessary access code and password. For any registration concerns, you may send an email to corporate@ceu.edu.ph

Stockholders may send their queries about the Annual Stockholders' Meeting and the Company through the Office of the Corporate Secretary at corporate@ceu.edu.ph

Pursuant to SEC Notice dated February 2022 the Stockholders may examine the Definitive Information Statement, Management Report, and SEC Form 17A at the Company's website and through the PSE Edge Portal. The University will provide, without charge, a printed copy of said documents upon the written request of a stockholder addressed to the Corporate Secretary at Centro Escolar University, No. 9 Mendiola Street, San Miguel, City of Manila, Philippines.

There will be an audio and video recording of the Annual Stockholders' Meeting. All votes cast shall be validated by the Stock and Transfer Agent, Philippine Stock Transfer Inc. (PSTI).

September 15, 2022 City of Manila



ATTY. SERGIO F. APOSTOL
Corporate Secretary

Annex A

Instructions and Procedures for Online Registration Online Voting in Absentia and Participation by Remote Communication for the 2022 CEU Annual Stockholders' Meeting

I. Participation by Remote Communication and Online Voting in Absentia

Given the current public health situation, stockholders may participate in the 2022 CEU Annual Stockholders' Meeting ("Meeting") by remote communication. In all cases, voting shall still be done electronically in absentia and all shall register online as provided below.

II. Online Registration

1. Stockholders who wish to participate in the Annual Stockholders' meeting shall register through the banner announcement found in the University's Website, www.ceu.edu.ph
2. The registration period shall start from October 3, 2022 to the close of business hours on October 10, 2022. For any registration concerns, Stockholders may send an email to corporate@ceu.edu.ph
3. During the registration, the stockholder shall provide the following:
 - a. Individual Stockholders:
 - a.i. Name
 - a.ii. Active email address
 - a.iii. Active contact number
 - a.iv. Stock certificate number (just one in case of multiple certificates)
 - a.v. Scan (pdf or jpeg format) of a Valid Government Issued ID with signature and photograph. File size should not exceed 2MB.
 - a.vi. Recent Photograph of the Stockholder
 - b. For Stockholders with joint accounts:
 - b.i. A scanned copy of an authorization letter signed by all Stockholders named in the joint account, identifying who among them is authorized to cast the vote for the account. (pdf or jpeg format; file size should not exceed 2MB)
 - b.ii. In addition, the authorized stockholder must submit the requirements enumerated in No. 3 (a) above.
 - c. For Stockholders under Broker accounts
 - c.i. A broker's certification on the Stockholder's number of shareholdings. (pdf or jpeg format; file size should not exceed 2MB).
 - c.ii. Active email address
 - c.iii. Active contact number
 - c.iv. Scan (pdf or jpeg format) of a Valid Government Issued ID with signature and photograph. File size should not exceed 2MB.
 - c.v. Recent Photograph of the Stockholder.

- d. For corporate Stockholders
 - d.i. A Secretary's Certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG or PDF format. File size should not exceed 2MB).
 - d.ii. Active email address of the representative
 - d.iii. Active contact number of the representative
 - d.iv. Scan (pdf or jpeg format) of a Valid Government Issued ID of the representative with signature and photograph. File size should not exceed 2MB.
 - d.v. Recent Photograph of the Representative
 - e. For Stockholders to be represented by a proxy -
 - e.i. In addition to the above requirements for the Stockholder, the same requirement shall be submitted by the Proxy together with a scanned copy of the Proxy Form duly signed by the Stockholder (in JPG or PDF format. File size should not exceed 2MB). The Proxy Form may be downloaded from www.ceu.edu.ph
4. The collected information and documents will be validated and verified by Philippine Stock Transfer Inc., the Stock and Transfer Agent of CEU.
 5. Incomplete or inconsistent information may result in an unsuccessful registration. Stockholders who are not able to register successfully will not be given access to participate in the Meeting by remote communication.
 6. Only those Stockholders who have successfully registered to participate in the Meeting, or participates through proxy, will be included in determining the existence of a quorum.
 7. Once verification is successful, a confirmation email shall be sent to the registered email address. The confirmation email shall contain details necessary to participate in the meeting via remote communication, as well as the acknowledgement of votes cast.

III. Online Voting in Absentia

1. After filling out the required fields and uploading the required documents, Stockholders may cast their votes.
2. For the following items, the Stockholder may choose from the following options: **For, Against, or Abstain**. The vote is considered cast for all the registered Stockholder's shares:
 - Approval of the Minutes of the October 22, 2021 Annual Stockholders' Meeting;
 - Approval of the Annual Report of the Board of Directors;
 - Ratification of all acts, resolutions, and transactions of the Board of Directors and the management for the fiscal year 2021-2022;
 - Continuous engagement of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors;
 - Appointment of SGV & Co. as External Auditor
3. For the Election of Directors, the registered Stockholder may either (a) vote for all nominees, (b) not vote for any of the nominees, or (c) vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Candidates receiving the highest number of votes shall be declared elected.
4. Votes cast will be validated and verified by Philippine Stock Transfer Inc., the Stock and Transfer Agent of CEU. Unsuccessful registration will result in invalid votes.

IV. Participation by Remote Communication in the October 21, 2022 Meeting and Election of Directors

1. Only those Stockholders who have successfully registered to participate in the Meeting, or participates through proxy, will be included in determining the existence of a quorum.
2. A stockholder may send his/her questions and/or comments about the items in the Agenda prior to or during the Meeting to corporate@ceu.edu.ph. The Chairman will endeavor to reply to all questions received but should, for any reason, a question is not addressed, the Office of the Corporate Secretary will reply to the same by email.

In compliance with the requirements of the Securities and Exchange Commission, a recording of the proceedings of the Annual Meeting will be secured. Stockholders may send their queries about the Meeting to corporate@ceu.edu.ph

For any clarifications, please contact the Office of the Corporate Secretary through corporate@ceu.edu.ph

PROXY

KNOW ALL MEN BY THESE PRESENTS:

I, the undersigned, a stockholder of CENTRO ESCOLAR UNIVERSITY, do hereby nominate, constitute and appoint _____ as my attorney and proxy to represent me and vote all shares registered in my name on the books of said corporation or owned by me, at any and all regular and special meetings of the stockholders of said corporation and adjournments and postponements thereof as fully to all intents and purposes as I might or could do if present and acting in person, hereby ratifying and confirming any and all matters which may properly come before any said meetings, or adjournments and postponements thereof.

This proxy shall take precedence over any other proxy and revokes and supersedes any proxy(ies) that I may have previously executed, and it shall continue until such time as the same is withdrawn by me through notice in writing. This proxy shall continue for a period of five (5) years or until such time as the same is withdrawn by me through notice in writing delivered to the Secretary.

I hereby confirm that my only proxy(ies) is/are the person(s) mentioned above and that this proxy is the only one that should be honoured.

In case of non-attendance of my abovenamed proxy(ies) at any particular meeting, I authorize and empower the Chairman of the meeting to fully exercise all rights as my proxy(ies) at such meeting.

IN WITNESS WHEREOF, I have hereunto signed these presents this _____ day of _____, 20 _____ in _____.

(Stockholder's Signature)

(Name in Print)

WITNESS:

(Signature over Printed Name)

REPUBLIC OF THE PHILIPPINES)
City of Manila) SS.

SECRETARY'S CERTIFICATE

I, SERGIO F. APOSTOL, Filipino, of legal age, with business address at Centro Escolar University, 9 Mendiola Street, Manila, after having been duly sworn in accordance with law, do hereby certify that:

1. I am the duly elected Corporate Secretary of Centro Escolar University ("CEU"), a corporation duly organized and existing under Philippine laws, with business address at 9 Mendiola St., San Miguel, Manila.

2. At the Regular Meeting of the Board of Directors held last 01 July 2022 at which a quorum was present and acting throughout, the following resolution was approved:

Resolved, as it is hereby resolved, that the Board of Directors approve the holding of the Annual Stockholders' Meeting on 21 October 2022, a week earlier than 28 October 2022, the date provided in the By-Laws (fourth Friday of October) due to certain logistical considerations.

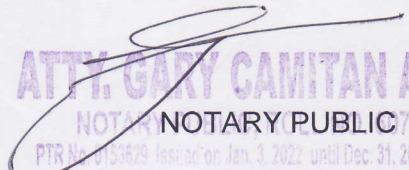
3. The foregoing resolution remain in force and in effect, not having been revoked, amended nor in any manner modified; and

4. I am executing this certificate to attest the truth of the foregoing facts which are in accordance with the records of the Corporation and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 04 day of JULY 2022 at the City of Manila.


SERGIO F. APOSTOL
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 04 day of JULY 2022 at the City of Manila, affiant exhibiting to me his Philippine Passport No. EC7889755 issued on February 6, 2016 at Manila.


ATTY. GARY CAMITAN AURE
NOTARY PUBLIC 777
PTR No. 0153629 Issued on Jan. 3, 2022 until Dec. 31, 2022 Manila
ISP License No. 014495 issued on Feb. 2, 2016
Commission No. 2020-021 Issued on Jan. 31, 2020 Until Dec. 31, 2021 Manila
MCLE No. VII-0001640 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: G/F YMCA Building, 350 Antonio Villegas Street Ermita, Manila
And Extended Until June 30, 2022 as Per B.M. No. 3795

Doc. No. 421
Page No. 85
Book No. Expo
Series of 2022.

CEU Letterhead

Minutes of the Annual Stockholders' Meeting
Centro Escolar University
Virtually via Zoom Communications
22 October 2021

(For Approval at the 2022 Annual Stockholders' Meeting)

| Total Outstanding Shares | Shares Present | Abstentions |
|--------------------------|--------------------|-------------|
| 372,414,400 shares | 277,042,936 shares | - |

Directors Present

Mr. Basilio C. Yap, *Chairman*
Dr. Ma. Cristina D. Padolina, *Vice Chairman*
Dr. Emil Q. Javier, *Independent Director*
Dr. Angel C. Alcala, *Independent Director*
Dr. Alejandro C. Dizon, *Director*
Mr. Benjamin C. Yap, *Director*
Dr. Emil C. Yap III, *Director*
Dr. Johnny C. Yap, *Director*
Ms. Corazon M. Tiongco, *Director*

Call to Order

The meeting was called to order at 1:00pm by Dr. Padolina, Vice Chairman and President, who presided over the meeting. Dr. Padolina acknowledged the other directors who were present and noted the unique nature of the meeting, which is being conducted primarily online due to the attendant circumstances. After reminding everyone that the meeting is being recorded as required by the SEC, Dr. Padolina called on Ms. Corazon M. Tiongco, Director, to lead the prayer.

Proof of Notice of Meeting

After the prayer, Dr. Padolina asked the Corporate Secretary, Atty. Sergio F. Apostol, whether the required notices were sent to the stockholders. Atty. Apostol stated that in accordance with Rule 20 of the Securities Regulation Code, and in consonance with the Notice of the Securities and Exchange Commission to Publicly-Listed Companies dated April 20, 2020, the notice for

the stockholders' meeting was published in the business section of two newspapers of general circulation – The Manila Bulletin, and Tempo – in print and online format, for two consecutive days.

The last day of publication, September 29, 2021 complies with the minimum twenty-one (21) days requirement prior to the date of the meeting. A Certification to this effect was executed by the publishing companies utilized by Management for the purpose and part of the records of the University.

Atty. Apostol further stated that the notice for the meeting was posted on the Company's website www.ceu.edu.ph, and on the Company's PSE EDGE portal.

As such, Atty. Apostol certified that the Stockholders were duly notified.

Certification of Quorum

Atty. Apostol stated that according to the guidelines which were circulated to the stockholders, the last day for registration for the online meeting was October 19, 2021.

Based on the tally, the total number of shares of those who successfully registered online, and those represented by proxy is 277,042,936 shares or at least 74.37% of the 372,414,400 total outstanding shares.

Atty. Apostol then certified that there was a quorum for the valid transaction of business during the meeting.

Before proceeding any further, Dr. Padolina requested the Corporate Secretary to briefly present the rules for the conduct of the meeting and the voting procedure.

Mr. Tan, the Assistant Corporate Secretary briefly discussed the rules. Viz:

The voting rights of each stockholder and the requirements and procedure for participation and voting through remote communication were set out in the Company's Definitive Information Statement.

First, stockholders who have completed their registration on or before October 19, 2021 and were successfully verified are allowed to participate in the meeting and are deemed present for purposes of determining the quorum.

Second, stockholders may send questions and/or comments about the items in the agenda prior to or during the Annual Meeting to corporate@ceu.edu.ph. Questions which cannot be addressed during the meeting will be referred to the Corporate Secretary for a response.

Third, there will be 5 items in the Agenda submitted for voting; these are:

- a. The Approval of the Minutes of the 2019 Annual Stockholders' Meeting held on October 30, 2020;
- b. Approval of Management Report;
- c. Ratification of all Acts and Resolutions of Management and the Board in 2020-2021;
- d. Election of Directors for the year 2021- 2022; and,
- e. Appointment of External Auditor for the year 2021-2022

The deadline for submission of proxies was on October 15, 2021. Proxies were validated on October 18, 2021.

Because of the quarantine situation in Metro Manila voting in absentia was utilized for this meeting. For this purpose, stockholders were given until October 19, 2021 to cast their votes via the www.ceu.edu.ph.

Approval of the Minutes of the Meeting Held October 30, 2020

Atty. Apostol stated that a copy of the Minutes of the 2020 Annual Stockholders Meeting held on October 30, 2020 was made available on the Corporate Information portion of the Company's website. In addition, a summary of the matters approved in the last stockholders' meeting is set out in the Definitive Information Statement which was also made available to the stockholders.

As such, since the stockholders have been fully apprised of this item in the agenda, it was proposed that the reading of the Minutes of the 2020 Annual Stockholders' Meeting held on October 30, 2020 be dispensed with, and that the minutes of that meeting, as appearing in the minutes book of the Company, be approved.

The tally of votes was then presented which shows that based on the total votes received, more than the required majority of the outstanding shares of the Company equivalent to 277,042,936 shares (74.37%) approved the Minutes of the 2020 Annual Stockholders' Meeting held on July 30, 2020.

The Minutes of the 2020 Annual Stockholders' Meeting held on October 30, 2020 therefore, was approved.

Resolution

"Resolved, as it is hereby approved, that the Minutes of the 2020 Annual Stockholders' Meeting held on October 30, 2020 is hereby approved."

Management Report for the Fiscal Year 2020 - 2021.

Dr. Padolina stated that the Management Report is included in the Definitive Information Statement which was made available to the stockholders via the Company's website and PSE EDGE portal.

Highlights of the report was then presented by Dr. Padolina.

After the presentation, Dr. Padolina asked Atty. Apostol if there were questions submitted by the stockholders in relation to the Management Report.

As there were no questions, the votes on the approval of the Management Report was presented. Based on the tally of votes more than the required majority of the outstanding shares of the Company, equivalent to 277,042,936 shares (74.37%) voted in favour of the matter.

With the shareholders owning at least a majority of the outstanding shares voting in favor of the matter, the Management Report as reflected in the Annual Report together with the financial statements for the fiscal year 2020-2021 is approved.

Resolution

“Resolved, as it is hereby approved, that the Annual Report together with the financial statements for the fiscal year 2020-2021 is hereby approved..”

Ratification of all the Acts, Proceedings and Resolutions of the Board of Directors and Management of the Company for Fiscal Year 2020-2021

Dr. Padolina stated that a summary of acts, proceedings, and resolutions is contained in the Definitive Information Statement made available to the stockholders through www.ceu.edu.ph and the PSE Edge Portal. These acts, proceedings and resolutions were discussed and approved in the meetings of the Board and its Committees and covered by minutes, which are on file and are available for inspection upon the request of any stockholder.

Dr. Padolina then asked if there were questions submitted regarding the matter. There being none, the tally of votes on the matter was presented.

Based on the total votes received, more than the required majority of the outstanding shares of the Company equivalent to 277,042,936 shares (74.37%) voted in favour of approving all the legal acts, resolutions and proceedings of the Board of Directors and Corporate Officers of the Company for Fiscal Year 2020-2021.

With shareholders owning at least a majority of the outstanding shares voting in favour of the matter, the acts, proceedings and resolutions of the Board of Directors and Management for Fiscal Year 2020-2021 as reflected in the minutes of the Board of Directors are approved, confirmed and ratified.

Resolution

“Resolved, as it is hereby resolved, that the acts, proceedings and resolutions of the Board of Directors and Management for Fiscal Year 2020-2021 as reflected in the minutes of the Board of Directors are hereby approved, confirmed and ratified.”

Election of Directors for the fiscal year 2021-2022.

Dr. Padolina called on a member of the Nomination Committee, Ms. Corazon M. Tiongco, to name the individuals who are the nominees for the nine (9) seats in the Board. Ms. Tiongco then reported that in a meeting held on August 27, 2021, the Nomination Committee approved the nomination of the following individuals as Independent Directors of the Company for the year 2021-2022:

Dr. Emil Q. Javier

Dr. Angel C. Alcala

Ms. Tiongco further stated that in the same meeting, the following, after evaluation, were identified as nominees for Directors:

Mr. Basilio C. Yap

Dr. Ma. Cristina D. Padolina

Mr. Benjamin C. Yap

Dr. Alejandro C. Dizon

Dr. Emilio C. Yap III

Ms. Corazon M. Tiongco

Dr. Johnny C. Yap

Atty. Apostol stated that after tallying the ballots and the votes of proxies received, and considering further that there are only nine (9) nominees for the nine (9) seats in the Board, all the nominees are effectively elected as Directors of the Corporation for the year 2021 to 2022, with all the votes cast equally obtained by each.

Resolution

“Resolved that the following are the duly elected directors of CEU for the ensuing fiscal year and until the election and qualification of their successors:

Dr. Emil Q. Javier and

Dr. Angel C. Alcala, as the Independent Directors

Mr. Basilio C. Yap

Dr. Ma. Cristina D. Padolina

Mr. Benjamin C. Yap

Dr. Alejandro C. Dizon

Dr. Emilio C. Yap III

Ms. Corazon M. Tiongco and

Dr. Johnny C. Yap.

Appointment of External Auditor for the Fiscal Year 2021-2022

Dr. Padolina called on Dr. Emil Q. Javier, the Chairperson of the Audit Committee, to name the firm nominated to be the External Auditor for the Fiscal Year 2021-2022. Dr. Javier reported that after careful deliberation, and after considering the quality of its audit work with the Company for the past fiscal years, the reasonableness of its fees and its reputation, that the Audit Committee is endorsing the reappointment of the auditing firm of **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the fiscal year 2021-2022.

Based on the total votes received, more than the required majority of the outstanding shares of the Company equivalent to 277,042,936 shares voted in favor of the appointment of **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the year 2021-2022.

With the shareholders owning at least a majority of the outstanding shares voting in favor of the matter, the appointment of **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the year 2021-2022 is hereby approved.

Resolution

“Resolved, as it is hereby resolved, that the University hereby appoints **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the year 2021-2022”

Other Matters

Atty. Apostol informed Dr. Padolina that there were no further questions submitted online.

Adjournment

There being no further matters to discuss, upon motion duly seconded, the Stockholders' Meeting was adjourned at 1:40pm.

CENTRO ESCOLAR UNIVERSITY

(Company's Full Name)

**9 Mendiola Street
San Miguel, Manila**

(Company's Address)

8735-6861 to 71

(Telephone Numbers)

DEFINITIVE INFORMATION STATEMENT SEC FORM 20-IS

Pursuant to SRC RULE 20

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter **CENTRO ESCOLAR UNIVERSITY**
3. Province, country or other jurisdiction of incorporation or organization Philippines
4. SEC Identification Number 1093
5. BIR Tax Identification Code 000-531-126-000
6. Address of principal office 9 Mendiola Street
San Miguel, Manila 1005
7. Registrant's telephone number, including area code (02) 8735-6861
8. Date, time and place of the meeting of security holders October 21, 2022, 1 p.m.
Centro Escolar University,
9 Mendiola Street San Miguel,
Manila, and virtually through
zoom.us

Individual access links
shall be sent by the email
to the attendees/stockholders after
successful registration and validation
done through www.ceu.edu.ph
9. Approximate date on which the Information Statement is first to be sent or given to stockholders 30 September, 2022
10. In case of Proxy Solicitation:

 Name of Person Filing the Statement/Solicitor: Not Applicable
 Address and Telephone Number : Not Applicable
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

| Title of Each Class | Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding |
|---------------------|---|
| Common Stock | 372,414,400 |
12. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes ☒ No ☐
 If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange, Inc.

CENTRO ESCOLAR UNIVERSITY
SEC Form 20-IS

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- | | | |
|----|---|--|
| a) | Date of Meeting | October 21, 2022 |
| | Time of Meeting | 1pm |
| | Place of Meeting | Centro Escolar University, 9 Mendiola Street San Miguel, Manila, and virtually through zoom.us Individual access links shall be sent by the email to the attendees/stockholders after successful registration and validation done through www.ceu.edu.ph as part of security process. |
| | Registrant's Mailing Address | 9 Mendiola St., San Miguel, Manila 1005 |
| b) | Approximate Date when the Information Statement is first to be sent or given to security holders | 30 September 2022 |

Note: The Notice of Stockholders' Meeting is Published today, 27 September 2022 at the business section of the Manila Bulletin and Tempo, both newspapers of general circulation both in print and online format. The second day will be on 28 September 2022, which will be more than 21 days prior to the ASM.

The target date of distribution via the CEU Website and PSE Edge, 30 September 2022, will be 21 days prior to the scheduled ASM.

THE PARENT COMPANY IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. Dissenters' Right of Appraisal.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Revised Corporation Code.¹

¹ The right of appraisal means the right of a dissenting stockholder to demand payment of the fair market value of his shares in the instances provided under the Corporation Code. In such instances the right may be exercised by any

Item 3. Interest of Persons in or Opposition to Matters to be Acted Upon.

a. The incumbent directors and officers have no substantial interest in any matter to be acted upon other than their election to office.

b. No director has informed the University in writing that he intends to oppose any action to be taken by the registrant at the annual meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof.

a) As of August 31, 2022, the latest data obtainable as of the making of this report, the University has 372,414,400 issued and outstanding common stock at ₱1.00 per share par value. All the shares of stock are entitled to vote.

b) Only stockholders of record at the close of business hours on September 29, 2022 are entitled to notice and to vote at the Annual Stockholders' Meeting.

c) A stockholder entitled to vote at the meeting shall have the right to do so in person or by proxy. With respect to the election of directors, in accordance with Section 24 of the Corporation Code of the Philippines, a stockholder may vote the number of shares held in his name in the University's stock and transfer book as of September 29, 2022, and may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by such stockholder as shown in the stock and transfer book multiplied by the total number of directors to be elected.

d) Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than five percent (5%) of the University's shares of stock as of August 31, 2022, the latest obtainable data as of the preparation of this report, are as follows:

| Title of Class | Name & Address of Record Owner* & Relationship with Issuer | Name of Beneficial Owner & Relationship with Record Owner | Citizenship | Number of Shares Held | Percent (%) |
|----------------|--|---|-------------|-----------------------|-------------|
| Common | USAUTOCO, INC. 1000 United Nations Ave., Ermita, Manila Authorized Representative – Basilio C. Yap Relationship to Issuer - Stockholder | USAUTOCO, INC. Authorized Representative – Basilio C. Yap Position -President | Filipino | 126,620,891 | 34.00% |
| Common | U.S. Automotive Co., Inc. | U.S. Automotive Co., | Filipino | 55,963,803 | 15.02% |

stockholder who shall have voted against the proposed action by making a written demand to the corporation within 30 days after the date on which the vote was taken for payment of the fair market value of his shares. Failure to make the demand shall be deemed a waiver of such right.

| | | | | | |
|--|---|--|--|--|--|
| | 1000-1046 United Nations Ave., cor. San Marcelino, Ermita, Manila Authorized Representative – Basilio C. Yap Relationship to Issuer - Stockholder | Inc. Authorized Representative – Basilio C. Yap Position - President | | | |
|--|---|--|--|--|--|

*Authorized representative has voting power over the shareholdings of the corporate stockholder.

| | | | | | |
|--|------------------------------|--|----------|--------------------|---------------|
| Common | PCD Nominee Corp. – Filipino | Alejandro C. Dizon Beneficial Owner | Filipino | 50,033,412 | 13.43% |
| Aggregate Number of Shares and Percentage of All Beneficial/Record Owners As a Group | | | | <u>232,618,106</u> | <u>62.46%</u> |

Security Ownership of Management

The following tables show the security ownership of CEU's directors and officers as of August 31, 2022, the latest obtainable data as of the preparation of this report, are as follows:

| Title of Class | Directors | Amount of Nature of Beneficial Ownership | Citizenship | Percent of Class |
|----------------|--|--|-------------|------------------|
| Common | Basilio C. Yap (Chairman) | 1001 (d) | Filipino | 0.0003 |
| Common | Ma. Cristina D. Padolina (Vice Chairman/President) | 38,316 (d) | Filipino | 0.0103 |
| Common | Angel C. Alcala* | 1 (d) | Filipino | Nil |
| Common | Emil Q. Javier* | 1 (d) | Filipino | Nil |
| Common | Benjamin C. Yap | 800 (d) | Filipino | 0.0002 |
| Common | Alejandro C. Dizon** | 50,033,412 (d) | Filipino | 13.43 |
| Common | Emilio C. Yap III | 344,833 (d) | Filipino | 0.0925 |
| Common | Corazon M. Tiongco (Assistant Treasurer) | 10,115,904 (d) | Filipino | 2.7163 |
| Common | Johnny C. Yap | 1,000 (d) | Filipino | 0.0003 |
| Total | | 60,535,268 (d) | | 16.25% |

| Title of Class | Officers | Amount of Nature of Beneficial Ownership | Citizenship | Percent of Class |
|--|-----------------------------------|--|-------------|------------------|
| Common | Ma. Cristina D. Padolina | 38,316 (d) | Filipino | 0.0103 |
| Common | Cesar F. Tan | 19,735 (d) | Filipino | 0.0053 |
| Common | Teresa R. Perez | 3,226 (d) | Filipino | 0.0009 |
| Common | Maria Clara Perlita Erna V. Yabut | 4,000 (d) | Filipino | 0.0011 |
| Common | Olivia M. Limuaco | 12,153 (d) | Filipino | 0.0033 |
| Common | Ma. Flordeliza F. Anastacio | 1,302 (d) | Filipino | 0.0003 |
| Common | Corazon M. Tiongco | 10,115,904 (d) | Filipino | 2.7163 |
| Common | Bernardita T. Traje | 753 (d) | Filipino | 0.0002 |
| - | Ma. Rolina S. Servitillo | 0 (d) | Filipino | 0 |
| - | Carlito B. Olaer | 0 (d) | Filipino | 0 |
| - | Rhoda C. Aguilar | 0 (d) | Filipino | 0 |
| - | Jericho P. Orlina | 0 (d) | Filipino | 0 |
| - | Bella Marie L.Fabian | 0 (d) | Filipino | 0 |
| Total (excluding shares of Ma. Cristina D. | | 41,169 (d) | | 0.0110 |

| | | | |
|--|----------------------|--|---------------|
| Padolina and Corazon M. Tiongco) | | | |
| Aggregate Number of Shares and Percentage of All Security Ownership of Management as a Group | <u>60,494,099(d)</u> | | <u>16.24%</u> |

*Independent Director

**Dr. Alejandro C. Dizon has 51,837 shares registered in his name in addition to 49,981,575 shares lodged with PCD Nominee Corporation.

3. There is no voting trust or similar agreement with respect to any portion of the outstanding shares, nor any agreement which may result in a change in control of the University.

Item 5. Directors and Executive Officers.

a. 1. The following are the incumbent directors and officers of the University:

DIRECTORS²

BASILIO C. YAP, 73 years old, Filipino, was elected Board member and Chairman of the Board of Directors of the University on April 25, 2014. In 1972, he graduated from De La Salle University with the degree of Bachelor of Science in Commerce major in Accounting, (*cum laude*). He is a Certified Public Accountant. In 1978, he earned his masters degree in Business Management from Asian Institute of Management. He is also the Chairman, President and Director of U.S. Automotive Co. Inc., USAUTOCO Inc., Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises, Vice Chairman of Philtrust Bank, Chairman and Director of Manila Hotel Corporation, Chairman of the Board of Manila Bulletin Publishing Corporation. He is also the Chairman of Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas, Inc.

MA. CRISTINA D. PADOLINA, 76 years old, Filipino, is the President, Vice Chairman and Chief Academic Officer of the University. She was elected as a member of the Board of Directors and President of the University on August 18, 2006, and as Vice Chairman on July 25, 2008. She graduated from the University of the Philippines with the degree of Bachelor of Science in Chemical Engineering. She also holds a degree of Master of Science (Chemistry) from the Ateneo de Manila University and the degree of Doctor of Philosophy (Inorganic Chemistry) from the University of Texas at Austin. On secondment from her post as Professor of Chemistry at UP Los Baños, she served as Chancellor of the Open University from 1995 to 2001 and as Commissioner of the Commission on Higher Education from 2001 to 2005. She is Professor Emeritus of the University of the Philippines, Los Baños. She is also a Director of Centro Escolar University Hospital, Inc., Centro Escolar Integrated School and Vice-Chairman and President of Centro Escolar Las Piñas, Inc.

ANGEL C. ALCALA, 93 years old, Filipino, is an independent director. He became a member of the Board of Directors of the University on July 22, 2008. He is currently a member

² All directors hold office for one (1) year and until their successors are elected and qualified. All directors, except for the independent directors, are nominated on the floor.

of the University's Audit Committee. He graduated from Silliman University with a degree in B.S. Biology (*magna cum laude*), and obtained his M.A. Biological Sciences and Ph.D., Biological Sciences from the Stanford University. He received a Doctor of Humanities (*Honoris Causa*) degree from Xavier University. He is Academician and National Scientist, He is a member of the National Academy of Science and Technology. He was formerly the President of Silliman University; Deputy Executive Director of Philippine Council for Aquatic and Marine Research and Development, Department of Science and Technology (DOST); Secretary of Department of Environment and Natural Resources (DENR); and Chairman of the Commission on Higher Education (CHED). He is presently the Chairman of the Silliman University-Angelo King Center for Research and Environmental Management (SUAKCREM), PATH Foundation Philippines, National Network of Quality Assurance Agencies, Inc., Professor Emeritus, Siliman University, Member, Board of Trustees, Silliman University and President of Cap College, Makati.

EMIL Q. JAVIER, 82 years old, Filipino, is an independent director. He became a member of the Board of Directors of the University in July 2002. He is currently the Chairman of the University's Audit Committee and a member of the Nomination Committee. He graduated from the University of the Philippines, Los Baños with a degree of B.S. Agriculture (*cum laude*). He also holds a degree of M.S. Agronomy from the University of Illinois and Ph.D. in Plant Breeding from Cornell University. He is Chairman of the Coalition for Agricultural Modernization in the Philippines, a Trustee of the Asia Rice Foundation, Head Advisor of the Biotech Coalition of the Philippines and Academician of the National Academy of Science and Technology (Phil.). He is likewise a Board Member of the International Service for the Acquisition of Agri-Biotech Applications (South East Asia Center), and Chairman, Nutrition Center of the Philippines. He is also an Independent Director of Centro Escolar University Hospital, Inc., Centro Escolar Las Piñas, Inc. and Independent Director of Del Monte Pacific Ltd. and Member, Advisory Committee of Japan International Cooperation Agency (JICA), Philippines.

BENJAMIN C. YAP, 76 years old, Filipino, was elected as a member of the Board of Directors on July 22, 2014. He graduated from University of the East with a degree of Bachelor of Science in Business Administration. He is currently the President and Chairman of the Board of Benjamin Favored Son, Inc., Chairman of the House of Refuge, Director of USAUTOOCO, Inc. and Director of Manila Hotel Corporation. He is also a Director of Centro Escolar University Hospital, Inc.

ALEJANDRO C. DIZON, 62 years old, Filipino, was elected as a member of the Board of Directors on August 31, 2007. Dr. Dizon graduated from the UERMMMMC College of Medicine and passed the Philippine Medical Licensure Examination in 1986. He finished his residency in General Surgery at St. Luke's Medical Center and passed his Specialty Board Examination in General Surgery to become a Diplomate of the Philippine Board of Surgery, Inc. in 1992. He took his postgraduate fellowship training as a G.B. Ong Surgical Scholar at the Queen Mary Hospital, University of Hong Kong. He is a fellow and President of the Philippine College of Surgeons, a Fellow of the American College of Surgeons, Charter Fellow of the Philippine Society of General Surgeons Inc., and Examiner and member of the Board of Directors and Governors of the Philippine Board of Surgery Inc. He is currently the Vice President for Quality and Patient Safety and Chief Quality Officer and an Active Consultant in the Institute of Surgery of St. Luke's Medical Center Quezon City & Global City. He holds an Assistant Professor position in the faculty of UERMMMMC College of Medicine.

EMILIO C. YAP III, 51 years old, Filipino, was elected as a member of the Board of Directors on September 1, 2009. He graduated from De La Salle University with the degree of

Bachelor of Science in Accountancy. He was conferred with the degree of Doctor of Philosophy in Journalism, *honoris causa* by Angeles University Foundation on March 1, 2009, and Doctor of Business Administration, *honoris causa* by the Pamantasan ng Lungsod ng Maynila on April 16, 2010. He is currently the Chairman of the Board of Manila Prime Holdings, Inc., Director and Vice Chairman of the Board of Manila Bulletin Publishing Corporation, and Director of Manila Hotel, Philtrust Bank and US Automotive Co., Inc.

CORAZON M. TIONGCO, 73 years old, Filipino, has been a member of the University's Board of Directors since 2000. She has been the Assistant Treasurer since August 12, 2005. She obtained her Bachelor of Arts degree from the College of the Holy Spirit. She is currently a member of the Nomination Committee, Head of the Purchasing Committee and the Purchasing Department. She is also a Director of Centro Escolar University Hospital, Inc.

JOHNNY C. YAP, 50 years old, Filipino, was elected as a member of the Board of Directors on October 26, 2007. He graduated from De La Salle University with the degree of Bachelor of Science in Management of Financial Institutions. He was conferred with the degree of Doctor of Philosophy in Humanities, *honoris causa* by Foundation University on March 21, 2010. He is presently the Vice Chairman and Treasurer of Euromed Laboratories, Philippines, Inc., Chairman of the Board of Café France Corporation, Board member of Philtrust Bank, and Director of Centro Escolar Las Piñas, Inc.

Under the Securities Regulation Code (SRC), any corporation with a class of equity shares listed for trading in an Exchange is required to have at least two (2) independent directors or have such independent directors which shall constitute at least twenty percent (20%) of the membership of such board, whichever is the lesser. Presently, CEU's incumbent independent directors are Angel C. Alcala and Emil Q. Javier.

The nomination, pre-screening and election of independent directors will be made in accordance with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code and Section 7, Article 1 of the University's By-laws.⁴

Based on the pre-screening and evaluation by the Nomination Committee⁵ during its meeting on 26 August 2022, the nominees for Independent Directors are:

(1) Dr. Emil Q. Javier, 82 years old, Filipino is the owner of record of one (1) share of common stock (0%). Dr. Javier was recommended as a nominee for Independent Director by Sally Hubag, Lolita Balboa, Adelma Obciana, Raul Caparas, and Felicita Diolanda, all stockholders of record. All of said stockholders have no relationship with Dr. Javier.

(2) Dr. Angel C. Alcala, Filipino, 93 years old, is owner of record of one (1) share of common stock (0%). Dr. Alcala was nominated by Cristeta Sumiran, Cirila Agno, Pearly Lim, Paz Lucido, Andrea Cuarto, Patricia Alviar, and Angelina Calixtro, all stockholders of record. All of said stockholders have no relationship with Dr. Alcala.

Under SEC Memorandum Circular 4 s. 2017 both Dr. Javier and Dr. Alcala has already served as Independent Directors for nine (9) years since 2012. Under the same Memorandum Circular, however, in the instance that a company wants to retain an Independent Director who

has served for nine (9) years, the Board should provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting.

Upon recommendation by the Nomination Committee and as approved by the Board, the nomination of Dr. Javier and Dr. Alcala, will be submitted to the approval of the shareholders during the Annual Stockholders' Meeting for the following meritorious reasons:

- a. The prevailing conditions where CEU is currently implementing its continuity plan requires the guidance of Dr. Javier and Dr. Alcala who are already familiar with the peculiar circumstances of the University.
- b. The personal qualifications of both Dr. Javier and Dr. Alcala, as well as their experience in the field of education is crucial for the survival of the university during these trying times where schools are still feeling the lingering effects of the K-12 program, the free tertiary education act, and the COVID 19 Pandemic.
- c. As shown by the nominations submitted as of 22 August 2022, no suitable replacement can be had at this time.

The nominees for regular directors were also evaluated by the Nomination Committee during the same meeting. Viz:

1. Mr. Basilio C. Yap
2. Ma. Cristina D. Padolina
3. Benjamin C. Yap
4. Alejandro C. Dizon
5. Emilio C. Yap III
6. Maria Corazon M. Tiongco
7. Johnny C. Yap

⁴The Nomination Committee is composed of Dr. Ma. Cristina D. Padolina, chairman; Dr. Emil Q. Javier, Ms. Corazon M. Tiongco and Atty. Sergio F. Apostol, members.

⁵During the stockholders' meeting on July 27, 2004, the stockholders approved the grant of annual medical allowance and related bonuses to the members of the Board of Directors.

OFFICERS

SERGIO F. APOSTOL, 87 years old, Filipino, was elected as the University's Corporate Secretary and Compliance Officer on February 26, 2010. He graduated from Letran College with the degree of Associate in Arts, Bachelor of Laws at Ateneo de Manila University. He is a member of the Board of Directors of Manila Hotel and Chairman and Chief Executive Officer of Kaytrix Agri-Aqua Corporation. He is a member of the Audit and Nomination Committee of Centro Escolar University. He is a Member of the House of Representatives 16th Congress.

CESAR F. TAN, 68 years old, Filipino, was elected as Treasurer on April 11, 2006 and is a member of the Procurement Committee. He graduated from the Far Eastern University with a degree of B.S.C. Accounting and is a career service professional. He was formerly Assistant Treasurer and Assistant Vice President of Liwayway Publishing, Inc. He is also the Treasurer of Centro Escolar Integrated School, Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas, Inc.

JAYSON O'S. RAMOS, 41 years old, Filipino, is the Legal Counsel of the University. He graduated from De La Salle University with the degree of BS Commerce major in Business Management in 2000 and Bachelor of Laws at San Beda College in 2006. He passed the Bar examination in 2006. Attended various seminars and trainings in his field of expertise. In July 2017, he was elected Assistant Compliance Officer. He is also the Corporate Secretary of Centro Escolar Integrated School, Inc.

TERESA R. PEREZ, 61 years old, Filipino, is the Vice President for Academic Affairs. She is a member of the Purchasing Committee. She graduated from CEU with the degree of B.S. Biology. She holds a Master's degree in Biology and a doctorate degree in Curriculum and Supervision, both from CEU. She has been a faculty member of the University since 1982 and also Vice President of Centro Escolar Integrated School and Centro Escolar Las Piñas, Inc.

MARIA CLARA PERLITA ERNA V. YABUT, 57 years old, Filipino, is the Vice President for Research and Evaluation. She graduated from the University of the Philippines with the degree of B.S. Secondary Education, major in Mathematics. She obtained a Master's and a doctorate degree in Mathematics Education, both from CEU. She has been with the University since 1990. At present, she is the National President of the Philippine Society for Research and Evaluation (PSERE), Chair of U-Belt Research Consortium, CEU Research and Development Foundation and Executive Secretary of the National Research Council of the Philippines Research Foundation (NRCPRF).

OLIVIA M. LIMUACO, 66 years old, Filipino, is the Vice President for Makati and General Dean of Studies. She graduated from CEU with the degree of Bachelor of Science in Pharmacy (*cum laude*). She obtained a Master's degree in Pharmacy and a doctorate degree in Science Education both from CEU. She has been a faculty member of the University since 1977 and holds the rank of University Professor. She became the Head of Science Laboratories from 1981 to 1990. She was appointed Dean of the School of Pharmacy from 1991 to July 2013. She is the Vice President of the Federation of Asian Pharmaceutical Association (FAPA) from 2014 to 2018. She was the Treasurer of PPhA from 2012 to 2014 and was elected as the President of Philippine Pharmacists Association from July 2014 to June 2016. She is also a member of the Council of Advisers of Philippine Association of Colleges of Pharmacy (PACOP).

MA. FLORDELIZA L. ANASTACIO, 62 years old, Filipino, is the Vice President and Dean of Studies of CEU Malolos. She earned her Bachelor's Degree in Accounting from La Consolacion College Manila. She is a Certified Public Accountant. She finished her MBA, PhD in Educational Management and Post Doctoral Course in Total Quality Management in Higher Education from Centro Escolar University Manila. She is the President of the International Academy of Accountants for Business, Research and Education (IAABRE) and the former National President of the Philippine Society for Educational Research and Evaluation (PSERE) and the Philippine Council of Deans and Educators in Business (PCDEB). She is an International Visiting Professorial Fellow, Research Fellow and Senior Fellow in Accountancy of the Royal Institute of Singapore. She completed her Post Doctoral Program in International Deans' Course (IDC) in Germany as a DAAD Scholar. At present, she is one of the 3 IDC Mentors/Experts of Southeast Asia.

CARLITO B. OLAER, 59 years old, Filipino, is the Vice President for Student Affairs. He served as the Head of the Religion Department and was the Campus Minister of CEU before his appointment as VP for Student Affairs. He holds the degree of A.B. Philosophy (*magna cum laude*) from the Dominican House of Studies and Bachelor of Sacred Theology (*cum laude*) from the University of Santo Tomas. He obtained his Masters in Theology (*magna cum laude*) from San Sebastian College and his doctoral degree in Educational Management from CEU (*with the highest academic distinction*). He has been with the University since 1991.

MA. ROLINA S. SERVITILLO, 53 years old, Filipino, is the Vice President for Administration and Accounting. She earned a degree of Bachelor of Science in Commerce, major in Accounting (*cum laude*) from the Centro Escolar University, Malolos Campus. She is a Certified Public Accountant (CPA) and former Head, Internal Audit Department of the University. She is also the Vice President for Accounting and Administration of Centro Escolar Las Piñas, Inc. and Centro Escolar Integrated School, Inc.

JERICO P. ORLINA, 56 years old, Filipino, is the Assistant Vice President for Business Affairs. He graduated from Ateneo de Naga University with the degree of Bachelor of Science in Commerce, major in Accounting. He is a Certified Public Accountant. He completed the Post-Graduate Management Development Program of Asian Institute of Management. He is a member of Philippine Institute of Certified Public Accountants (PICPA) and Institute of Internal Auditors. He is also the Assistant Vice President of Centro Escolar University Hospital, Inc.

BELLA MARIE L. FABIAN, 60 years old, Filipino, is the Assistant Vice President for Administration. She graduated from University of the East with a degree of Bachelor of Science in Business Administration-Accounting. She obtained her Masters degree in Business Administration-Management and doctorate degree of Doctor of Philosophy in Business Management.

RHODA C. AGUILAR, 49 years old, Filipino, is the University Registrar. She is a member of the Administrative Council. She graduated from CEU with the degree of BSE major in Mathematics (*magna cum laude*). She obtained her Master's degree in Mathematics Education and doctorate degree in Curriculum and Supervision. She is a career service professional (exempted given to honor student) and the Professional Board Examination for Teachers (8th place).

BERNARDITA T. TRAJE, 61 years old, Filipino, is the University's Assistant Controller. She served as Assistant Treasurer from August 2001 to August 2006. She graduated from the Polytechnic University of the Philippines. She is a Certified Public Accountant (CPA). She has been with the University since 1980.

2. Significant Employees

All employees are expected to make reasonable contribution to the success of the business of the University. There is no "significant employee" as defined in Part IV(A)(2) of the SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business).

3. Family Relationships

Mr. Basilio C. Yap and Mr. Benjamin C. Yap are relatives within the second degree of consanguinity, while Dr. Emilio C. Yap III and Dr. Johnny C. Yap are relatives within the second degree of consanguinity. Mr. Basilio C. Yap and Mr. Benjamin C. Yap who are relatives within the second degree of consanguinity and Dr. Emilio C. Yap III and Dr. Johnny C. Yap who are also within the second degree of consanguinity are relatives within the third degree of consanguinity.

4. Pending Legal Proceedings

The University is not aware of any legal proceeding in the past five (5) years to date involving its directors and officers which are material to the evaluation of the ability and integrity of any director or officer of the University.

No director or officer has been convicted by final judgment during the last five (5) years up to the present of any offense punishable by Philippine laws or by the laws of any other country.

Likewise, the University has no knowledge of pending legal proceedings against any of its directors or executive officers involving: (a) any bankruptcy petition filed by or against any business of which its directors or executive officers is subject; or (b) any judgment or decree permanently or temporarily limiting or suspending their involvement in any type of business, securities, commodities or banking activities; or, (c) any violation of a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

5. Certain Relationships and Related Transactions

The University entered into a 25-year lease contract with Philtrust Bank on July 29, 2004. The lease covers the use of Philtrust Bank's land, building and improvements thereon located at 259-263 Sen. Gil Puyat Avenue and Malugay Street, Makati City. The lease commenced on January 1, 2005 for the operation of the CEU-Makati Extension Campus beginning school year 2005-2006. Lease of the building from Philtrust Bank Building is for the exclusive purpose of maintaining and operating an extension campus in Makati City, and to conduct therein all such activities necessary to provide adequate educational instruction and other services to its students, including authorized extra-curricular activities. The consideration for the lease was principally based on the valuation of the property by Asian Appraisal, Inc. and on the financial advisory by Buenaventura, Echauz and Partners. Except for the respective parties' covenants under said lease contract between CEU and Philtrust Bank, there is no

further contractual or other commitment resulting from the arrangement that would pose any risk or contingency. There are no other parties involved in this transaction.

The University, in line with its expansion program and for marketing purposes, avails of advertising services of Manila Bulletin Publishing Corporation. The terms of said advertising transactions are based on terms similar to those offered to non-related parties.

The University has rented room and facilities of Manila Hotel, an affiliate of the University, as venue for commencement exercises.

For a detailed discussion on related party transactions, please see the notes on the 2022 Audited Financial Statements.

b. There is no director who has declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of disagreement with the University on matters relating to operations, policies and practices.

Item 6. Compensation of Directors and Officers

1. The aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing calendar year to the University's President and five (5) most highly compensated executive officers as a group are as follows:

| <u>Name and Position</u> | <u>Fiscal Year</u> | <u>Annual Salary as a group</u> | <u>Bonuses as a group</u> | <u>Other Annual Compensation as a group</u> | <u>Total Compensation as a group</u> |
|------------------------------|--------------------|---|-------------------------------|---|--|
| PRES. PADOLINA | 2020-2021 | 10,642,449.02 | 1,558,820.85 | N/A | 12,201,269.87 |
| VP LIMUACO | 2021-2022 | 12,293,386.35 | 1,599,115.96 | N/A | 13,892,502.31 |
| VP PEREZ | 2022-2023*** | 12,293,386.35 | 1,599,115.96 | N/A | 13,892,502.31 |
| VP YABUT | | | | | |
| VP OLAER | | | | | |

***Figures are estimated amounts.

2. The aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing calendar year to all other officers and directors as a group are as follows:

| <u>Name And Position</u> | <u>Fiscal Year</u> | <u>Annual Salary as a group</u> | <u>Bonus</u> | <u>Other Annual Compensation</u> | <u>Total Compensation as a group.</u> |
|---|--|-------------------------------------|--------------|--------------------------------------|---|
| All Officers and Directors as a Group | 2020-2021 2021-2022 2022-2023*** | | | | ₱ 34,124,176.53 |
| | | | | | ₱ 35,438,871.09 |
| | | | | | ₱ 35,438,871.09 |

3. The Directors do not receive compensation for services provided as a director other than reasonable per diems for attendance at meetings of the Board or any of its committees.⁶

4. There are no bonus, profit sharing stock options warrants, rights of other compensation plans or arrangements with directors or officers that will result from their resignation, retirement, termination of employment or change in the control of the University.

The duties and responsibilities of the elected corporate officers are specified in the University's By-laws and/or Manual of Corporate Governance.

Other officers whose duties and responsibilities are set by Management are considered regular employees of the University.

5. There are no outstanding warrants or options held by the University's President, executive officers and directors.

Item 7. Independent Public Accountants.

The accounting firm of Sycip, Gorres, Velayo & Co., Inc. (SGV) served as the University's external auditors for the last fiscal year. The handling partner of SGV is Ms. Djole S. Garcia. There was no change in or disagreement with the external auditor on accounting and financial disclosures.

The University's Manual on Corporate Governance and SRC Rule 68 provide that the University's external auditor shall either be rotated or the handling partner changed every five (5) years or earlier.⁷ The University is in compliance with SRC Rule 68, paragraph 3(b)(iv).

The Board, upon recommendation of the Audit Committee⁸ proposed the appointment of SGV as the external auditor for the ensuing fiscal year. The approval of the appointment of SGV as external auditors for fiscal year 2022-2023 will be one of the matters to be undertaken during the annual stockholders' meeting.

⁶During the stockholders' meeting on July 27, 2004, the stockholders approved the grant of annual medical allowance and related bonuses to the members of the Board of Directors.

⁷SGV has served as the University's external auditor since 2000, with Mr. Arnel F. de Jesus (2000-2005), Mr. Ramon D. Dizon (2006-Feb.2009), Ms. Janet Alvarado-Paraiso (March 2009-July 2013) and Mr. Christian Lauron (Aug.2013-Sept.2014), Ms. Josephine Adrienne A. Abarca (Oct. 2014-March 2018) Ms. Djole S. Garcia (April 2018 up to present) as handling partners.

⁸The Audit Committee is composed of Dr. Emil Q. Javier, (independent director) chairman, Dr. Angel C. Alcala, Dr. Alejandro C. Dizon and Atty. Sergio F. Apostol, members.

SGV representatives will be present during the stockholders' meeting and will have an opportunity to make a statement if they desire to do so. It is also expected that the attending representatives will be able to respond to appropriate questions.

There was no change in or disagreement with the external auditor on accounting and financial disclosures.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The approval of the minutes of the annual stockholders' meeting held on October 22, 2021 will be taken up during the meeting. A copy of said minutes is attached herein.

Brief Summary of the 22 October 2021 Annual Stockholders' Meeting

The following Directors were present:

Mr. Basilio C. Yap, *Chairman*
Dr. Ma. Cristina D. Padolina, *Vice Chairman*
Dr. Emil Q. Javier, *Independent Director*
Dr. Angel C. Alcala, *Independent Director*
Dr. Alejandro C. Dizon,
Mr. Benjamin C. Yap,
Dr. Emil C. Yap III,
Dr. Johnny C. Yap,
Ms. Corazon M. Tiongco – Assistant Treasurer

The following corporate officers are present:
Atty. Sergio F. Apostol – Corporate Secretary
Mr. Cesar F. Tan – Treasurer
Dr. Teresa R. Perez – Senior Vice President – Academics
Dr. Erna V. Yabut – Vice President for Research and Evaluation
Mrs. Rolina S. Servitillo – Vice President for Administration and Accounting

The voting rights of each stockholder and the requirements and procedure for participation and voting through remote communication were set out in the Company's Definitive Information Statement.

First, stockholders who have completed their registration on or before October 19, 2021 and were successfully verified are allowed to participate in the meeting and are deemed present for purposes of determining the quorum.

Second, stockholders may send questions and/or comments about the items in the agenda prior to or during the Annual Meeting to corporate@ceu.edu.ph. Questions which cannot be

addressed during the meeting will be referred to the Corporate Secretary for a response. **There were no questions propounded during the meeting.**

Third, there were 6 items in the Agenda submitted for voting; these are:

- a. The Approval of the Minutes of the 2020 Annual Stockholders' Meeting held on October 30, 2020;
- b. Approval of Management Report;
- c. Ratification of all Acts and Resolutions of Management and the Board in fiscal year 2020-2021;
- d. Continuous nomination/engagement of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors;
- e. Election of Directors for the year 2021- 2022; and,
- f. Appointment of External Auditor for the year 2021-2022

The deadline for submission of proxies was on October 15, 2021. Proxies were validated on October 18, 2021.

Next, because of the quarantine situation in Metro Manila, we are utilizing voting in absentia for this meeting. For this purpose, stockholders were given until October 19, 2020 to cast their votes via the www.ceu.edu.ph.

The following matters were approved with the following votes cast:

| Item for Voting | Number of Votes Cast | Yes | No | Abstain | Action |
|---|----------------------|-------------|----|---------|----------|
| 1. Approval of the Minutes of the 30 October 2020 Annual Stockholders' Meeting | 277,042,936 | 277,035,731 | 0 | 7,205 | Approved |
| 2. Approval of the Annual Report of the Board of Directors | 277,042,936 | 277,035,731 | 0 | 7,205 | Approved |
| 3. Ratification of all acts, resolutions, and transactions of the Board of Directors and the Management for the fiscal year 2020-2021 | 277,042,936 | 277,035,731 | 0 | 7,205 | Approved |
| 4. Continuous | 277,042,936 | 277,034,978 | 0 | 7,958 | Approved |

| | | | | | |
|---|-------------|-------------|---|-------|----------|
| engagement and nomination of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors. | | | | | |
| 5. Appointment of SGV and Co. as External Auditor | 277,042,936 | 277,034,978 | 0 | 7,958 | Approved |

The following individuals were elected as members of the Board of Directors, with the following votes received

| Director | Votes Received |
|--|----------------|
| Dr. Angel C. Alcala (Independent Director) | 276,713,097 |
| Dr. Emil Q. Javier (Independent Director) | 276,713,097 |
| Mr. Basilio C. Yap | 276,729,308 |
| Dr. Ma. Cristina D. Padolina | 276,729,308 |
| Dr. Alejandro C. Dizon | 276,729,308 |
| Mr. Benjamin C. Yap | 276,713,097 |
| Dr. Emilio C. Yap III | 276,713,097 |
| Dr. Johnny C. Yap | 276,729,308 |
| Ms. Corazon M. Tiongco | 277,013,097 |

The following is the Agenda for the annual stockholders' meeting on October 21, 2022:

1. Call to Order
2. Proof of Notice and Quorum
3. Approval of the Minutes of Annual Stockholders' Meeting on October 22, 2021
4. Chairman's Address
5. Approval of the Annual Report of the Board of Directors
6. Ratification of all acts, resolutions, and transactions of the Board of Directors and the management for the fiscal year 2021 - 2022
7. Ratification/approval of the continuous engagement of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors.
8. Election of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

Item 17. Amendment of Charter, Bylaws or Other Documents

There are no specific acts of the Board of Directors and Management for ratification by the stockholders.

Item 19. Voting Procedures

a. The vote required for approval or election

Sec. 24 of the Corporation Code provides that at all elections of directors, there must be present, either in person or by representative authorized to act by written proxy, the owners of majority of the outstanding capital stock. Candidates receiving the highest number of votes shall be declared elected.

Article I, Section 3 of the By-laws provides that in case of election of directors, every stockholder entitled to vote shall have the right to cumulate his shares, and give one candidate as many votes as the number of directors to be elected, multiplied by the number of his shares shall equal.

b. Online voting in Absencia

I. Participation by Remote Communication and Online Voting in Absentia

Given the current pandemic situation, stockholders may only participate in the 2022 CEU Annual Stockholders' Meeting ("Meeting") by remote communication. Voting shall be done electronically in absentia.

II. Online Registration

1. Stockholders who wish to participate in the Annual Stockholders' meeting by remote communication shall register through the banner announcement found in the University's Website, www.ceu.edu.ph
2. The registration period shall start from October 3, 2022 to the close of business hours on October 10, 2022. For any registration concerns, Stockholders may send an email to corporate@ceu.edu.ph
3. During the registration, the stockholder shall provide the following:
 - a. Individual Stockholders:
 - a.i. Name
 - a.ii. Active email address
 - a.iii. Active contact number
 - a.iv. Stock certificate number (just one in case of multiple certificates)
 - a.v. Scan (pdf or jpeg format) of a Valid Government Issued ID with signature and photograph. File size should not exceed 2MB.
 - a.vi. Recent Photograph of the Stockholder
 - b. For Stockholders with joint accounts:
 - b.i. A scanned copy of an authorization letter signed by all Stockholders named in the joint account, identifying who among them is authorized to cast the vote for the account. (pdf or jpeg format; file size should not exceed 2MB)
 - b.ii. In addition, the authorized stockholder must submit the requirements enumerated in No. 3 (a) above.
 - c. For Stockholders under Broker accounts
 - c.i. A broker's certification on the Stockholder's number of shareholdings. (pdf or jpeg format; file size should not exceed 2MB).
 - c.ii. Active email address

- c.iii. Active contact number
 - c.iv. Scan (pdf or jpeg format) of a Valid Government Issued ID with signature and photograph. File size should not exceed 2MB.
 - c.v. Recent Photograph of the Stockholder.
- d. For corporate Stockholders
 - d.i. A Secretary's Certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG or PDF format. File size should not exceed 2MB).
 - d.ii. Active email address of the representative
 - d.iii. Active contact number of the representative
 - d.iv. Scan (pdf or jpeg format) of a Valid Government Issued ID of the representative with signature and photograph. File size should not exceed 2MB.
 - d.v. Recent Photograph of the Representative
- e. For Stockholders to be represented by a proxy -
 - e.i. In addition to the above requirements for the Stockholder, the same requirement shall be submitted by the Proxy together with a scanned copy of the Proxy Form duly signed by the Stockholder (in JPG or PDF format. File size should not exceed 2MB). The Proxy Form may be downloaded from www.ceu.edu.ph
- 4. The collected information and documents will be validated and verified by Philippine Stock Transfer Inc., the Stock and Transfer Agent of CEU.
- 5. Incomplete or inconsistent information may result in an unsuccessful registration. Stockholders who are not able to register successfully will not be given access to participate in the Meeting by remote communication.
- 6. Only those Stockholders who have successfully registered to participate in the Meeting by remote communication, or participates through proxy, will be included in determining the existence of a quorum.
- 7. Once verification is successful, a confirmation email shall be sent to the registered email address. The confirmation email shall contain details necessary to participate in the meeting via remote communication, as well as the acknowledgement of votes cast.

III. Online Voting in Absentia

1. After filling out the required fields and uploading the required documents, Stockholders may cast their votes.
2. For the following items, the Stockholder may choose from the following options: **For**, **Against**, or **Abstain**. The vote is considered cast for all the registered Stockholder's shares:
 - Approval of the Minutes of the October 22, 2021 Annual Stockholders' Meeting;
 - Approval of the Annual Report of the Board of Directors;
 - Ratification of all acts, resolutions, and transactions of the Board of Directors and the management for the fiscal year 2021-2022;
 - Continuous engagement of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors;
 - Appointment of SGV & Co. as External Auditor

3. For the Election of Directors, the registered Stockholder may either (a) vote for all nominees, (b) not vote for any of the nominees, or (c) vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Candidates receiving the highest number of votes shall be declared elected.
4. Votes cast will be validated and verified by Philippine Stock Transfer Inc., the Stock and Transfer Agent of CEU. Unsuccessful registration will result in invalid votes.

IV. Participation by Remote Communication in the October 21, 2022 Meeting and Election of Directors

1. Only those Stockholders who have successfully registered to participate in the Meeting by remote communication, or participates through proxy, will be included in determining the existence of a quorum.
2. A stockholder may send his/her questions and/or comments about the items in the Agenda prior to or during the Meeting to corporate@ceu.edu.ph. The Chairman will endeavor to reply to all questions received but should, for any reason, a question is not addressed, the Office of the Corporate Secretary will reply to the same by email.

In compliance with the requirements of the Securities and Exchange Commission, a recording of the proceedings of the Annual Meeting will be secured. Stockholders may send their queries about the Meeting to corporate@ceu.edu.ph

For any clarifications, please contact the Office of the Corporate Secretary through corporate@ceu.edu.ph

**PART III
SIGNATURE PAGE**

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 hereunto duly authorized.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila on September 27, 2022.

CENTRO ESCOLAR UNIVERSITY

By:


SERGIO F. APOSTOL
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANGEL C. ALCALA**, Filipino, of legal age and a resident of Silliman Park, Dumaguete City, Negros Oriental, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Centro Escolar University, and I have been its Independent Director since 2007.
2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|--|---------------------------|--------------------|
| Silliman University-Angelo King Center for Research & Environmental Management | Chairman | 2010 |
| Silliman University | Professor Emeritus | Since 2007 |
| CAP College, Makati | President | Since 2010 |
| Silliman University | Member, Board of Trustees | 2010 up to present |
| PATH Foundation Philippines | Chairman | 2013 up to present |
| National Network of Quality Assurance Agencies, Inc. | Chairman | 2014-2020 |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Centro Escolar University, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related any director/officer/substantial shareholder of Centro Escolar University and its subsidiaries and affiliates other than the relationship provider under rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.
7. I shall inform the Corporate Secretary of Centro Escolar University of any changes in the above-mentioned information with five days from its occurrence.

Done, this **SEP 27 2022** day of _____, at Manila.



ANGEL C. ALCALA
Affiant

SUBSCRIBED AND WORN to before me this **SEP 27 2022** day of _____ at Manila,
affiant personally appeared before me and exhibited to me his Philippine Passport No. EC3866446
issued at DFA, Manila on April 7, 2015.

Doc. No. 330
Page No. 46
Book No. 42111
Series of 2022.

ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777
PTR No. 0143629 Issued on Jan. 3, 2022 until Dec. 31, 2022 Manila
IBP Lifetime No. 014599 Issued on Feb. 2, 2016
Commission No. 2020-021 Issued on Jan. 31, 2020 Until Dec. 31, 2021 Manila
MCLE No. VII-0001549 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: G/F YMCA Building, 350 Antonio Villegas Street, Ermita, Manila
And Extended Until December 31, 2022 as Per B.M. No. 3795

CERTIFICATION OF INDEPENDENT DIRECTOR

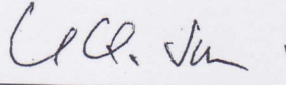
I, **EMIL Q. JAVIER**, Filipino, of legal age and a resident of 9941 Mt. Makiling St., Los Baños Subd. College, Los Baños, Laguna, after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Centro Escolar University, and I have been its Independent Director since 2008.
2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|---|-----------------------|-------------------|
| National Academy of Science and Technology Phils. | Academician | 1982 to date |
| Asia Rice Foundation, Inc. | Trustee | 1999 to date |
| Biotech Coalition of the Phils. | Head Advisor | 2004 to date |
| International Service for the Acquisition of Agri-Biotech Applications (South East Asia Center) | Board Member | 2000 to date |
| Nutrition Center of the Phils. | Chairman | 2017 to date |
| Centro Escolar University Hospital | Independent Director | 2008 to date |
| Del Monte Pacific Ltd. | Independent Director | 2007 to date |
| Japan International Cooperation Agency (JICA)-Philippines | Member, Advisory Com. | 2011 to date |
| Coalition for Agricultural Modernization in the Phils. (CAMP) | Chairman | 2015 to date |
| Centro Escolar Las Piñas, Inc. | Independent Director | April, 2016 |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Centro Escolar University, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related any director/officer/substantial shareholder of Centro Escolar University and its subsidiaries and affiliates other than the relationship provider under rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.
7. I shall inform the Corporate Secretary of Centro Escolar University of any changes in the above-mentioned information with five days from its occurrence.


Done, this _____ day of _____, at Manila.



EMIL Q. JAVIER

SUBSCRIBED AND WORN to before me this SEP 27 2022 day _____ at Manila, affiant personally appeared before me and exhibited to me his Philippine Passport No. P4047095A issued at DFA, Manila on August 15, 2017.

Doc. No. 330
Page No. 54
Book No. LXCVIII
Series of 2022.


ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777
PTR No. 0153629 Issued on Jan. 3, 2022 until Dec. 31, 2022 Manila
IBP Lifetime No. 014500 Issued on Feb. 2, 2016
Commission No. 2020-021 Issued on Jan. 31, 2020 Until Dec. 31, 2021 Manila
MCLE No. VI-0001648 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: G/F YMCA Building, 350 Antonio Villegas Street, Ermita, Manila
And Extended Until December 31, 2022 as Per B.M. No. 3795

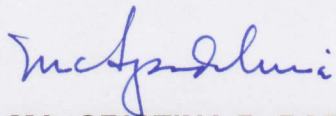
CERTIFICATION

I, **SERGIO F. APOSTOL**, Corporate Secretary of Centro Escolar University (CEU), a corporation duly registered under Philippine laws, with address at 9 Mendiola Street, San Miguel, Manila certify that none of the Directors and Officers of the University work in government or any government agency.

September 13, 2022, Manila.


SERGIO F. APOSTOL
Corporate Secretary

ATTESTED BY:


DR. MA. CRISTINA D. PADOLINA
President and Vice Chairman

SUBSCRIBED AND SWORN to before me this SEP 15 2022 day of _____ at the City of Manila, affiant exhibiting to me his Philippine Passport No. EC7889755 issued on February 6, 2016 at Manila.

Doc. No. 77
Page No. 16
Book No. LYAIII
Series of 2022.


ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777
PTR No. 0153620 Issued on Jan. 3, 2022 until Dec. 31, 2022 Manila
BEP Lifetime No. 011590 Issued on Feb. 2, 2016
Commission No. 2020-025 Issued on Jan. 31, 2020 Until Dec. 31, 2021 Manila
MCLE No. VII-0001646 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: G/F YMCA Building, 350 Antonio Villegas Street, Ermita, Manila
And Extended Until December 31, 2022 as Per B.M. No. 3795

COVER SHEET

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|
| P | W | 0 | 0 | 0 | 0 | 1 | 0 | 9 | 3 | |
|---|---|---|---|---|---|---|---|---|---|--|

S.E.C. Registration Number

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|
| C | E | N | T | R | O | | E | S | C | O | L | A | R | | U | N | I | V | E | R | S | I | T | Y | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

(Company's Full Name)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|
| 9 | | M | E | N | D | I | O | L | A | | S | T | . | | S | A | N | | M | I | G | U | E | L | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| M | A | N | I | L | A | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Contact Person

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|--|---|---|--|---|---|
| 8 | 7 | 3 | 5 | 6 | 8 | 6 | 1 | | t | o | | 7 | 1 |
|---|---|---|---|---|---|---|---|--|---|---|--|---|---|

| | |
|---|---|
| 0 | 5 |
|---|---|

Month

| | |
|---|---|
| 3 | 1 |
|---|---|

Day

Fiscal Year

| | | | | |
|---|---|---|---|--|
| 1 | 7 | - | C | |
|---|---|---|---|--|

FORM TYPE

| | |
|---|---|
| 1 | 0 |
|---|---|

Month

| |
|------------------------|
| 4 th Friday |
|------------------------|

Day

Annual Meeting

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Secondary License Type, If Applicable

| | | |
|--|--|--|
| | | |
|--|--|--|

Dept. Requiring this Doc.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Amended Articles Number/Section

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Total No. of Stockholders

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Domestic

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. August 26, 2022

Date of Report (Date of earliest event reported)

2. SEC Identification Number 1093

3. BIR Tax Identification No. 240-000-531-126

4. CENTRO ESCOLAR UNIVERSITY

Exact name of issuer as specified in its charter

5. PHILIPPINES

Province, city or other jurisdiction of
incorporation

6. (SEC Use Only)

Industry Classification Code:

7. No. 9 Mendiola St., San Miguel, Manila

Address of principal office

1005

Postal Code

8. (02) 8735-6861 to 71

Issuer's telephone number, including area code

9. N/A

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Common

372,414,400

11. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events.

Based on the nominations, screening and evaluation by the Nomination Committee during its meeting on August 26, 2022, the nominees for Independent Directors are:

(1) Dr. Angel C. Alcala, 93 years old, Filipino, is an independent director. He is currently a member of the University's Audit Committee. He graduated from Silliman University with a degree in B.S. Biology (*magna cum laude*), and obtained his M.A. Biological Sciences and Ph.D., Biological Sciences from the Stanford University. He received a Doctor of Humanities (*Honoris Causa*) degree from Xavier University. He is Academician and National Scientist, He is a member of the National Academy of Science and Technology, He was formerly the President, Silliman University; Deputy Executive Director, Philippine Council for Aquatic and Marine Research and Development, Department of Science and Technology (DOST); Secretary, Department of Environment and Natural Resources (DENR); and Chairman, Commission on Higher Education (CHED). He is presently the Chairman of the Silliman University-Angelo King Center for Research and Environmental Management (SUAKCREM), PATH Foundation Philippines, National Network of Quality Assurance Agencies, Inc., Professor Emeritus, Silliman University, Member, Board of Trustees, Silliman University and President of Cap College, Makati.

Dr. Alcala was nominated by Cristeta Sumiran, Cirila Agno, Pearly Lim, Bernadita Traje, and all stockholders of record. All of said stockholders have no relationship with Dr. Alcala.

(2) Dr. Emil Q. Javier, 81 years old, Filipino, is an independent director. He is currently the Chairman of the University's Audit Committee and a member of the Nomination Committee. He graduated from the University of the Philippines, Los Baños with a degree of B.S. Agriculture (*cum laude*). He also holds a degree of M.S. Agronomy from the University of Illinois and Ph.D. in Plant Breeding from Cornell University. He is Chairman of the Coalition for Agricultural Modernization in the Philippines, a trustee of the Asia Rice Foundation, Head Advisor of the Biotech Coalition of the Philippines; Member, National Academy of Science and Technology (Phil.). He is likewise a Board Member of the International Service for the Acquisition of Agri-Biotechnology Applications (South East Asia Center), and Nutrition Center of the Philippines. He is also a Director of Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas and Independent Director of Del Monte Pacific Ltd. and Member, Advisory Committee of Japan International Cooperation Agency (JICA) Philippines.

Dr. Javier was recommended as a nominee for Independent Director by Cecilia Uncad, Lolita Balboa, Adelma Obciana, and all stockholders of record. All of said stockholders have no relationship with Dr. Javier.

The nomination of Dr. Javier and Dr. Alcala, will be submitted for approval of the shareholders during the Annual Stockholders' Meeting for the following meritorious reasons:

- a. The prevailing conditions where CEU is currently implementing its continuity plan requires the guidance of Dr. Javier and Dr. Alcala who are already familiar with the peculiar circumstances of the University.
- b. The personal qualifications of both Dr. Javier and Dr. Alcala, as well as their experience in the field of education is crucial for the survival of the university during these trying times where schools are still feeling the lingering effects of the K-12 program, the free tertiary education act, and the COVID 19 Pandemic.
- c. As shown by the nominations submitted as of 26 August 2022, no suitable replacement can be had at this time.


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 hereunto duly authorized.

CENTRO ESCOLAR UNIVERSITY

Issuer

By:

A handwritten signature in dark ink, consisting of a stylized 'S' and 'A' with a long horizontal stroke extending to the right.

SERGIO F. APOSTOL

Corporate Secretary

COVER SHEET

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|
| P | W | 0 | 0 | 0 | 0 | 1 | 0 | 9 | 3 | |
|---|---|---|---|---|---|---|---|---|---|--|

S.E.C. Registration Number

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|
| C | E | N | T | R | O | | E | S | C | O | L | A | R | | U | N | I | V | E | R | S | I | T | Y | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

(Company's Full Name)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|
| 9 | | M | E | N | D | I | O | L | A | | S | T | . | | S | A | N | | M | I | G | U | E | L | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| M | A | N | I | L | A | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Contact Person

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|--|---|---|--|---|---|
| 8 | 7 | 3 | 5 | 6 | 8 | 6 | 1 | | t | o | | 7 | 1 |
|---|---|---|---|---|---|---|---|--|---|---|--|---|---|

| | |
|---|---|
| 0 | 5 |
|---|---|

Month

| | |
|---|---|
| 3 | 1 |
|---|---|

Day

Fiscal Year

| | | | | |
|---|---|---|---|--|
| 1 | 7 | - | C | |
|---|---|---|---|--|

FORM TYPE

| | |
|---|---|
| 1 | 0 |
|---|---|

Month

| |
|------------------------|
| 4 th Friday |
|------------------------|

Day

Annual Meeting

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Secondary License Type, If Applicable

| | | |
|--|--|--|
| | | |
|--|--|--|

Dept. Requiring this Doc.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Amended Articles Number/Section

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Total No. of Stockholders

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Domestic

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. August 26, 2022

Date of Report (Date of earliest event reported)

2. SEC Identification Number 1093

3. BIR Tax Identification No. 240-000-531-126

4. CENTRO ESCOLAR UNIVERSITY

Exact name of issuer as specified in its charter

5. PHILIPPINES

Province, city or other jurisdiction of
incorporation

6. (SEC Use Only)

Industry Classification Code:

7. No. 9 Mendiola St., San Miguel, Manila

Address of principal office

1005

Postal Code

8. (02) 8735-6861 to 71

Issuer's telephone number, including area code

9. N/A

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Common

372,414,400

11. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events.

Based on the screening and evaluation by the Nomination Committee per the Corporation's Code of Corporate Governance during its meeting on August 26, 2022, the nominees for Board of Directors are:

(1) BASILIO C. YAP, 72 years old, Filipino, was elected Board member and Chairman of the Board of Directors of the University on April 25, 2014. In 1972, he graduated from De La Salle University with the degree of Bachelor of Science in Commerce major in Accounting, (*cum laude*). He is a Certified Public Accountant. In 1978, he earned his masters degree in Business Management from Asian Institute of Management. He is also the Chairman, President and Director of U.S. Automotive Co. Inc., USAUTOCO Inc., Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises, Vice Chairman of Philtrust Bank, Chairman and Director of Manila Hotel Corporation, Chairman of the Board of Manila Bulletin Publishing Corporation. He is also the Chairman of Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas, Inc.

(2) MA. CRISTINA D. PADOLINA, 76 years old, Filipino, is the President, Vice Chairman and Chief Academic Officer of the University. She was elected as a member of the Board of Directors and President of the University on August 18, 2006, and as Vice Chairman on July 25, 2008. She graduated from the University of the Philippines with the degree of Bachelor of Science in Chemical Engineering. She also holds a degree of Master of Science (Chemistry) from the Ateneo de Manila University and the degree of Doctor of Philosophy (Inorganic Chemistry) from the University of Texas at Austin. On secondment from her post as Professor of Chemistry at UP Los Baños, she served as Chancellor of the Open University from 1995 to 2001 and as Commissioner of the Commission on Higher Education from 2001 to 2005. She is Professor Emeritus of the University of the Philippines, Los Baños. She is also a Director of Centro Escolar University Hospital, Inc., Centro Escolar Integrated School and Vice-Chairman and President of Centro Escolar Las Piñas, Inc.

(3) BENJAMIN C. YAP, 76 years old, Filipino, was elected as a member of the Board of Directors on July 22, 2014. He graduated from University of the East with a degree of Bachelor of Science in Business Administration. He is currently the President and Chairman of the Board of Benjamin Favored Son, Inc., Chairman of the House of Refuge, Director of USAUTOCO, Inc. and Director of Manila Hotel Corporation. He is also a Director of Centro Escolar University Hospital, Inc.

(4) ALEJANDRO C. DIZON, 62 years old, Filipino, was elected as a member of the Board of Directors on August 31, 2007. Dr. Dizon graduated from the UERMMMC College of Medicine and passed the Philippine Medical Licensure Examination in 1986. He finished his residency in General Surgery at St. Luke's Medical Center and passed his Specialty Board Examination in General Surgery to become a Diplomate of the Philippine Board of Surgery, Inc. in 1992. He took his postgraduate fellowship training as a G.B. Ong Surgical Scholar at the Queen Mary Hospital, University of Hong Kong. He is a fellow and President of the Philippine College of Surgeons, a Fellow of the American College of Surgeons, Charter Fellow of the Philippine Society of General

Surgeons Inc., and Examiner and member of the Board of Directors and Governors of the Philippine Board of Surgery Inc. He is currently the Vice President for Quality and Patient Safety and Chief Quality Officer and an Active Consultant in the Institute of Surgery of St. Luke's Medical Center Quezon City & Global City. He holds an Assistant Professor position in the faculty of UERMMMC College of Medicine.

(5) EMILIO C. YAP III, 51 years old, Filipino, was elected as a member of the Board of Directors on September 1, 2009. He graduated from De La Salle University with the degree of Bachelor of Science in Accountancy. He was conferred with the degree of Doctor of Philosophy in Journalism, *honoris causa* by Angeles University Foundation on March 1, 2009, and Doctor of Business Administration, *honoris causa* by the Pamantasan ng Lungsod ng Maynila on April 16, 2010. He is currently the Chairman of the Board of Manila Prime Holdings, Inc., Director and Vice Chairman of the Board of Manila Bulletin Publishing Corporation, and Director of Manila Hotel, Philtrust Bank and US Automotive Co., Inc.

(6) CORAZON M. TIONGCO, 73 years old, Filipino, has been a member of the University's Board of Directors since 2000. She has been the Assistant Treasurer since August 12, 2005. She obtained her Bachelor of Arts degree from the College of the Holy Spirit. She is currently a member of the Nomination Committee, Head of the Purchasing Committee and the Purchasing Department. She is also a Director of Centro Escolar University Hospital, Inc.

(7) JOHNNY C. YAP, 50 years old, Filipino, was elected as a member of the Board of Directors on October 26, 2007. He graduated from De La Salle University with the degree of Bachelor of Science in Management of Financial Institutions. He was conferred with the degree of Doctor of Philosophy in Humanities, *honoris causa* by Foundation University on March 21, 2010. He is presently the Vice Chairman and Treasurer of Euromed Laboratories, Philippines, Inc., Chairman of the Board of Café France Corporation, Board member of Philtrust Bank, and Director of Centro Escolar Las Piñas, Inc.

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 hereunto duly authorized.

CENTRO ESCOLAR UNIVERSITY

Issuer

By:

A handwritten signature in dark ink, consisting of a stylized 'S' and 'A' with a long horizontal stroke extending to the right.

SERGIO F. APOSTOL

Corporate Secretary

CENTRO ESCOLAR UNIVERSITY

(Company's Full Name)

**9 Mendiola Street
San Miguel, Manila**

(Company's Address)

8735-6861 to 71

(Telephone Numbers)

MANAGEMENT REPORT TO STOCKHOLDERS

**For the fiscal year ended May 31, 2021
in accordance with SRC Rule 20.4**

**MANAGEMENT REPORT TO STOCKHOLDERS
UNDER SRC RULE 20.4**

Item 1. Financial Statements

The audited consolidated financial statements are hereto attached.

Item 2. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

There was no change in, nor disagreement with External Accountants on accounting and financial disclosures.

Item 3. Management's Discussion and Analysis (MD&A) or Plan of Operation

Management 's Discussion and Analysis or Plan of Operation

Financial Performance (2021-2022; 2020-2021; 2019-2020)

Tuition and Other School Fees increased by 14.13% from the previous year's (March 2021) ₱1,129,208,087 to this year's ₱1,288,803,119 as compared to March 2020 decrease of 7.97% to ₱1,314,456,816 from ₱1,428,330,595 in 2019. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are comprised of fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services fees, library fees and development fees. Income from Other School Services comprised of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues pertaining to rental income amounted to ₱4,815,310. Interest income were reported at ₱3,102,887 in 2022, ₱3,565,698 in March 2021 and ₱4,717,701 in 2020. No material Other Income was reported as of May 31, 2022, thus a decrease to ₱322.060 as of May 31, 2022 from ₱27,758,181 in March 2021.

The total revenues from contracts with customers increased to ₱1,301,696,641 from ₱1,139,959,168 in March 2021 and from ₱1,351,672,511 in 2020 while the Operating Expenses were reported at ₱1,180,482,250 in 2022 and ₱1,010,437,130 in 2021 and ₱1,304,580,130 in 2020.

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

Net income of the University as of May 31, 2022 decreased to ₱119,052,481 from ₱155,256,227 as of March 31, 2021 with the deferral of revenues and recognition of contract liabilities this fiscal year 2022, and increased from ₱66,934,583 in 2020.

The extension of classes due to a health break implemented by the city government had an effect on the net income reported for Fiscal Year 2022 with the deferred tuition fees and contract liabilities which will be recognized as revenue in June 2022 (fiscal year ending May 31, 2023).

Financial Condition (2021-2022; 2020-2021; 2019-2020)

The University reported a healthy cash position as of May 31, 2022. Cash and cash equivalents were at ₱561,585,710 as compared to last year's balance of ₱480,047,725 and March 31, 2021 balance of ₱510,858,969. Tuition and other receivables were at ₱286,584,422 as compared with ₱227,090,993 last year and ₱344,984,005 on March 31, 2020. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱18,573,805. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱91,055,623..

The current assets of the University as of fiscal year ended May 31, 2022 were ₱957,799,560 as compared to ₱791,452,479 for May 31, 2021 and ₱930,952,678 for March 31, 2021 and ₱743,573,521 for March 31, 2020..

Property and Equipment were reported at ₱5,721,282,796 from ₱4,916,351,509 in 2021 and ₱4,999,659,087 on March 31, 2020.

Total non-current assets were at ₱5,937,044,909 and Total Assets were at ₱6,894,844,469 at the end of the fiscal year.

Accounts payable and other current liabilities increased to ₱530,611,109 from ₱439,335,804 for May 31, 2021 and ₱544,991,642 on March 31, 2021 from ₱572,226,528 on March 31, 2020. Deferred revenues were reported this year at ₱33,101,671. Dividends payable were at ₱116,979,801 compared to ₱108,618,157 last year and ₱109,015,657 on March 31, 2021. and ₱105,755,874 in 2020. Total current liabilities were at ₱695,805,729 at fiscal year end.

Total noncurrent liabilities as of May 31, 2022 increased to ₱809,411,783 from last year's ₱789,706,206 and ₱800,104,280 on March 31, 2021 and ₱791,861,056 in 2020. Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱481,158,125.

Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for 2022 was at ₱147,451,415.. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of May 31, 2022, retirement liability was at ₱169,901,006.

The University's stockholder's equity stood at ₱5,389,626,957 as of May 2022 compared to ₱4,591,312,610 as of May 2021.

Change in Academic Year and Financial Reporting Period

The University implemented a change in the academic year (i.e from June ending March to August ending May of each year). This started in August 2019 and was reported under the fiscal year ended March 31, 2020. This change in the academic year had an effect on the net income reported for Fiscal Year 2020 due to the non-inclusion of April and May 2020 realized tuition and other fees, as well as related expenses, which were reported under Fiscal Year 2021.

The University also implemented the approved change in its financial reporting period from April ending March to June ending May of each year because of the change in its academic year.

Last 19 November 2020, the Securities and Exchange Commission approved the amended By-Laws of the University. The amended By-Laws provided for the following changes:

1. Change in fiscal year from 01 April - 31 March of the following year to 01 June - 31 May of the following year;
2. Change in the date of the Annual Stockholders' Meeting from every fourth Tuesday of July to every fourth Friday of October.

Because of the change in fiscal year, CEU was audited twice for fiscal year 2020-2021, in order to include the interim period which consist of 01 April 2021 to 31 May 2021.

Financial Performance (Interim period April 1 to May 31, 2021)

Tuition and Other School Fees were reported at ₱200,231,715 for the two-month period ended May 31, 2021 as compared to the total ₱1,129,208,087 for the year ended March 2021 and ₱1,314,456,816 for the year ended March 2020. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are comprised of fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services fees, library fees and development fees. Income from Other School Services consisted of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues reported in May 2021 pertain to rental income amounted to ₱592,733. Other revenues such as rental income and donation income amounting to ₱2,301,090 in March 2021 and ₱35,019,895 in March 2020 were reported separately in the financial statements. Interest income were reported at ₱552,858 in May 2021 and ₱3,565,698 for the year ended March 2021, and ₱4,717,701 in March 2020.

The total revenues from contracts with customers amounted ₱201,011,389 while the Operating Expenses were reported at ₱160,956,700 for the interim period ended May 31, 2021.

Net income of the University was ₱41,529,541 for the interim period ended May 31, 2021 and ₱155,256,227 for the year ended March 31, 2021 and ₱66,934,583 in 2020

Financial Condition (May 31, 2021 and March 31, 2021)

The University's Cash and cash equivalents were at ₱480,047,725 as compared to the balance of ₱510,858,969 in March 2021 and ₱349,589,928 in March 2020. Tuition and other receivables were at ₱227,090,993 as compared to ₱344,984,005 in March 2021 and ₱322,195,587 in 2020.. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱14,446,174. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱69,867,587.

The current assets of the University as of May 31, 2021 were ₱791,452,479 compared to ₱930,952,678 as of fiscal year ended March 31, 2021 and ₱743,573,521 for March 31, 2020.

Property and Equipment were reported at ₱4,916,351,509 from ₱4,924,380,695 in March 2021 and ₱4,999,659,087 in 2020.

Total non-current assets were at ₱5,151,796,971 and Total Assets were at ₱5,943,249,450 at the end of May 31, 2021.

Accounts payable and other current liabilities decreased to ₱439,335,804 from ₱544,991,642 in March 2021 and from ₱572,226,528 in 2020. No Deferred revenues were reported in May 2021 because the academic year was already completed. Dividends payable were at ₱108,618,157 compared to ₱109,015,657 in March 2021 and ₱105,755,874 in 2020. Total current liabilities were at ₱562,230,634 at the end of the interim period.

Total noncurrent liabilities as of May 31, 2021 decreased to ₱789,706,206 from ₱800,104,280 in March 2021 and ₱791,861,056 in 2020... Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱394,229,305.

. Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for May 2021 was at ₱162,564,562. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of May 2021, retirement liability was at ₱219,492,741.

The University's stockholder's equity stood at ₱4,591,312,610 as of May 31, 2021 compared to ₱4,537,989,892 as of March 2021 and ₱4,434,328,320 as of March 2020.

Key Performance Indicators

| Key | 2022 | Interim | 2021 | 2020 | Manner of Computation | Significance |
|------------------------|--------|-------------|-------------|------------|--|--|
| Revenue Growth | 14.13% | - 82.27% | - 14.09% | - 7.97% | Difference between current and last year's tuition and other school fees divided by last year's revenues | Measures Revenue growth |
| Return on Revenue | 9% | 21% | 14% | 5% | Net income divided by Tuition and other school fees | Shows how much profit is derived from every pesos of tuition and other school fees |
| Dividend Pay-out Ratio | 125% | - | - | 111 % | Dividends divided by net income | Indicates how earnings support dividend payment |
| Return on Equity | 2% | 1% | 3% | 2% | Net profit divided by average total stockholders' equity | Measures extent of profit earned |
| Return on Assets | 2% | 1% | 3% | 1% | Net profit divided by average total assets | Measures use of assets to generate income |

Liquidity

The University relies on internally generated cash to fund its working capital needs, capital expenditures and cash dividends. It can satisfy the cash requirements and has no plan to raise additional funds.

Cash flows provided by operating activities were at ₱267,078,425 for fiscal year ended May 31, 2022 as compared to cash flows provided by operating activities at ₱203,130,323 for fiscal year ended March 31, 2021 and ₱242,709,073 in 2020..

Cash used in investing activities was ₱17,865,723 during the fiscal year ended May 31, 2022 as compared to cash used in investing activities of ₱16,690,042 during the fiscal year ended March 31, 2021 and ₱107,441,764 in 2020..

Cash used in financing activities was at ₱168,354,116 during the fiscal year. This was primarily used for the payment of dividends. Cash used for financing activities was ₱24,715,217 for the fiscal year ended March 31, 2021 and ₱98,803,640 for 2020.

Segment Reporting

The University operates in four geographical segments – Mendiola, Malolos, Makati-Gil Puyat and Makati-Legaspi campus. The financial information on the operations of these segments are disclosed in terms of segment assets, segment property and equipment (net), segment liabilities, segment revenues, operating expenses and net income/loss.

The segment report is included in the financial statements under Note 20..

Known Trends

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Education Institutions (HEIs) intending to increase their tuition and other fees. Notable among them follows:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff xxx.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
 2. Equipment
 3. Libraries
 4. Laboratories
 5. Gymnasium and similar facilities and
 6. Payment of other costs of operations.
- “Only 10% is left for return on investment.”

Education Trends

For school years 2019, 2018-2019 and 2017-2018, the University registered downward trends in enrollment due to the K-12 program of the government. This downward trend was exacerbated in the school year 2019-2020 due to the free tuition program of the government, which caused a lot of potential enrollees to enroll in State Universities and Colleges instead. For the school year 2020-2021, there was a notable decrease in enrollment. After a survey conducted by the University, the decrease was due to the COVID 19 pandemic. For the school year 2021-2022, there was an increase in enrollment from the previous year.

Key Variable and Other Qualitative and Quantitative Factors

Currently, there are no known trends, events, or uncertainties that have a material impact on the University's liquidity.

The Registrant does not know of any event that will trigger any direct or contingent financial obligation that may be material to the company, including default or acceleration of an obligation.

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

As the University is slowly going back to its onsite operations as a result of the easing of COVID Restrictions and resumption of face to face classes, CEU will continue with its facilities improvement.

All income is derived from the normal course of operations and through interest income on money market placements. There are no significant elements of income or loss.

Material changes from FY 2021 to FY 2022 include an increase of 14.38% in total revenues which resulted from the increase in tuition and other school fees and miscellaneous fees of 14.13% and 19.93% respectively. During these fiscal years, rebates were applied to certain miscellaneous fees due to online classes in this period of pandemic. For costs and expenses, there was an increase of 19.39% in cost of services resulting from increased cost of manpower, light and water, office supplies, library, laboratory and expenses for co-curricular activities. General and administrative expenses posted a decrease of 0.72% due to decreases in the janitorial and security services, provision for credit losses, clinical expenses and program expenses. On other income and expenses, 12.98% decrease in interest income was reported due to lower placements and lower interest rates. Interest expense was reported this fiscal year at 11.55 million arising from lease liability due to the adoption of PFRS 16 on April 1, 2019. There was an increase of 248.98% in foreign currency exchange losses reported as foreign currency exchange gain this fiscal year because of foreign currency placements and exchange rates. The loss on retirement/disposal assets was at 95.03% favorable movement due to the value of condemned furniture and equipment. These material changes resulted in a decrease of 23.32% in net income after tax. Another factor to a lower income this fiscal year is the deferral of revenues for the month of June 2022 due to extension of the school year when health break was implemented by the city government.

New Accounting Standards

The University presented its consolidated financial statements to comply with accounting principles generally accepted in the Philippines (Philippine GAAP) as set forth in Philippine Financial Reporting Standards (PFRS). New and revised accounting standards, consisting of Philippine Accounting Standards (PAS) and PFRS became effective for financial reporting purposes.

The consolidated financial statements include the financial statements of the University, Centro Escolar University Hospital, Inc. (the Hospital), a wholly owned subsidiary, Centro Escolar Las Pinas (CELPI) and Centro Escolar Integrated School (CE-IS) (collectively referred to as the Group).

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

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 the 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 and disclosures adopted are consistent with those of the previous financial year (April 1, 2021 to May 31, 2021). There are no new accounting standards and disclosures effective as at June 1, 2021 to May 31, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

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

Information on Independent Accountant

Audit Fees and Related Fees

The appointment of Sycip, Gorres, Velayo and Co. (SGV) as external auditor of the University for the fiscal year ending May 31, 2022 was approved by the stockholders during the annual meeting on October 22, 2021.

In compliance with Securities Regulation Code (SRC) Rule 68, Ms. Djole S. Garcia was designated as partner in-charge from FY 2018 to FY 2022 while Ms. Josephine Adrienne A. Abarca and Mr. Christian Lauron were designated as partner in-charge in FY 2016 to FY 2017 and FY 2014 to FY 2015 respectively.

In 2022 and 2021, the University paid ₱1,087,000 and ₱1,048,100 respectively, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's annual financial statements, as well as assistance in the preparation of the annual income tax returns.

In May 2021, the University paid ₱366,560, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's two-month period ended May 31, 2021 interim financial statements, as well as assistance in the preparation of the annual income tax returns.

There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the University financial statements.

Tax Fees

There are no other services provided by the external auditor, other than the services reported, during the relevant period.

Other Fees

There are no other services provided by the external auditor, other than the services reported, during the relevant period.

Audit Committee Pre-approval Policy

CEU's Audit Committee is composed of the Chairman, Dr. Emil Q. Javier, (independent director) and members, Dr. Angel C. Alcala (independent director), Dr. Alejandro C. Dizon and Committee Secretary Atty. Sergio F. Apostol.

The Audit Committee is required to pre-approve all audit and non-audit services rendered and approve the engagement fees and other compensation to be paid to the external auditor.

The Audit Committee found the services and fees for external audit reasonable and approved the same following a conference with the external auditors and the University's financial officers to clarify the scope, extent and details of the audit.

Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

There was no change in nor disagreement with External Accountants on accounting and financial disclosures.

Item 4. Description and General Nature and Scope of the Business

Centro Escolar University, an institution of higher learning established in 1907 by Librada Avelino and Carmen de Luna, is committed to the furtherance of its founders' philosophy *Ciencia y Virtud* (knowledge and virtue), and aims to cultivate the mind, the spirit, and the body for service to God, country and the family.

In pursuit of this goal, it seeks to educate students:

1. to develop wholesome values and attitudes;
2. to be proficient in their chosen vocations; and
3. to be involved in the promotion of progressive nationalism within the context of one world.

CEU, a stock corporation, was first incorporated in 1932 to exist for 50 years, or until 1982. On March 31, 1982 the corporate life was extended for another 12 years to last until 1994. On March 31, 1994, the Articles of Incorporation was amended extending the life of CEU for another 50 years.

There was no bankruptcy, receivership or similar proceeding that happened to the corporation.

A stock split was approved by SEC on March 31, 2000, effectively reducing the par value from ₱100 to ₱1 per share. PSE correspondingly adjusted the par value on August 3, 2000.

School Year 2021-2022

Student Enrolment

The enrollment for school year 2021-2022 of the three campuses for first semester is 16,143 and 15,211 for the second semester. Compared to school year 2020-2021, there was an increase of 24.29% for the first semester and 21.99% for the second semester. The total number of enrolled new students (first year and transferees) increased by 24.26%. The school year 2021-2022 is composed of the second batch of graduates of K to 12 Curriculum.

Foreign Student Enrolment

Foreign student enrollment for SY 2021-2022 was 166 for the first semester and 156 for the second semester. Compared to last school year, there was a decrease of 1.19% for the first semester and 1.27% for the second semester. Majority of the foreign students are enrolled in the Dentistry program.

Accreditation and Recognition

The sustainability or survival of higher education institutions (HEIs) depends on their ability to compete locally and globally through quality programs and to be efficient and effective through quality systems.

CEU's adherence to its quality objectives and principles, as well as its compliance to statutory and regulatory requirements, urges the academic community to seek opportunities for continuous improvement.

In CEU Manila, BS Computer Science and BS Information Technology received their Level 2 accreditation certificate from the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) on March 2022. Likewise, PACUCOA granted Dental Medicine and Information Technology of CEU Makati Level 2 accreditation on October 2021.

The Federation of Accrediting Agencies of the Philippines (FAAP) granted the Level 4 1st reaccreditation to Business Administration, Liberal Arts, and Psychology programs of CEU Malolos on July 2021. On the other hand, Level 3 accreditation status was given to Tourism Management, Hotel and Restaurant Management, Dental Medicine, Pharmacy, and Nursing programs on December 2021. Elementary Education was granted Level 2 accreditation on December 2021.

Four programs of the CEU Manila underwent AUN-QA Programme Assessment (Online/Remote Site Visit) on November 8-12, 2021. They were Doctor of Dental Medicine, Bachelor of Science in Biology, Bachelor of Science in International Tourism and Travel Management, and Bachelor of Science in Pharmacy. On the other hand, BS International Hospitality Management, BS Business Administration, BA Communication Media, and BS Medical Technology of the three campuses underwent online/remote visit on April 25-29, 2022.

The AUN-QA assessment at programme level covers 11 criteria: expected learning outcomes, programme specification, programme structure and content, teaching and learning approach, student assessment, academic staff quality, support staff quality, student quality and support, facilities and infrastructure, quality enhancement and output. Each criterion is assessed based on a 7-point scale. Based on the overall assessment results, all the eight (8) programs fulfilled the AUN-QA requirements and that overall the quality assurance implemented for the programs is “Adequate as Expected”.

The Institutional Sustainability Assessment (ISA) by the Commission on Higher Education (CHED) is another quality assurance process that the University underwent in order to assess the university’s sustainability in 5 key results areas namely governance and management, quality of teaching and learning, quality of professional exposure, research and creative work/innovation, support for students, and relations with the community.

The ISA Team validated the ISA SED of the University from November 13-15, 2019 through triangulation. The team analyzed documents exhibited/shared by the institution, conducted focus group discussions with the different stakeholders of the university, interviewed key informants, and visited the facilities and extension/outreach community sites.

The ISA Narrative Report was reviewed and validated by the Technical Working Group on Institutional Sustainability Assessment.

The result of the ISA was released on June 2021 where the University received a score of 3 in almost all the performance indicators except in Creative Work and/or Innovation and in Student Services.

A table that summarizes the Accredited Programs of CEU in all its three (3) campuses, i.e. Manila, Makati and Malolos, is found in page 8 of the Annual Report.

International Linkages

The School of Dentistry renewed their membership to the South East Asia Association for Dental Education (SEAADE). This is an association of dental schools in SEA and Asia Pacific Region and has 68 member schools. The School of Dentistry was also accepted as a member of the Association for Dental Education, Asia Pacific (ADEAP), an association of dental schools in Asia Pacific Region with 22 member schools.

The School of Pharmacy has an exchange program with the Department of Pharmacy of Stikes Buleleng Singaraja. Furthermore, the School has joint research projects in the field of pharmaceutical sciences, exchange of students, and visiting scholars and instructors with the Faculty of Pharmacy of Universitas Airlanngga. The School of Pharmacy also has a linkage with the Wayne State University in terms of their PharmD program.

The School of Nursing established linkages with several higher educational institutions abroad. The school has research collaborations with the Stikes Buleleng Bali Indonesia and Stikes Baiturrahim in Jambi Indonesia. They have another collaboration with the Wijaya Institute of Health in Indonesia as well as an active collaboration in terms of academics, research and community extension with the Budi Luhur Institute for Health Sciences, Polytechnic of Health Denpasar, Polytechnic of Health Jakarta, and Polytechnic of Health Palangkaraya.

Quality Assurance

Various programs for the continuous improvement of quality process and policies of the university were conducted through online platform during this time of pandemic.

The University continuously used the Helpdesk System to address the online queries of its customers/clients. Customer Feedback Form (CFF) was made available online and is incorporated in the Helpdesk system (HD System). The Planning and Monitoring Department prepares a monthly summary report on the CFF validated queries/feedback and action and submits it to the Quality Management Representative (QMR) and to the CEU community.

The Year End Management Review and Revisit of the Strategic Plan was held on August 12, 2021. Part of the activity was a survey on the current internal and external environmental changes and recommendation.

On the other hand, the Midyear Management Review and Strategic Planning was conducted on February 4, 2022. In preparation for these activities, a periodic monitoring of the activities and the performance indicators indicated in the Annual Operations Plan was conducted.

The Strengths, Weaknesses, Opportunities and Threats (SWOT), Stakeholders Needs, Risk Assessment and the Communication Plan were reviewed and updated.

To help and guide the data and document custodian in their online filing, electronic file management meeting and orientation were conducted in September 2021.

In preparation with the remote IQA visit which was conducted on September 20 to October 4, 2021, series of orientation-reorientation of the Internal Quality Auditors were conducted and were held online via zoom on September 8 and 10, 2021. The activity aimed to hone the audit skills of the internal quality auditors. The highlight of the orientation/re-orientation was a writing workshop on how to prepare/update the audit checklist of the work unit assigned to the auditors.

In preparation of the ISO surveillance audit, a remote mock audit was conducted on April 20-22, 2022. The actual virtual ISO surveillance audit was held on May18-20, 2022. As a result of the surveillance audit, the SGS auditors recommended for the continuation of the certification of ISO 9001:2015 up to the re certification in May 2023.

To recognize the quality service and exemplary efforts of both teaching and non-teaching personnel, Centro Escolar University held its online annual Quality Awards Day last November 20, 2021. The event, chaired by Mr. Jericho P. Orlina, gave recognition to the deserving members of the University from the three campuses, Manila, Makati, and Malolos with the following awards: The Teacher of the Year, Non-Teaching of the Year (Non-Supervisory and Supervisory Category), Research of the Year, Best Internal Quality Audit (IQA) Sub-Team, Best Quality Circle, and best CEU STARS entrants.

Faculty Achievements

Completing the 15-member roster of the Supreme Court of the Philippines, former Court Administrator Jose Midas P. Marquez was appointed as the 192nd Associate Justice, replacing retired Justice Edgardo Delos Santos. Marquez is one of the first faculty

members of the CEU Law when it was established in 2009. He has since taught law subjects such as Legal Profession, Legal Writing, and Court Administration. Admitted as a member of the Philippine Bar in 1994, he obtained his Economics degree in 1987 and Juris Doctor degree in 1993, both from the Ateneo de Manila University. Justice Marquez took his oath before Chief Justice Alexander G. Gesmundo on November 16, 2021.

The dean of the School of Dentistry, Dr. Pearly Lim, is elected as councilor of the IADR-SEA. Other teachers from the school with elective positions in various organizations are the following: Dr. Joann Joven, Dr. Katrine Grace Genil, and Dr. Nancy Garcia are elected president, secretary, and board of director respectively of the Philippine Prosthodontic Society; while Dr. Marian Almyra Naranjilla is the secretary of the Association of Philippine Orthodontists. Dr. Joann Joven received the Presidential Recognition for Leadership and Service from the Philippine Dental Association.

Dr. Erna V. Yabut, VP for Research and Evaluation and Dr. Julieta Dungca, dean of the School of Science and Technology are the elected president and secretary of the Philippine Society for Educational Research and Evaluation (PSERE), Inc. Dr. Dorothea Dela Cruz, head of the Psychology Department is the Central Luzon Chapter secretary of the Psychological Association of the Philippines. Dr. Maricar Ching, the Asst. Dean of the Graduate School is the secretary of the National Research Council of the Philippines, Division III; board member of PCHRD Scholars' Society; and treasurer of Biology Teachers Association (BIOTA) Philippines. Mr. Adrian Segovia, a faculty member from the Psychology Department is the 5th place in the Psychometrician Board Examination.

From the School of Accountancy and Management, the dean, Dr. Rosemarie So is re-elected as the treasurer of the Philippine Association of Collegiate Schools of Business (PACSB) while Dr. Dennis Sandoval, a faculty member received CISI Level 2 Award in Fundamentals of Financial Services.

The dean of the School of Pharmacy, Dr. Cecilia Santiago, is the auditor of the PACOP while Dr. Claire Palma is the elected asst. secretary of the Young Pharmacists Group (YPG) Iloilo Chapter.

Student Achievements

Another set of Centro Escolar University students qualified in the 2021 Collaborative Online International Learning (COIL) Joint Program of the University Mobility in Asia (UMAP) and the Institute for Global Education of Kansai University from August 2 to September 20, 2021. They were joined by other eligible participants from different countries in the 7-week online program where they learned about the Sustainable Development Goals (SDGs) adopted by the United Nations. The course explored the concept of global citizenship and what actions can lead to the development of global human resources. The students were able to participate in the project-based works, group presentations, and lectures from experts around the world.

The documentary entry of a sophomore Communication and Media student made it as finalist in the 43rd Catholic Mass Media Awards (CMMA) Best TV Production category. The 13-minute documentary titled, "Dalawampu't Walong Baitang" was created, directed and produced by Kyla herself with the assistance of Alvin Dela Cruz from Pamantasan ng Lungsod ng Maynila. The production of this masterpiece took them 15 days. The

documentary film was initially just a course requirement in Journalism Principles and Practices. Seeing the potential of the film, the head of the CEU Communication and Media encouraged the student to submit it as an entry to the 43rd CMMA.

Students from the School of Accountancy and Management won in regional wide contests: first place in the NFJPIA 7th Literary and Arts Festival – Poem Writing, and passer in the NFJPIA NCR Council – NCR Production Circles Boot Camp Writers' Circle. The AM-based organization JPIA won as the Most Creative Graphic Design for Odyssey: The Beginning of Wondrous Journey.

Dentistry students reign in research competition as they won first place in the E-Poster Presentations and Competition for their research entitled "Socio-behavioral Research: Dental Practitioners' Perception of Teledentistry during the 113th PDA Annual and Scientific Sessions held in May 16-20, 2022. Another group of Dentistry students participated in the SEAADE Student Community Engagement Competition during the 32nd Annual Scientific Meeting of SEAADE in December 4-5, 2021 held in Indonesia.

Pharmacy students ruled in the OLFU and YPG Patient Counselling Event 2022 as they emerged Champion in the Patient Counselling 2022. A Pharmacy student was on the top 5 of the International Student Academic Olympiad in March 30, 2022. Students from the school was elected National Secretary and PRO of the Federation of Junior Chapters of the Philippine Pharmacists Association (FJCPPhA).

One of the students of the School of Nursing was a finalist in the 1st AUAP Student Academic Olympiad, Student Exchange Delegate of the International Virtual Student Exchange, Stikes Budi Luhur Cimahi. Several Nursing students became student exchange delegates of the International Virtual Student Exchange, Stikes Budi Luhur Cimahi.

Psychology students were assigned as the Training and Development Committee and Corporate Social Responsibility Committee of the Junior People Management Association of the Philippines (JPMAP)

An Optometry student is the Steward for Membership Relations (Chapter) by the Filipino Chinese Catholic Youth (FCCY)

In spite of the COVID 19 pandemic, CEU has been competing and winning in sports-related events. The basketball, volleyball and the hip-hop CEU team won as 2nd place, 1st place and 2nd place respectively in the WNCAA E-competition. The women's volleyball team won 3rd place while the men's basketball team won 4th place in the CHED organized competition.

Performance in Licensure Examinations

CEU continues to reign in the board examination.

A Dentistry graduate in CEU Manila topped the May 2022 Dentist Licensure Examination while another graduate placed 4th in January 2022.

Optometry ruled in the Optometry Board Examination as they got 5 of the 10 places: 1st, 3rd, 6th, 9th, and 10th.

Results of the board examination of the following programs are higher than the national passing percentage:

- Medical Technology in CEU Manila (January 2022 and March 2022)
- Dentistry in CEU Makati (January 2022 and May 2022)
- Dentistry in CEU Malolos (May 2022)
- Nursing in CEU Makati and Manila (November 2021 and May 2022)
- Optometry (December 2021)
- Pharmacy in CEU Makati (November 2021)
- Pharmacy in CEU Malolos and Makati (April 2022)

No one took the Licensure Examination for Teachers for Elementary and Secondary for School year 2021-2022.

Item 5. Directors and Executive Officers

Please refer to pages 6 to 11 of the Definitive Information Statement submitted to the Securities and Exchange Commission.

Item 6. Market Price and Dividends

The University's common equity is traded at the Philippine Stock Exchange. Following are the high and low prices for each quarter within the last two (2) fiscal years:

| | | High | Low |
|-----------------------------------|---|--------|--------|
| Fiscal Year Ended 2021 | | | |
| April 1, 2020 – June 30, 2020 | First Quarter | ₱ 6.74 | ₱ 5.51 |
| July 1, 2020 – September 30, 2020 | Second Quarter | 6.60 | 6.30 |
| October, 2020 – December 31, 2020 | Third Quarter | 7.00 | 6.49 |
| January 1, 2020 – March 31, 2021 | Fourth Quarter | 7.96 | 6.50 |
| April 1, 2021 – May 31, 2021 | Interim Period (change in fiscal year) | 7.33 | 6.49 |
| Fiscal Year Ended 2022 | | | |
| June 1, 2021 – August 31, 2021 | First Quarter | ₱ 7.58 | ₱ 6.49 |
| Sept. 1, 2021 – Nov. 30, 2021 | Second Quarter | 7.09 | 6.49 |
| Dec. 1, 2021 – February 28, 2022 | Third Quarter | 6.98 | 6.49 |
| March 1, 2022 – March 31, 2022 | Fourth Quarter | 6.87 | 6.51 |

The closing price per share of the University's common shares as of August 31, 2022 (last traded August 16 2022), the latest obtainable data as of the preparation of this report, was ₱6.62

Holders

As of August 31, 2022, the latest obtainable data as of the filing of this report, there are 1,013 common shareholders. The name of the top twenty (20) shareholders and the

number of shares and the percentage of total shares outstanding held by each are as follows:

| Stockholder | Number of Common Shares Held | Percentage of Total Shares (%) |
|--|------------------------------|--------------------------------|
| 1. USAUTOCO, Inc. | 126,620,891 | 34.0000 |
| 2. PCD Nominee Corp. – Filipino/Others | 88,520,366 | 23.7693 |
| 3. U.S. Automotive Co., Inc. | 55,963,803 | 15.0273 |
| 4. Southville Commercial Corporation | 29,686,293 | 7.9713 |
| 5. Jose M. Tiongco | 13,439,614 | 3.6088 |
| 6. Corazon M. Tiongco | 10,115,904 | 2.7163 |
| 7. Erlinda T. Galeon | 9,252,982 | 2.4846 |
| 8. Generosa T. Cabrera | 9,190,225 | 2.4677 |
| 9. Natalia De Vera | 9,186,138 | 2.4666 |
| 10. Security Bank Corporation TA# 1090 | 8,072,299 | 2.1676 |
| 11. Alvin Anton C. Ong | 1,344,308 | 0.3610 |
| 12. Maria Concepcion I. Donato | 994,465 | 0.2670 |
| 13. Emma de Santos Oboza | 758,190 | 0.2036 |
| 14. Alicia de Santos Villarama | 758,190 | 0.2036 |
| 15. Estate of Trinidad V. Javellana | 713,666 | 0.1916 |
| 16. Manuel M. Paredes | 650,107 | 0.1746 |
| 17. Amado R. Reyes | 650,107 | 0.1746 |
| 18. Ma. Alexa J. Intengan | 634,621 | 0.1704 |
| 19. Leland &/or Melita Villadolid | 560,523 | 0.1505 |
| 20. Angelo A.S. Suntay | 453,186 | 0.1217 |

There are no transactions that relate to an acquisition, business combination or other reorganization which will affect the amount and percentage of shareholdings of any of the University's directors, officers (as a group) or any person owning more than 5% of the University's outstanding capital stock.

Dividends

Dividends declared for the two most recent fiscal years, i.e., Fiscal Year ended March 31, 2020 and Fiscal Year ended March 31, 2021, are as follows:

Fiscal Year Ended March 31, 2020

(April 1, 2019– March 31, 2020)

No dividend declaration.

Fiscal Year Ended May 31, 2021

April 01, 2020 - May 30, 2021)

Cash dividend amounting to .40 per share was paid on 22 September 2021 to Stockholders of record as of 27 August 2021.

Dividends shall be declared only from retained earnings.

There are no restrictions that limit the ability to declare dividends on common equity.
are no restrictions that limit the ability to declare dividends on common equity.

Recent Sale of Unregistered or Exempt Securities

The University did not sell any unregistered or exempt securities in the past three (3) years.

Item 7. Compliance on Corporate Governance

The University has complied with the provisions of its Manual on Corporate Governance. Continuous monitoring is being done by the Compliance Officer, Audit Committee, President and Chief Financial Officer and Internal Auditor to assure compliance.

On November 6, 2021 the Board of Directors and identified key officers of CEU attended a seminar on Corporate Government conducted by the Institute of Corporate Directors.

CEU adheres to governance principles and best practices to attain its objectives. A system has been established to monitor and evaluate the performance of the University and its Management and CEU is committed. The University is committed to consistently abide by and ensure improved compliance with the requirements of good corporate governance.

CEU is not aware of any acts of its Directors, top management, middle managers, employees of any acts of omission that may be considered as a deviation from the company's Code of Corporate Governance.

Committed to continuous improvement, CEU undertakes to regularly review its existing policies and practices and update the same when warranted.

UNDERTAKING

A copy of the University's annual report in "SEC Form 17-A (2022)", may be provided to any stockholder upon written request addressed to:

**Office of the Corporate Secretary
Centro Escolar University
9 Mendiola Street
San Miguel, Manila**

At the discretion of Management, a charge may be made for exhibits, provided such charge is limited to reasonable expenses incurred by the registrant in furnishing such copies.

COVER SHEET

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|
| P | W | 0 | 0 | 0 | 0 | 1 | 0 | 9 | 3 | |
|---|---|---|---|---|---|---|---|---|---|--|

S.E.C. Registration Number

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|
| C | E | N | T | R | O | | E | S | C | O | L | A | R | | U | N | I | V | E | R | S | I | T | Y | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

(Company's Full Name)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|--|
| 9 | | M | E | N | D | I | O | L | A | | S | T | . | | S | A | N | | M | I | G | U | E | L | | | | | |
|---|--|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| M | A | N | I | L | A | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Contact Person

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

873568-61 to 71

Contact Number

| | |
|---|---|
| 0 | 5 |
|---|---|

Month

| | |
|---|---|
| 3 | 1 |
|---|---|

Day

Fiscal Year

| | | | | |
|---|---|---|---|--|
| 1 | 7 | - | A | |
|---|---|---|---|--|

FORM TYPE

Annual Report

| | |
|---|---|
| 1 | 0 |
|---|---|

Month

| |
|------------------------|
| 4 th Friday |
|------------------------|

Day

Annual Meeting

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Secondary License Type, If Applicable

| | | |
|--|--|--|
| | | |
|--|--|--|

Dept. Requiring this Doc.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Amended Articles Number/Section

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Total No. of Stockholders

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Domestic

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

LCU

CASHIER

CENTRO ESCOLAR UNIVERSITY
Company's Full Name

9 Mendiola Street
San Miguel, Manila
Company's Address

8735-68-61 to 71
Telephone Number

May 31, 2022
Fiscal Year Ending
(Month & Day)

SEC FORM 17 – A
Form Type

May 31, 2022
Period Ended Date

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE

- | | |
|--|---------------------------------------|
| 1. For the fiscal year ended | May 31, 2022 |
| 2. SEC Identification Number | 1093 |
| 3. BIR Tax Identification No. | 000-531-126-000 |
| 4. Exact name of issuer as specified in its charter | CENTRO ESCOLAR UNIVERSITY |
| 5. Province, Country or other jurisdiction of incorporation or organization | Philippines |
| 6. Industry Classification Code | (SEC Use Only) |
| 7. Address of Principal Office | 9 Mendiola Street, San Miguel, Manila |
| Postal Code | 1005 |
| 8. Issuer's telephone number, including area code | (02) 8735-68-61 |
| 9. Former name, former address and fiscal year, if changed since last report | N/A |
| 10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA | |

| Title of Each Class Outstanding | Number of Shares of Common Stock and Amount of Debt Outstanding |
|---------------------------------|---|
| Common Stock | 372,414,400 |

11. Are any or all these securities listed on a stock exchange?

Yes ☒ No ☐

If yes, state the name of such stock exchange and classes of securities listed therein:
Philippine Stock Exchange

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of 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 twelve (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 ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and ask prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Number of non-affiliate shares as of August 31, 2022 372,414,400

Closing price per share as of August 31, 2022 (last traded August 16, 2022)
₱ 6.62

Market value as of August 31, 2022 ₱2,465,383,328
(price/share x 372,414,400)

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Description of Business

Centro Escolar University (CEU), an institution of higher learning established in 1907 by Librada Avelino and Carmen de Luna, is committed to the furtherance of its founders' philosophy, Ciencia y Virtud (knowledge and virtue), and aims to cultivate the mind, the spirit, and the body for service to God, country and the family. It has ranked among the top ten institutions of higher education in the Philippines.

In pursuit of this philosophy, it seeks to educate students:

1. To develop wholesome values and attitudes;
2. To become intellectually, technologically, and globally proficient in their chosen professions; and
3. To be involved in the promotion of nationalism.

CEU, a stock corporation, was first incorporated in 1932 to exist for 50 years, or until 1982. On March 31, 1982 the corporate life was extended for another 12 years to last until 1994. On March 31, 1994, the Articles of Incorporation was amended extending the life of CEU for another 50 years.

There was no bankruptcy, receivership or similar proceeding that happened to the corporation.

Stock split was approved by the SEC on March 31, 2000, effectively reducing the par value from ₱100 to ₱1 per share. PSE correspondingly adjusted the par value on August 3, 2000.

School Year 2021-2022

Student Enrolment

The enrollment for school year 2021-2022 of the three campuses for first semester is 16,143 and 15,211 for the second semester. Compared to school year 2020-2021, there was an increase of 24.29% for the first semester and 21.99% for the second semester. The total number of enrolled new students (first year and transferees) increased by 24.26%. The school year 2021-2022 is composed of the second batch of graduates of K to 12 Curriculum.

Foreign Student Enrolment

Foreign student enrollment for SY 2021-2022 was 166 for the first semester and 156 for the second semester. Compared to last school year, there was a decrease of 1.19% for the first semester and 1.27% for the second semester. Majority of the foreign students are enrolled in the Dentistry program.

Accreditation and Recognition

The sustainability or survival of higher education institutions (HEIs) depends on their ability to compete locally and globally through quality programs and to be efficient and effective through quality systems.

CEU's adherence to its quality objectives and principles, as well as its compliance to statutory and regulatory requirements, urges the academic community to seek opportunities for continuous improvement.

In CEU Manila, BS Computer Science and BS Information Technology received their Level 2 accreditation certificate from the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) on March 2022. Likewise, PACUCOA granted Dental Medicine and Information Technology of CEU Makati Level 2 accreditation on October 2021.

The Federation of Accrediting Agencies of the Philippines (FAAP) granted the Level 4 1st reaccreditation to Business Administration, Liberal Arts, and Psychology programs of CEU Malolos on July 2021. On the other hand, Level 3 accreditation status was given to Tourism Management, Hotel and Restaurant Management, Dental Medicine, Pharmacy, and Nursing programs on December 2021. Elementary Education was granted Level 2 accreditation on December 2021.

Four programs of the CEU Manila underwent AUN-QA Programme Assessment (Online/Remote Site Visit) on November 8-12, 2021. They were Doctor of Dental Medicine, Bachelor of Science in Biology, Bachelor of Science in International Tourism and

Travel Management, and Bachelor of Science in Pharmacy. On the other hand, BS International Hospitality Management, BS Business Administration, BA Communication Media, and BS Medical Technology of the three campuses underwent online/remote visit on April 25-29, 2022.

The AUN-QA assessment at programme level covers 11 criteria: expected learning outcomes, programme specification, programme structure and content, teaching and learning approach, student assessment, academic staff quality, support staff quality, student quality and support, facilities and infrastructure, quality enhancement and output. Each criterion is assessed based on a 7-point scale. Based on the overall assessment results, all the eight (8) programs fulfilled the AUN-QA requirements and that overall the quality assurance implemented for the programs is “Adequate as Expected”.

The Institutional Sustainability Assessment (ISA) by the Commission on Higher Education (CHED) is another quality assurance process that the University underwent in order to assess the university’s sustainability in 5 key results areas namely governance and management, quality of teaching and learning, quality of professional exposure, research and creative work/innovation, support for students, and relations with the community.

The ISA Team validated the ISA SED of the University from November 13-15, 2019 through triangulation. The team analyzed documents exhibited/shared by the institution, conducted focus group discussions with the different stakeholders of the university, interviewed key informants, and visited the facilities and extension/outreach community sites.

The ISA Narrative Report was reviewed and validated by the Technical Working Group on Institutional Sustainability Assessment.

The result of the ISA was released on June 2021 where the University received a score of 3 in almost all the performance indicators except in Creative Work and/or Innovation and in Student Services.

The following table summarizes the Accredited Programs of CEU in all its three (3) campuses, i.e. Manila, Makati and Malolos:

| Accredited Programs | College/School | Accreditation Level | Period Covered | Accrediting Agency |
|---------------------|----------------|---------------------|---------------------|--------------------|
| CEU-Manila | | | | |
| B.S. Biology | | Level 4 2nd RA | July 2019-July 2024 | PACUCOA |
| B.S. Psychology | | Level 4 2nd RA | July 2019-July 2024 | |

| | | | | |
|----------------------------------|----------------|-----------------------|------------|---------|
| B.S. Pharmacy | Level 4 1st RA | April 2022 | 2017-April | |
| B.S. Business Administration | Level 4 1st RA | Oct. 2022 | 2017-Oct. | |
| B.S. Nutrition and Dietetics | Level 4 1st RA | Jan. 2023 | 2018-Jan. | |
| Doctor of Dental Medicine | Level 4 1st RA | Jan. 2023 | 2018-Jan. | |
| Liberal Arts | Level 4 1st RA | Sept. 2023 | 2018-Sept. | |
| Bachelor of Secondary Education | Level 4 1st RA | Sept. 2023 | 2018-Sept. | |
| Bachelor of Elementary Education | Level 4 1st RA | Sept. 2023 | 2018-Sept. | |
| B.S. Medical Technology | Level 4 1st RA | March 2019-March 2024 | | |
| Doctor of Optometry | Level 3 | Aug. 2023 | 2018-Aug. | |
| B.S. Social Work | Level 3 | May 2021 | 2016-May | PAASCU |
| B.S. Nursing | Level 3 | May 2021 | 2016-May | |
| B.S. Hotel and Restaurant | Level 2 | July 2019-July | | PACUCOA |

| | | |
|-----------------------------|---------|-----------------------|
| Management | | 2024 |
| B.S. Tourism Management | Level 2 | July 2019-July 2024 |
| B.S. Information Technology | Level 2 | March 2022-March 2027 |
| BS Computer Science | Level 2 | March 2022-March 2027 |
| B.S. Computer Engineering | Level 1 | March 2018-March 2021 |
| B.S. Accountancy | Level 1 | Oct. 2016-Oct. 2019 |

| | | |
|--------------------------------------|---------|-----------------------|
| GRADUATE SCHOOL | | |
| Master of Arts | Level 4 | March 2019-March 2024 |
| Master of Business Administration | Level 4 | March 2019-March 2024 |
| Master of Science | Level 4 | March 2019-March 2024 |
| Ph.D. in Higher Education Management | Level 1 | Feb. 2020-Feb. 2023 |

| | | | |
|--------------------------------------|-----------------------------|---------------------|---------|
| Ph.D. In Mathematics Education | Level 1 | Feb. 2020-Feb. 2023 | |
| Ph.D. in Pharmacy | Level 1 | Feb. 2020-Feb. 2023 | |
| Ph.D. in Southeast Asian Studies | Level 1 | Feb. 2020-Feb. 2023 | |
| Doctor of Public Administration | Level 1 | Feb. 2020-Feb. 2023 | |
| CEU-MALOLOS | | | |
| B.S. Business Administration | Level 4, 1 st RA | July 2021-July 2026 | PACUCOA |
| Liberal Arts Program | Level 4, 1 st RA | July 2021-July 2026 | |
| Science Program (B.S. Psychology) | Level 4, 1 st RA | July 2021-July 2026 | |
| Doctor of Dental Medicine | Level 3 | Dec. 2021-Dec. 2026 | |
| B.S. Tourism Management | Level 3 | Dec. 2021-Dec. 2026 | |
| B.S. Hotel and Restaurant Management | Level 3 | Dec. 2021-Dec. 2026 | |
| B.S. Pharmacy | Level 3 | Dec. 2021-Dec. 2026 | |

| | | | |
|---|------------|---------------------------|-------------|
| B.S. Nursing | Level 3 | Dec. 2021- Dec. 2026 | |
| B.S. Information Technology | Level 2 | Nov. 2019- Nov. 2024 | |
| Bachelor of Elementary Education | Level 2 | Dec. 2021- Dec. 2026 | |
| CEU-MAKATI | | | |
| B.S. Hotel and Restaurant Management | Level 2 | Aug. 2018- Aug. 2023 | PACUCO A |
| B.S. Tourism Management | Level 2 | Aug. 2018- Aug. 2023 | |
| B.S. Business Administration | Level 2 | Aug. 2018- Aug. 2023 | |
| B.S. Computer Science | Level 2 | March 2019- March 2024 | |
| B.S. Psychology | Level 2 | Nov. 2019- Nov. 2024 | |
| B.S. Medical Technology | Level 2 | Nov. 2019- Nov. 2024 | |
| B.S. Pharmacy | Level 2 | Nov. 2019- Nov. 2024 | |
| B.S. Nursing | Level 2 | Nov. 2019- Nov. 2024 | |

| | | | |
|-----------------------------|------------|------------------------|--|
| Doctor of Dental Medicine | Level 2 | Oct. 2021-Oct. 2026 | |
| B.S. Information Technology | Level 2 | Oct. 2021-Oct. 2026 | |

Quality Assurance

Various programs for the continuous improvement of quality process and policies of the university were conducted through online platform during this time of pandemic.

The University continuously used the Helpdesk System to address the online queries of its customers/clients. Customer Feedback Form (CFF) was made available online and is incorporated in the Helpdesk system (HD System). The Planning and Monitoring Department prepares a monthly summary report on the CFF validated queries/feedback and action and submits it to the Quality Management Representative (QMR) and to the CEU community.

The Year End Management Review and Revisit of the Strategic Plan was held on August 12, 2021. Part of the activity was a survey on the current internal and external environmental changes and recommendation.

On the other hand, the Midyear Management Review and Strategic Planning was conducted on February 4, 2022. In preparation for these activities, a periodic monitoring of the activities and the performance indicators indicated in the Annual Operations Plan was conducted.

The Strengths, Weaknesses, Opportunities and Threats (SWOT), Stakeholders Needs, Risk Assessment and the Communication Plan were reviewed and updated.

To help and guide the data and document custodian in their online filing, electronic file management meeting and orientation were conducted in September 2021.

In preparation with the remote IQA visit which was conducted on September 20 to October 4, 2021, series of orientation-reorientation of the Internal Quality Auditors were conducted and were held online via zoom on September 8 and 10, 2021. The activity aimed to hone the audit skills of the internal quality auditors. The highlight of the orientation/re-orientation was a writing workshop on how to prepare/update the audit checklist of the work unit assigned to the auditors.

In preparation of the ISO surveillance audit, a remote mock audit was conducted on April 20-22, 2022. The actual virtual ISO surveillance audit was held on May18-20, 2022. As a result of the surveillance audit, the SGS auditors recommended for the continuation of the certification of ISO 9001:2015 up to the re certification in May 2023.

To recognize the quality service and exemplary efforts of both teaching and non-teaching personnel, Centro Escolar University held its online annual Quality Awards Day last November 20, 2021. The event, chaired by Mr. Jericho P. Orlina, gave recognition to the deserving members of the University from the three campuses, Manila, Makati, and

Malolos with the following awards: The Teacher of the Year, Non-Teaching of the Year (Non-Supervisory and Supervisory Category), Research of the Year, Best Internal Quality Audit (IQA) Sub-Team, Best Quality Circle, and best CEU STARS entrants.

Faculty Achievements

Completing the 15-member roster of the Supreme Court of the Philippines, former Court Administrator Jose Midas P. Marquez was appointed as the 192nd Associate Justice, replacing retired Justice Edgardo Delos Santos. Marquez is one of the first faculty members of the CEU Law when it was established in 2009. He has since taught law subjects such as Legal Profession, Legal Writing, and Court Administration. Admitted as a member of the Philippine Bar in 1994, he obtained his Economics degree in 1987 and Juris Doctor degree in 1993, both from the Ateneo de Manila University. Justice Marquez took his oath before Chief Justice Alexander G. Gesmundo on November 16, 2021.

The dean of the School of Dentistry, Dr. Pearly Lim, is elected as councilor of the IADR-SEA. Other teachers from the school with elective positions in various organizations are the following: Dr. Joann Joven, Dr. Katrine Grace Genil, and Dr. Nancy Garcia are elected president, secretary, and board of director respectively of the Philippine Prosthodontic Society; while Dr. Marian Almyra Naranjilla is the secretary of the Association of Philippine Orthodontists. Dr. Joann Joven received the Presidential Recognition for Leadership and Service from the Philippine Dental Association.

Dr. Erna V. Yabut, VP for Research and Evaluation and Dr. Julieta Dungca, dean of the School of Science and Technology are the elected president and secretary of the Philippine Society for Educational Research and Evaluation (PSERE), Inc. Dr. Dorothea Dela Cruz, head of the Psychology Department is the Central Luzon Chapter secretary of the Psychological Association of the Philippines. Dr. Maricar Ching, the Asst. Dean of the Graduate School is the secretary of the National Research Council of the Philippines, Division III; board member of PCHRD Scholars' Society; and treasurer of Biology Teachers Association (BIOTA) Philippines. Mr. Adrian Segovia, a faculty member from the Psychology Department is the 5th place in the Psychometrician Board Examination.

From the School of Accountancy and Management, the dean, Dr. Rosemarie So is re-elected as the treasurer of the Philippine Association of Collegiate Schools of Business (PACSB) while Dr. Dennis Sandoval, a faculty member received CISI Level 2 Award in Fundamentals of Financial Services.

The dean of the School of Pharmacy, Dr. Cecilia Santiago, is the auditor of the PACOP while Dr. Claire Palma is the elected asst. secretary of the Young Pharmacists Group (YPG) Iloilo Chapter.

Student Achievements

Another set of Centro Escolar University students qualified in the 2021 Collaborative Online International Learning (COIL) Joint Program of the University Mobility in Asia (UMAP) and the Institute for Global Education of Kansai University from August 2 to September 20, 2021. They were joined by other eligible participants from different

countries in the 7-week online program where they learned about the Sustainable Development Goals (SDGs) adopted by the United Nations. The course explored the concept of global citizenship and what actions can lead to the development of global human resources. The students were able to participate in the project-based works, group presentations, and lectures from experts around the world.

The documentary entry of a sophomore Communication and Media student made it as finalist in the 43rd Catholic Mass Media Awards (CMMA) Best TV Production category. The 13-minute documentary titled, “Dalawampu’t Walong Baitang” was created, directed and produced by Kyla herself with the assistance of Alvin Dela Cruz from Pamantasan ng Lungsod ng Maynila. The production of this masterpiece took them 15 days. The documentary film was initially just a course requirement in Journalism Principles and Practices. Seeing the potential of the film, the head of the CEU Communication and Media encouraged the student to submit it as an entry to the 43rd CMMA.

Students from the School of Accountancy and Management won in regional wide contests: first place in the NFJPIA 7th Literary and Arts Festival – Poem Writing, and passer in the NFJPIA NCR Council – NCR Production Circles Boot Camp Writers’ Circle. The AM-based organization JPIA won as the Most Creative Graphic Design for Odyssey: The Beginning of Wondrous Journey.

Dentistry students reign in research competition as they won first place in the E-Poster Presentations and Competition for their research entitled “Socio-behavioral Research: Dental Practitioners’ Perception of Teledentistry during the 113th PDA Annual and Scientific Sessions held in May 16-20, 2022. Another group of Dentistry students participated in the SEAADE Student Community Engagement Competition during the 32nd Annual Scientific Meeting of SEAADE in December 4-5, 2021 held in Indonesia.

Pharmacy students ruled in the OLFU and YPG Patient Counseling Event 2022 as they emerged Champion in the Patient Counseling 2022. A Pharmacy student was on the top 5 of the International Student Academic Olympiad in March 30, 2022. Students from the school was elected National Secretary and PRO of the Federation of Junior Chapters of the Philippine Pharmacists Association (FJCPPhA).

One of the students of the School of Nursing was a finalist in the 1st AUAP Student Academic Olympiad, Student Exchange Delegate of the International Virtual Student Exchange, Stikes Budi Luhur Cimahi. Several Nursing students became student exchange delegates of the International Virtual Student Exchange, Stikes Budi Luhur Cimahi.

Psychology students were assigned as the Training and Development Committee and Corporate Social Responsibility Committee of the Junior People Management Association of the Philippines (JPMAP)

An Optometry student is the Steward for Membership Relations (Chapter) by the Filipino Chinese Catholic Youth (FCCY)

In spite of the COVID 19 pandemic, CEU has been competing and winning in sports-related events. The basketball, volleyball and the hip-hop CEU team won as 2nd place, 1st place and 2nd place respectively in the WNCAA E-competition. The women’s

volleyball team won 3rd place while the men's basketball team won 4th place in the CHED organized competition.

Performance in Licensure Examinations

CEU continues to reign in the board examination.

A Dentistry graduate in CEU Manila topped the May 2022 Dentist Licensure Examination while another graduate placed 4th in January 2022.

Optometry ruled in the Optometry Board Examination as they got 5 of the 10 places: 1st, 3rd, 6th, 9th, and 10th.

Results of the board examination of the following programs are higher than the national passing percentage:

- Medical Technology in CEU Manila (January 2022 and March 2022)
- Dentistry in CEU Makati (January 2022 and May 2022)
- Dentistry in CEU Malolos (May 2022)
- Nursing in CEU Makati and Manila (November 2021 and May 2022)
- Optometry (December 2021)
- Pharmacy in CEU Makati (November 2021)
- Pharmacy in CEU Malolos and Makati (April 2022)

No one took the Licensure Examination for Teachers for Elementary and Secondary for School year 2021-2022.

International Linkages

The School of Dentistry renewed their membership to the South East Asia Association for Dental Education (SEAADE). This is an association of dental schools in SEA and Asia Pacific Region and has 68 member schools. The School of Dentistry was also accepted as a member of the Association for Dental Education, Asia Pacific (ADEAP), an association of dental schools in Asia Pacific Region with 22 member schools.

The School of Pharmacy has an exchange program with the Department of Pharmacy of Stikes Buleleng Singaraja. Furthermore, the School has joint research projects in the field of pharmaceutical sciences, exchange of students, and visiting scholars and instructors with the Faculty of Pharmacy of Universitas Airlangga. The School of Pharmacy also has a linkage with the Wayne State University in terms of their PharmD program.

The School of Nursing established linkages with several higher educational institutions abroad. The school has research collaborations with the Stikes Buleleng Bali Indonesia and Stikes Baiturrahim in Jambi Indonesia. They have another collaboration with the Wijaya Institute of Health in Indonesia as well as an active collaboration in terms of academics, research and community extension with the Budi Luhur Institute for Health Sciences, Polytechnic of Health Denpasar, Polytechnic of Health Jakarta, and Polytechnic of Health Palangkaraya.

Contribution of Product Services to Revenues

| | 2019-2020 | 2020-2021 | 2021-2022 |
|--------------------------|--------------------|--------------------|--------------------|
| Liberal Arts | 5,658,007 | 4,673,444 | 5,926,557 |
| Science | 32,325,786 | 58,561,928 | 2,954,181 |
| ACS/AMT | 37,038,689 | 47,935,722 | 48,362,003 |
| Dentistry | 144,597,042 | 174,207,478 | 134,821,298 |
| Education | 958,613 | 726,278 | 1,098,601 |
| Medical Technology | 69,861,414 | 89,249,312 | 86,470,597 |
| Music | 1,978,682 | 1,078,734 | 1,375,676 |
| Nursing | 25,118,631 | 47,383,645 | 84,519,076 |
| Nutrition/HE/Tourism/HRM | 39,254,546 | 20,434,200 | 24,934,936 |
| Optometry | 30,679,390 | 29,246,645 | 56,801,892 |
| Pharmacy | 51,071,267 | 29,456,097 | 65,939,257 |
| Social Work | 1,780,521 | 1,937,953 | 2,131,953 |
| Graduate School | 13,124,663 | 25,485,666 | 18,580,870 |
| Law | 8,830,169 | 9,227,426 | 6,253,046 |
| Medicine | 23,197,725 | 25,181,565 | 21,234,384 |
| CEIS and CELP | 213,915,697 | 118,322,636 | 114,827,868 |
| TOTAL | 699,390,839 | 683,105,729 | 676,232,195 |

Tuition Fee Increase

There was no tuition increase from SY 2020-2021 to SY 2021-2022 in consideration of the COVID 19 Pandemic. In fact, there were some fees that were reduced because of the temporary cessation on on-campus classes.

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Educational Institutions (HEIs) intending to increase their tuition and other fees. The guidelines provide, among others:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff x x x.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
2. Equipment
3. Libraries
4. Laboratories
5. Gymnasium and similar facilities and
6. Payment of other cost of operations.

“Only 10% is left for return on investment.”

The University has consistently distributed 70% of the increase in tuition fees to its employees on a semestral basis. The 70% increase in tuition fees is distributed in the form of the benefit known as incremental proceeds, employee development programs, and other benefits.

The University regularly spends on capital expenditures to improve its facilities. These expenditures are sourced from internally-generated funds and generally exceed the allotted 20% of the tuition fee increase for the year.

Except for competition from other schools and universities, the rising cost of goods and materials and adverse economic situation which can affect operational costs and enrollment figures, there are no other major risks involved in the business of the University.

Item 2. Properties

CEU's main campus site, which houses 13 buildings, is located on a two-hectare prime real estate in Mendiola, Manila. Its campus in Malolos, Bulacan is located on a seven-hectare property along McArthur Highway.

The properties in Manila campus are covered by TCT Nos. 11919, 69761, 76251, 76252, 76253, 92437, 99602 and 171233. The Malolos property is covered by TCT No. T87162.

The University has no property that is subject to any mortgage, lien or encumbrance.

In connection with the establishment of CEU-Makati Campus, the University has been leasing the Philtrust Bank Building since 2004 for ₱2M fixed rental per month for 25 years plus a percentage of the annual income for its CEU-Makati, Gil Puyat Campus. As part of the University's expansion program for CEU-Makati Campus, the University purchased in 2006 the Seaboard Centre Condominium Project located at Esteban Street, Legaspi Village, Makati City. The University is currently working on the consolidation of these titles.

CEU complies with environmental laws. Its buildings are inspected regularly by the Manila, Malolos, and Makati LGU respectively for sanitation and other safety measures, and the University pays the corresponding regulatory fees.

Item 3. Legal Proceedings

CEU is not a party nor is any of the University's principal properties subject to any substantial legal proceeding that could be expected to have a material adverse effect on the results of its operations.

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

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer’s Common Equity and Related Stockholder Matters

Market Price of and Dividends on Registrant’s Common Equity and Related Stockholder Matters

Market Information

The University’s common equity is traded at the Philippine Stock Exchange. Following are the high and low prices for each quarter within the last two (2) fiscal years:

| | | High | Low |
|-----------------------------------|---|--------|--------|
| Fiscal Year Ended 2021 | | | |
| April 1, 2020 – June 30, 2020 | First Quarter | ₱ 6.74 | ₱ 5.51 |
| July 1, 2020 – September 30, 2020 | Second Quarter | 6.60 | 6.30 |
| October, 2020 – December 31, 2020 | Third Quarter | 7.00 | 6.49 |
| January 1, 2020 – March 31, 2021 | Fourth Quarter | 7.96 | 6.50 |
| April 1, 2021 – May 31, 2021 | Interim Period (change in fiscal year) | 7.33 | 6.49 |
| Fiscal Year Ended 2022 | | High | Low |
| June 1, 2021 – August 31, 2021 | First Quarter | ₱ 7.58 | ₱ 6.49 |
| Sept. 1, 2021 – Nov. 30, 2021 | Second Quarter | 7.09 | 6.49 |
| Dec. 1, 2021 – February 28, 2022 | Third Quarter | 6.98 | 6.49 |
| March 1, 2022 – March 31, 2022 | Fourth Quarter | 6.87 | 6.51 |

The closing price per share of the University’s common shares as of August 31, 2022 (last trade was August 16, 2022) was ₱6.62.

Holders

As of August 31 2022, the latest data obtainable as of the making of this report, there are 1,013 common shareholders. The name of the top twenty (20) shareholders and the number of shares and the percentage of total shares outstanding held by each are as follows:

| Stockholder | Number of Common Shares Held | Percentage of Total Shares (5) |
|--|------------------------------|--------------------------------|
| 1. USAUTOCO, Inc. | 126,620,891 | 34.0000 |
| 2. PCD Nominee Corp. – Filipino/Others | 60,841,849 | 16.3371 |
| 3. U.S. Automotive Co., Inc. | 55,963,803 | 15.0273 |
| 4. Southville Commercial Corporation | 29,686,293 | 7.9713 |
| 5. Jose M. Tiongco | 13,439,614 | 3.6088 |
| 6. Corazon M. Tiongco | 10,115,904 | 2.7163 |
| 7. Erlinda T. Galeon | 9,252,982 | 2.4846 |
| 8. Generosa T. Cabrera | 9,190,225 | 2.4677 |
| 9. Natalia Maria De Vera | 9,186,138 | 2.4666 |
| 10. Security Bank Corporation TA# 1090 | 8,072,299 | 2.1676 |
| 11. Alvin Anton C. Ong | 1,344,308 | 0.3610 |
| 12. Maria Concepcion I. Donato | 994,465 | 0.2670 |

| | | |
|-------------------------------------|---------|--------|
| 13. Emma de Santos Oboza | 758,190 | 0.2036 |
| 14. Alicia de Santos Villarama | 758,190 | 0.2036 |
| 15. Estate of Trinidad V. Javellana | 713,666 | 0.1916 |
| 16. Manuel M. Paredes | 650,107 | 0.1746 |
| 17. Amado R. Reyes | 650,107 | 0.1746 |
| 18. Ma. Alexa J. Intengan | 634,621 | 0.1704 |
| 19. Leland &/or Melita Villadolid | 560,523 | 0.1505 |
| 20. Angelo A.S. Suntay | 453,186 | 0.1217 |

There are no transactions that relate to an acquisition, business combination or other reorganization which will affect the amount and percentage of shareholdings of any of the University's directors, officers (as a group) or any person owning more than 5% of the University's outstanding capital stock

Dividends

Dividends declared for the two most recent fiscal years, i.e., Fiscal Year ended March 31, 2020 and Fiscal Year ended March 31, 2021, are as follows:

Fiscal Year Ended March 31, 2020

(April 1, 2019– March 31, 2020)

No dividend declaration.

Fiscal Year Ended May 31, 2021

April 01, 2020 - May 30, 2021)

Cash dividend amounting to .40 per share was paid on 22 September 2021 to Stockholders of record as of 27 August 2021.

Dividends shall be declared only from retained earnings.

There are no restrictions that limit the ability to declare dividends on common equity.

Recent Sales of Unregistered or Exempt Securities

The University did not sell any unregistered or exempt securities in the past three (3) years.

Item 6. Management 's Discussion and Analysis or Plan of Operation

Financial Performance (2021-2022; 2020-2021; 2019-2020)

Tuition and Other School Fees increased by 14.13% from the previous year's (March 2021) ₱1,129,208,087 to this year's ₱1,288,803,119 as compared to March 2020 decrease of 7.97% to ₱1,314,456,816 from ₱1,428,330,595 in 2019. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are comprised of fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services

fees, library fees and development fees. Income from Other School Services comprised of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues pertaining to rental income amounted to ₱4,815,310. Interest income were reported at ₱3,102,887 in 2022, ₱3,565,698 in March 2021 and ₱4,717,701 in 2020. No material Other Income was reported as of May 31, 2022, thus a decrease to ₱322,060 as of May 31, 2022 from ₱27,758,181 in March 2021.

The total revenues from contracts with customers increased to ₱1,301,696,641 from ₱1,139,959,168 in March 2021 and from ₱1,351,672,511 in 2020 while the Operating Expenses were reported at ₱1,180,482,250 in 2022 and ₱1,010,437,130 in 2021 and ₱1,304,580,130 in 2020.

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

Net income of the University as of May 31, 2022 decreased to ₱119,052,481 from ₱155,256,227 as of March 31, 2021 with the deferral of revenues and recognition of contract liabilities this fiscal year 2022, and increased from ₱66,934,583 in 2020.

The extension of classes due to a health break implemented by the city government had an effect on the net income reported for Fiscal Year 2022 with the deferred tuition fees and contract liabilities which will be recognized as revenue in June 2022 (fiscal year ending May 31, 2023).

Financial Condition (2021-2022; 2020-2021; 2019-2020)

The University reported a healthy cash position as of May 31, 2022. Cash and cash equivalents were at ₱561,585,710 as compared to last year's balance of ₱480,047,725 and March 31, 2021 balance of ₱510,858,969. Tuition and other receivables were at ₱286,584,422 as compared with ₱227,090,993 last year and ₱344,984,005 on March 31, 2020. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱18,573,805. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱91,055,623..

The current assets of the University as of fiscal year ended May 31, 2022 were ₱957,799,560 as compared to ₱791,452,479 for May 31, 2021 and ₱930,952,678 for March 31, 2021 and ₱743,573,521 for March 31, 2020..

Property and Equipment were reported at ₱5,721,282,796 from ₱4,916,351,509 in 2021 and ₱4,999,659,087 on March 31, 2020.

Total non-current assets were at ₱5,937,044,909 and Total Assets were at ₱6,894,844,469 at the end of the fiscal year.

Accounts payable and other current liabilities increased to ₱530,611,109 from ₱439,335,804 for May 31, 2021 and ₱544,991,642 on March 31, 2021 from ₱572,226,528 on March 31, 2020. Deferred revenues were reported this year at ₱33,101,671. Dividends payable were at ₱116,979,801 compared to ₱108,618,157 last year and ₱109,015,657 on March 31, 2021. and ₱105,755,874 in 2020. Total current liabilities were at ₱695,805,729 at fiscal year end.

Total noncurrent liabilities as of May 31, 2022 increased to ₱809,411,783 from last year's ₱789,706,206 and ₱800,104,280 on March 31, 2021 and ₱791,861,056 in 2020. Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱481,158,125.

Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for 2022 was at ₱147,451,415.. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of May 31, 2022, retirement liability was at ₱169,901,006.

The University's stockholder's equity stood at ₱5,389,626,957 as of May 2022 compared to ₱4,591,312,610 as of May 2021.

Change in Academic Year and Financial Reporting Period

The University implemented a change in the academic year (i.e from June ending March to August ending May of each year). This started in August 2019 and was reported under the fiscal year ended March 31, 2020. This change in the academic year had an effect on the net income reported for Fiscal Year 2020 due to the non-inclusion of April and May 2020 realized tuition and other fees, as well as related expenses, which were reported under Fiscal Year 2021.

The University also implemented the approved change in its financial reporting period from April ending March to June ending May of each year because of the change in its academic year.

Last 19 November 2020, the Securities and Exchange Commission approved the amended By-Laws of the University. The amended By-Laws provided for the following changes:

1. Change in fiscal year from 01 April - 31 March of the following year to 01 June - 31 May of the following year;
2. Change in the date of the Annual Stockholders' Meeting from every fourth Tuesday of July to every fourth Friday of October.

Because of the change in fiscal year, CEU was audited twice for fiscal year 2020-2021, in order to include the interim period which consist of 01 April 2021 to 31 May 2021.

Financial Performance (Interim period April 1 to May 31, 2021)

Tuition and Other School Fees were reported at ₱200,231,715 for the two-month period ended May 31, 2021 as compared to the total ₱1,129,208,087 for the year ended March 2021 and ₱1,314,456,816 for the year ended March 2020. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are comprised of fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services

fees, library fees and development fees. Income from Other School Services consisted of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues reported in May 2021 pertain to rental income amounted to ₱592,733. Other revenues such as rental income and donation income amounting to ₱2,301,090 in March 2021 and ₱35,019,895 in March 2020 were reported separately in the financial statements. Interest income were reported at ₱552,858 in May 2021 and ₱3,565,698 for the year ended March 2021, and ₱4,717,701 in March 2020.

The total revenues from contracts with customers amounted ₱201,011,389 while the Operating Expenses were reported at ₱160,956,700 for the interim period ended May 31, 2021.

Net income of the University was ₱41,529,541 for the interim period ended May 31, 2021 and ₱155,256,227 for the year ended March 31, 2021 and ₱66,934,583 in 2020

Financial Condition (May 31, 2021 and March 31, 2021)

The University's Cash and cash equivalents were at ₱480,047,725 as compared to the balance of ₱510,858,969 in March 2021 and ₱349,589,928 in March 2020. Tuition and other receivables were at ₱227,090,993 as compared to ₱344,984,005 in March 2021 and ₱322,195,587 in 2020.. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱14,446,174. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱69,867,587.

The current assets of the University as of May 31, 2021 were ₱791,452,479 compared to ₱930,952,678 as of fiscal year ended March 31, 2021 and ₱743,573,521 for March 31, 2020.

Property and Equipment were reported at ₱4,916,351,509 from ₱4,924,380,695 in March 2021 and ₱4,999,659,087 in 2020.

Total non-current assets were at ₱5,151,796,971 and Total Assets were at ₱5,943,249,450 at the end of May 31, 2021.

Accounts payable and other current liabilities decreased to ₱439,335,804 from ₱544,991,642 in March 2021 and from ₱572,226,528 in 2020. No Deferred revenues were reported in May 2021 because the academic year was already completed. Dividends payable were at ₱108,618,157 compared to ₱109,015,657 in March 2021 and ₱105,755,874 in 2020. Total current liabilities were at ₱562,230,634 at the end of the interim period.

Total noncurrent liabilities as of May 31, 2021 decreased to ₱789,706,206 from ₱800,104,280 in March 2021 and ₱791,861,056 in 2020... Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱394,229,305.

. Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for May 2021 was at ₱162,564,562. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the

course of the expected working lives of the employees. As of May 2021, retirement liability was at ₱219,492,741.

The University's stockholder's equity stood at ₱4,591,312,610 as of May 31, 2021 compared to ₱4,537,989,892 as of March 2021 and ₱4,434,328,320 as of March 2020.

Key Performance Indicators

| Key | 2022 | Interim | 2021 | 2020 | Manner of Computation | Significance |
|------------------------|--------|---------|---------|--------|--|--|
| Revenue Growth | 14.13% | -82.27% | -14.09% | -7.97% | Difference between current and last year's tuition and other school fees divided by last year's revenues | Measures Revenue growth |
| Return on Revenue | 9% | 21% | 14% | 5% | Net income divided by Tuition and other school fees | Shows how much profit is derived from every pesos of tuition and other school fees |
| Dividend Pay-out Ratio | 125% | - | - | 111 % | Dividends divided by net income | Indicates how earnings support dividend payment |
| Return on Equity | 2% | 1% | 3% | 2% | Net profit divided by average total stockholders' equity | Measures extent of profit earned |
| Return on Assets | 2% | 1% | 3% | 1% | Net profit divided by average total assets | Measures use of assets to generate income |

Liquidity

The University relies on internally generated cash to fund its working capital needs, capital expenditures and cash dividends. It can satisfy the cash requirements and has no plan to raise additional funds.

Cash flows provided by operating activities were at ₱267,078,425 for fiscal year ended May 31, 2022 as compared to cash flows provided by operating activities at ₱203,130,323 for fiscal year ended March 31, 2021 and ₱242,709,073 in 2020..

Cash used in investing activities was ₱17,865,723 during the fiscal year ended May 31, 2022 as compared to cash used in investing activities of ₱16,690,042 during the fiscal year ended March 31, 2021 and ₱107,441,764 in 2020..

Cash used in financing activities was at ₱168,354,116 during the fiscal year. This was primarily used for the payment of dividends. Cash used for financing activities was ₱24,715,217 for the fiscal year ended March 31, 2021 and ₱98,803,640 for 2020.

Segment Reporting

The University operates in four geographical segments – Mendiola, Malolos, Makati-Gil Puyat and Makati-Legaspi campus. The financial information on the operations of these segments are disclosed in terms of segment assets, segment property and equipment (net), segment liabilities, segment revenues, operating expenses and net income/loss.

The segment report is included in the financial statements under Note 20..

Known Trends

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Education Institutions (HEIs) intending to increase their tuition and other fees. Notable among them follows:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff xxx.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
 2. Equipment
 3. Libraries
 4. Laboratories
 5. Gymnasium and similar facilities and
 6. Payment of other costs of operations.
- “Only 10% is left for return on investment.”

Education Trends

For school years 2019, 2018-2019 and 2017-2018, the University registered downward trends in enrollment due to the K-12 program of the government. This downward trend was exacerbated in the school year 2019-2020 due to the free tuition program of the government, which caused a lot of potential enrollees to enroll in State Universities and Colleges instead. For the school year 2020-2021, there was a notable decrease in enrollment. After a survey conducted by

the University, the decrease was due to the COVID 19 pandemic. For the school year 2021-2022, there was an increase in enrollment from the previous year.

Key Variable and Other Qualitative and Quantitative Factors

Currently, there are no known trends, events, or uncertainties that have a material impact on the University's liquidity.

The Registrant does not know of any event that will trigger any direct or contingent financial obligation that may be material to the company, including default or acceleration of an obligation.

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

As the University is slowly going back to its onsite operations as a result of the easing of COVID Restrictions and resumption of face to face classes, CEU will continue with its facilities improvement.

All income is derived from the normal course of operations and through interest income on money market placements. There are no significant elements of income or loss.

Material changes from FY 2021 to FY 2022 include an increase of 14.38% in total revenues which resulted from the increase in tuition and other school fees and miscellaneous fees of 14.13% and 19.93% respectively. During these fiscal years, rebates were applied to certain miscellaneous fees due to online classes in this period of pandemic. For costs and expenses, there was an increase of 19.39% in cost of services resulting from increased cost of manpower, light and water, office supplies, library, laboratory and expenses for co-curricular activities. General and administrative expenses posted a decrease of 0.72% due to decreases in the janitorial and security services, provision for credit losses, clinical expenses and program expenses. On other income and expenses, 12.98% decrease in interest income was reported due to lower placements and lower interest rates. Interest expense was reported this fiscal year at 11.55 million arising from lease liability due to the adoption of PFRS 16 on April 1, 2019. There was an increase of 248.98% in foreign currency exchange losses reported as foreign currency exchange gain this fiscal year because of foreign currency placements and exchange rates. The loss on retirement/disposal assets was at 95.03% favorable movement due to the value of condemned furniture and equipment. These material changes resulted in a decrease of 23.32% in net income after tax. Another factor to a lower income this fiscal year is the deferral of revenues for the month of June 2022 due to extension of the school year when health break was implemented by the city government.

New Accounting Standards

The University presented its consolidated financial statements to comply with accounting principles generally accepted in the Philippines (Philippine GAAP) as set forth in Philippine Financial Reporting Standards (PFRS). New and revised accounting standards, consisting of Philippine Accounting Standards (PAS) and PFRS became effective for financial reporting purposes.

The consolidated financial statements include the financial statements of the University, Centro Escolar University Hospital, Inc. (the Hospital), a wholly owned subsidiary, Centro Escolar Las Pinas (CELPI) and Centro Escolar Integrated School (CE-IS) (collectively referred to as the Group).

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

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 the 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 and disclosures adopted are consistent with those of the previous financial year (April 1, 2021 to May 31, 2021). There are no new accounting standards and disclosures effective as at June 1, 2021 to May 31, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

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

Item 7. Financial Statement

The audited financial statements and supplementary schedules to the financial statements duly submitted to BIR* are attached as Exhibit 1 hereto.

Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

1. External Audit Fees and Services

Audit Fees and Related Fees

The appointment of Sycip, Gorres, Velayo and Co. (SGV) as external auditor of the University for the fiscal year ending May 31, 2022 was approved by the stockholders during the annual meeting on October 22, 2021.

In compliance with Securities Regulation Code (SRC) Rule 68, Ms. Djole S. Garcia was designated as partner in-charge from FY 2018 to FY 2022 while Ms. Josephine Adrienne A. Abarca and Mr. Christian Lauron were designated as partner in-charge in FY 2016 to FY 2017 and FY 2014 to FY 2015 respectively.

In 2022 and 2021, the University paid ₱1,087,000 and ₱1,048,100 respectively, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's annual financial statements, as well as assistance in the preparation of the annual income tax returns.

In May 2021, the University paid ₱366,560, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's two-month period ended May 31, 2021 interim financial statements, as well as assistance in the preparation of the annual income tax returns.

There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the University financial statements.

Tax Fees

There are no other services provided by the external auditor, other than the services reported, during the relevant period.

Other Fees

There are no other services provided by the external auditor, other than the services reported, during the relevant period.

Audit Committee Pre-approval Policy

CEU's Audit Committee is composed of the Chairman, Dr. Emil Q. Javier, (independent director) and members, Dr. Angel C. Alcala (independent director), Dr. Alejandro C. Dizon and Committee Secretary Atty. Sergio F. Apostol.

The Audit Committee is required to pre-approve all audit and non-audit services rendered and approve the engagement fees and other compensation to be paid to the external auditor.

The Audit Committee found the services and fees for external audit reasonable and approved the same following a conference with the external auditors and the University's financial officers to clarify the scope, extent and details of the audit.

Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

There was no change in nor disagreement with External Accountants on accounting and financial disclosures.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the University

Directors and Executive Officers

| | Name | Age | Citizenship | Positions | Term of Office | Directorship Held in Other Companies |
|--|------|-----|-------------|-----------|----------------|--------------------------------------|
| | | | | | | |

| | | | | | | |
|---|--------------------------|----|----------|--|--------|---|
| 1 | Basilio C. Yap | 72 | Filipino | Chairman of the Board – April 25, 2014 | Yearly | Chairman, President & Director – U.S. Automotive Co., Inc., USAUTOCO, Inc., Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises <ul style="list-style-type: none"> - Vice Chairman – Philtrust Bank - Chairman, Manila Hotel Corporation - Chairman, Manila Bulletin Publishing Corporation - Chairman, CEU Hospital, Inc. and Centro Escolar Las Pinas, Inc. |
| 2 | Ma. Cristina D. Padolina | 75 | Filipino | Director - July 25, 2006 President/Chief Academic Officer - Aug. 18, 2006 | Yearly | <ul style="list-style-type: none"> - Professor Emeritus, University of the Philippines, Los Baños - Director, Centro Escolar University Hospital, Inc. - Vice Chairman & President, Centro Escolar Las Pinas, Inc. |
| 3 | Angel C. Alcala** | 92 | Filipino | Director - July 22, 2008 | Yearly | <ul style="list-style-type: none"> - Chairman, Silliman University-Angelo King Center for Research and Environmental Management (SUAKCREM), PATH Foundation Philippines, National Network of Quality Assurance Agencies, Inc. - Professor Emeritus, Silliman University - Member, Board of Trustees, Silliman University - President, Cap College Makati |
| 4 | Emil Q. Javier** | 81 | Filipino | Director - July 10, 2002 | Yearly | <ul style="list-style-type: none"> - Trustee, Asia Rice Foundation, Head Advisor, Biotech Coalition of the Phils., - - Academician, National Academy of Science & Technology (Phil) - Board Member, International Service for the Acquisition of Agri-Biotech Applications |

| | | | | | | |
|---|--------------------|----|----------|--|--------|---|
| | | | | | | (South East Asia Center) - Chairman, Coalition for Agricultural Modernization of the Phils. - Chairman, Nutrition Center of the Philippines - Director: CEU Hospital, Inc. Del Monte Pacific Ltd. Centro Escolar Las Pinas, Inc. - Member, Advisory Com. Japan International Coop. Agency, Phils. |
| 5 | Benjamin C. Yap | 75 | Filipino | Director - July 22, 2014 | Yearly | - President and Chairman, Benjamin Favored Son, Inc., - Chairman, House of Refuge - Director, USAUTOCO, Inc - Director, Manila Hotel Corp. |
| 6 | Alejandro C. Dizon | 61 | Filipino | Director - Aug. 31, 2007 | Yearly | - Vice President – Quality & Patient Safety & Chief Quality Officer; St. Lukes Medical Center - Active Consultant, General Surgery, Institute of Surgery, St. Lukes Medical Center - Fellow and President, Philippine College of Surgeons - Fellow, American College of Surgeons - Examiner & Member, Chairman Board of Directors & Governors, Philippine Board of Surgery, - Asst. Professor, UERMMMC Department of Surgery College of Medicine |
| 7 | Emilio C. Yap III | 50 | Filipino | Directors - Sept. 1, 2009 | Yearly | - Chairman, Manila Prime Holdings - Director, Manila Bulletin Corporation, Manila Hotel, Philtrust Bank and US Automotive Co., Inc. |
| 8 | Corazon M. Tiongco | 72 | Filipino | Director - July 25, 2000 Assistant Treasurer since Aug. 12, 2005 | Yearly | - Director, Centro Escolar University Hospital, Inc. - - Director, Centro Escolar Integrated |

| | | | | | | |
|---|---------------|----|----------|-----------------------------|--------|---|
| | | | | | | School, Inc. |
| 9 | Johnny C. Yap | 49 | Filipino | Director - Oct. 26, 2007 | Yearly | <ul style="list-style-type: none"> - Vice Chairman & Treasurer, Euromed Laboratories Philippines, Inc. - Director, Philtrust Bank - Director, Las Piñas College - Chairman, Café France Corp. |

Executive Officers Who Are Not Directors

| | Name | Age | Citizen ship | Position | Term of Office | Directorship Held in Other Companies |
|---|-----------------------------------|-----|--------------|---|----------------|---|
| 1 | Sergio F. Apostol | 86 | Filipino | Corporate Secretary - Feb. 26, 2010 | Yearly | <ul style="list-style-type: none"> - Chairman, Kaytrix Agri-Aqua Corp. - Director, Manila Hotel |
| 2 | Cesar F. Tan | 67 | Filipino | Treasurer - April 17, 2006 Asst. Corp. Sec. - Oct. 1, 2009 | Yearly | <ul style="list-style-type: none"> - Treasurer, Centro Escolar University Hospital, Inc., Centro Escolar Integrated School, Inc., Centro Escolar Las Piñas, Inc. |
| 3 | Jayson O'S. Ramos | 40 | Filipino | University Legal Counsel - July 2017 Compliance Officer - July 2019 Data Privacy Officer - March 2020 | Yearly | None |
| 4 | Maria Clara Perlita Erna V. Yabut | 56 | Filipino | VP-Research & Evaluation – Jan. 29, 2010 AVP- Research & Evaluation - Aug. 18, 2006 Head, EDP Department – Aug. 1, 2001 | Yearly | None |
| 5 | Teresa R. Perez | 59 | Filipino | Senior VP - Academics - October 22, 2021 VP-Academic Affairs - Jan. 29, 2010 AVP- Academic Affairs - July 25, 2008 Acting AVP-Academic Affairs - July 27, 2007 | Yearly | <ul style="list-style-type: none"> - Vice President, Centro Escolar Integrated School, Centro Escolar Las Piñas, Inc. |
| 5 | Olivia M. Limuaco | 65 | Filipino | VP-Makati Campus - August, 2013 | Yearly | <ul style="list-style-type: none"> - Secretary-General, Federation of Asian |

| | | | | | | |
|----|-----------------------------|----|----------|--|--------|---|
| | | | | | | Pharmaceutical Association (FAPA) - President, Philippine Pharmacists Association (PphA) - Member, Council of Advisers of Philippines Association of Colleges of Pharmacy (PACOP) |
| 6 | Rhoda C. Aguilar | 48 | Filipino | University Registrar - July 25, 2014 Acting University Registrar – June 1, 2013 | Yearly | None |
| 7 | Ma. Flordeliza L. Anastacio | 61 | Filipino | VP-Malolos Campus - July 25, 2014 -Officer-in-Charge, CEU Malolos - November, 2013 | Yearly | None |
| 8 | Carlito B. Olaer | 58 | Filipino | VP-Student Affairs – July 30, 2010 Acting AVP- Student Affairs, Student Affairs Office - since July 25, 2008 OIC, Student Affairs Office – - since May 3, 2008 | Yearly | None |
| 9 | Ma. Rolina S. Servitillo | 53 | Filipino | VP-Administration & Accounting – Jan. 2017 | Yearly | - Vice President, Centro Escolar Integrated School, Centro Escolar Las Piñas, Inc., Centro Escolar University Hospital, Inc. |
| 10 | Jericho P. Orlina | 55 | Filipino | AVP- Business Affairs – Jan. 2017 | Yearly | AVP, Centro Escolar University Hospital, Inc. |
| 11 | Bella Marie L. Fabian | 59 | Filipino | AVP-Administration – Jan. 2017 | Yearly | None |
| 12 | Bernardita T. Traje | 60 | Filipino | Assistant Controller – Aug. 18, 2006 Assistant Treasurer – March 8, 1995 to Aug. 18, 2006 | Yearly | None |

Significant Employees

All employees are expected to make reasonable contributions to the success of the business of the University. There is no “significant employee” as defined in Part IV(A)(2) of the

SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business).

Deans

| | Name* | Position* | Directorship Held in Other Companies |
|-----|-------------------------|------------|--------------------------------------|
| 1. | Maria Dinna P. Aviñante | Dean (OIC) | None |
| 2. | Josue N. Bellosillo | Dean | None |
| 3. | Charito M. Bermido | Dean | None |
| 4. | Elena C. Borromeo | Dean | None |
| 5. | Julieta Z. Dungca | Dean | None |
| 6. | Pearly P. Lim | Dean | None |
| 7. | Ma. Rita D. Lucas | Dean | None |
| 8 | Cecilia D. Santiago | Dean | None |
| 9. | Rosemarie I. So | Dean | None |
| 10. | Christine S. Tinio | Dean | None |
| 11. | Cecilia G. Uncad | Dean | None |
| 12. | Elvira L. Urgel | Dean | None |
| 13. | Dr. Erna V. Yabut | Dean (OIC) | None |

Assistant Deans

| | Name* | Position* | Directorship Held in Other Companies |
|----|------------------------|----------------------------------|--------------------------------------|
| 1. | Maricar W. Ching | Assistant Dean (Acting Capacity) | None |
| 2. | Mary Iodine Lacanienta | Assistant Dean | None |

| | | | |
|----|------------------|----------------|------|
| 3. | Aileen C. Patron | Assistant Dean | None |
|----|------------------|----------------|------|

Associate Deans

| | Name* | Position* | Directorship Held in Other Companies |
|----|------------------------------|------------------|---|
| 1. | Alex J. Bienvenido Alip, Jr. | Associate Dean | None |
| 2. | Josephine Carnate | Associate Dean | None |

Academic Department Heads

| | Name* | Position* | Directorship Held in Other Companies |
|----|-----------------------|------------------|---|
| 1. | Elisa B. Ayo | Head | None |
| 2. | Jonathan P. Catapang | Head | None |
| 3. | Dorothea C. Dela Cruz | Head | None |
| 4. | D'Ariel J. Javellana | Head | None |
| 5. | Aleli V. Lozano | Head | None |
| 6. | Arlene S. Opina | Head | None |

Program Heads 2

| | Name* | Position* | Directorship Held in Other Companies |
|----|-------------------------|------------------|---|
| 1. | Maria Donnabel U. Dean | Program Head | None |
| 2. | Maria Carmen S. Dizon | Program Head | None |
| 3. | Regina A. Jazul | Program Head | None |
| 4. | Mae Angeline M. Lontoc | Program Head | None |
| 5. | Maria Wanda I. Martinez | Program Head | None |

| | | | |
|-----|---------------------|--------------|------|
| 6. | Pilipino A. Ramos | Program Head | None |
| 7. | Ricky R. Rosales | Program Head | None |
| 8. | Cresencia M. Santos | Program Head | None |
| 9. | Maricar A. Veranga | Program Head | None |
| 10. | Shirley S. Wong | Program Head | None |

Non-Teaching Department Heads

| | Name* | Position* | Directorship Held in Other Companies |
|-----|------------------------------|------------------------|---|
| 1. | Maria Corazon L. Andoy | Head | None |
| 2. | Salvacion M. Arlante | Head | None |
| 3. | Cecilia C. Catahan | Head | None |
| 4. | Ma. Dolores E. Delacruz | Head | None |
| 5. | Ma. Eleanor C. Espinas | Head | None |
| 6. | Rommel N. Jotic | Head | None |
| 7. | Frederick R. Llanera | Head | None |
| 8. | Rosario Donalyne L. Manigbas | Head | None |
| 9. | Ivan Perry B. Mercado | Head | None |
| 10. | Teresita S. Mijares | Head | None |
| 11. | Eufrecina Jean DR. Ramirez | Head (Acting Capacity) | None |
| 12. | Engr. Ronie U. Siniguan | Head | None |
| 13. | Maria Corazon C. Tiongco | Head | None |
| 14. | Bernardita T. Traje | Head | None |

Assistant Heads

| | Name* | Position* | Directorship Held in Other Companies |
|----|-------------------|------------------|---|
| 1. | Benjamin M. Roman | Asst. Head | None |
| 2. | Nelia PL. Sacopon | Asst. Head | None |

University Legal Counsel

| | Name* | Position* | Directorship Held in Other Companies |
|----|-------------------|------------------|---|
| 1. | Jayson O'S. Ramos | Legal Counsel | None |

Family Relationships

Mr. Basilio C. Yap and Mr. Benjamin C. Yap are relatives within the second degree of consanguinity, Dr. Emilio C. Yap III and Dr. Johnny C. Yap are relatives within the second degree of consanguinity. Mr. Basilio C. Yap and Mr. Benjamin C. Yap who are relatives within the second degree of consanguinity and Dr. Emilio C. Yap III and Dr. Johnny C. Yap who are also within the second degree of consanguinity are relatives within the third degree of consanguinity.

Involvement in Certain Legal Proceedings

The University is not aware of any legal proceedings in the past five (5) years to date involving its directors and officers which are material to the evaluation of the ability and integrity of any director or officer of the University.

No director or officer has been convicted by final judgment during the last five (5) years up to the present of any offense punishable by Philippine laws or by the laws of any other country.

Likewise, the University has no knowledge of pending legal proceedings against any of its directors or executive officers involving: (a) any bankruptcy petition filed by or against any business of which its directors or executive officers is subject; or (b) any judgment or decree permanently or temporarily limiting or suspending their involvement in any type of business, securities, commodities or banking activities; or, (c) any violation of a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

Salaries and Benefits of Executive Officers

| Name and Position | Fiscal Year | Annual Salary as a group | Bonus as a group | Other Annual Compensation | Total Compensation as a group |
|-------------------|-------------|--------------------------|------------------|---------------------------|-------------------------------|
| PRES. PADOLINA | 2020-2021 | 10,642,449.02 | 1,558,820.85 | N/A | 12,201,296.87 |
| VP LIMUACO | 2021-2022 | 12,293,386.35 | 1,559,115.96 | N/A | 13,892,502.31 |
| VP PEREZ | 2022-2023 | 12,293,386.96 | 1,599,115.96 | N/A | 13,892,502.31 |
| VP YABUT | | | | | |
| VP OLAER | | | | | |

All Officers and Directors as a Group

| Name and Position | Fiscal Year | Annual Salary | Bonus | Other Annual Compensation | Total Compensation |
|---------------------------------------|--|---------------|-------|---------------------------|---|
| All Officers and Directors As a Group | 2020-2021 2021-2022 2022-2023*** | | | | ₱ 34,124,176.53 ₱ 35,438,871.09 ₱ 35,438,871.09 |

***Figures are estimated amounts.

The Directors do not receive compensation for services provided as a director other than reasonable per diems for attendance at meetings of the Board or any of its committees.

There are no bonuses, profit sharing stock options warrants, rights of other compensation plans or arrangements with directors or officers that will result from their resignation, retirement, termination of employment or change in the control of the University.

The duties and responsibilities of the elected corporate officers are specified in the University's By-laws and/or Manual of Corporate Governance.

Other officers whose duties and responsibilities are set by Management are considered regular employees of the University.

There are no outstanding warrants or options held by the University's President, executive officers and directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of the University's shares of stock as of June 30, 2022, the latest obtainable data as of the preparation of this report, were as follows:

| Title of Class | Name & Address of Record Owner & Relationship with Issuer | Name of Beneficial Owner & Relationship with Record Owner | Citizenship | Number of Shares held | Percent (%) |
|--|--|--|-------------|-----------------------|-------------|
| Common | USAUTOCO, Inc. 1000 UN Ave., Ermita, Manila Authorized Representative- Basilio C. Yap Relationship to Registrant - Stockholder | USAUTOCO, Inc Authorized Representative – Basilio C. Yap Position - President | Filipino | 126,620,891 | 34.00 |
| Common | U.S. Automotive Co., Inc. 1000-1046 U.N. Ave. cor. San Marcelino Ermita, Manila Authorized Representative Basilio C. Yap Relationships to Registrant – Stockholder | U.S. Automotive, Co., Inc. Authorized Representative Basilio C. Yap Position – President | Filipino | 55,963,803 | 15.02 |
| Common | PCD Nominee Corp. – Filipino | Alejandro C. Dizon Beneficial Owner | Filipino | 50,033,412 | 13.43 |
| Aggregate Number of Shares and Percentage of All Beneficial/Record Owners as a Group | | | | 232,618,106 | 62.46 % |

³During the stockholders' meeting on July 27, 2004, the stockholders approved the grant of annual medical allowance and related bonuses to the members of the Board of Directors.

The proxy designated by the Board of Directors votes for the corporation.

2. Security Ownership of Management

Owners of record of CEU shares among Management as of June 30, 2022, the latest obtainable data as of the preparation of this report, are as follows:

| Title of Class | Directors | Amount and Nature of Beneficial Ownership | Citizenship | Percent of Class |
|----------------|---|---|-------------|------------------|
| Common | Basilio C. Yap (Chairman since April 7) | 1001 (d) | Filipino | 0.0003 |
| Common | Ma. Cristina D. Padolina | 38,316 (d) | Filipino | 0.0102 |
| Common | Angel C. Alcala* | 1 (d) | Filipino | Nil |
| Common | Emil Q. Javier* | 1 (d) | Filipino | Nil |
| Common | Benjamin C. Yap | 800 (d) | Filipino | 0.0002 |
| Common | Alejandro C. Dizon** | 50,033,412 (d) | Filipino | 13.4348 |
| Common | Emilio C. Yap III | 353,833 (d) | Filipino | 0.0925 |
| Common | Corazon M. Tiongco | 10,115,904 (d) | Filipino | 2.7163 |
| Common | Johnny C. Yap | 1,000 (d) | Filipino | 0.0002 |
| Total | | 60,544,268 (d) | | 16.24% |

| Title of Class | Officers | Amount and Nature of Beneficial Ownership | Citizenship | Percent of Class |
|----------------|-----------------------------------|---|-------------|------------------|
| Common | Ma. Cristina D. Padolina | 38,316 (d) | Filipino | 0.0102 |
| Common | Cesar F. Tan | 19,735 (d) | Filipino | 0.0052 |
| Common | Olivia M. Limuaco | 12,153 (d) | Filipino | 0.0033 |
| Common | Ma. Flordeliza L. Anastacio | 1,302 (d) | Filipino | 0.0003 |
| Common | Maria Clara Perlita Erna V. Yabut | 4,000 (d) | Filipino | 0.0010 |
| Common | Teresa R. Perez | 3,226 (d) | Filipino | 0.0040 |
| Common | Corazon M. Tiongco | 10,115,904 (d) | Filipino | 2.7163 |

| | | | | |
|---|--------------------------|------------|----------|--------|
| Common | Bernardita T. Traje | 753 (d) | Filipino | 0.0001 |
| - | Ma. Rolina S. Servitillo | 0 (d) | Filipino | 0 |
| - | Carlito B. Olaer | 0 (d) | Filipino | 0 |
| - | Rhoda C. Aguilar | 0 (d) | Filipino | 0 |
| - | Jericho P. Orlina | 0 (d) | Filipino | 0 |
| - | Bella Marie L. Fabian | 0 (d) | Filipino | 0 |
| - | Jayson O'S. Ramos | 0 (d) | Filipino | 0 |
| Total (excluding shares of Ma. Cristina D. Padolina, and Corazon M. Tiongco 41,169 (d)) | | | | 0.0110 |
| Aggregate Number of Shares and Percentage of All Security Ownership of Management as a Group 60,494,099 (d) | | | | 16.24% |

To the best knowledge of the University, the above lists include shares beneficially owned by the directors and officers.

Item 12. Certain Relationship and Related Transactions

The University entered into a 25-year lease contract with Philtrust Bank on July 29, 2004. The lease covers the use of Philtrust Bank's land, building and improvements thereon located at 259-263 Sen. Gil Puyat Avenue and Malugay Street, Makati City. The lease commenced on January 1, 2005 for the operation of the CEU-Makati Extension Campus for the school year 2005-2006. Lease of the building from Philtrust Bank Building is for the exclusive purpose of maintaining and operating an extension campus in Makati City, and to conduct therein all such activities necessary to provide adequate educational instruction and other services to its students, including authorized extra-curricular activities.

The consideration for the lease was principally based on the valuation of the property by Asian Appraisal, Inc. and on the financial advisory by Buenaventura, Echauz and Partners. Except for the respective parties' covenants under said lease contract between CEU and Philtrust Bank, there is no further contractual or other commitment resulting from the arrangement that would pose any risk or contingency. There are no other parties involved in this transaction.

The University, in line with its expansion program and for marketing purposes, avails of advertising services of Manila Bulletin Publishing Corporation. The terms of said advertising transactions are based on terms similar to those offered to non-related parties.

For a more detailed discussion on related party transactions, please see the Notes on the attached Audited Financial Statements for fiscal year ending May 31, 2022.

*Independent Director

**Dr. Alejandro C. Dizon has 51,837 shares registered in his name in addition to 49,981,575 shares lodged with PCD Nominee Corporation.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The University has complied with the provisions of its Manual on Corporate Governance. Continuous monitoring is being done by the Compliance Officer, Audit Committee, President and Chief Financial Officer and Internal Auditor to assure compliance.

On November 6, 2021 the Board of Directors and identified key officers of CEU attended a seminar on Corporate Government conducted by the Institute of Corporate Directors.

CEU adheres to governance principles and best practices to attain its objectives. A system has been established to monitor and evaluate the performance of the University and its Management and CEU is committed. The University is committed to consistently abide by and ensure improved compliance with the requirements of good corporate governance.

CEU is not aware of any acts of its Directors, top management, middle managers, employees of any acts of omission that may be considered as a deviation from the company's Code of Corporate Governance.

Committed to continuous improvement, CEU undertakes to regularly review its existing policies and practices and update the same when warranted.

PART V – EXHIBITS AND SCHEDULES

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

| | |
|-----------------|--|
| <u>Exhibits</u> | Sustainability Report |
| Exhibit 1 | Consolidated Financial Statements and Schedules: 1. 31 May 2022 |
| Exhibit 2 | Quarterly Report (SEC Form 17-Q) (Please refer to the SEC Form 17-Q previously filed with the SEC.) |

Reports on SEC Form 17-C:

(Please refer to the SEC Form 17-C previously filed with the SEC for the following disclosures.)

| | |
|-----------------|---|
| August 26, 2022 | Nominees for Independent Directors |
| May 26, 2022 | Integrated Annual Corporate Governance Report |
| | Results of Annual Stockholders' Meeting |
| | Results of Organizational Meeting |

Item 15. CEU Sustainability Report for Fiscal Year 01 Junel 2021 to 31 May 2022

Contextual Information

Company Details

| | |
|--|--|
| Name of Organization: | Centro Escolar University |
| Location of Headquarters: | 9 Mendiola Street San Miguel Manila |
| Location of Operations: | Philippines |
| Report Boundary: | Philippines |
| Legal entities (e.g. subsidiaries) included in this report* - | None for the meantime, but the Board of Directors will explore including CEU's subsidiaries in future reports |
| Business Model, including Primary Activities, Brands, Products, and Services | – Educational Institution |
| Reporting Period | Fiscal Year ending beginning 01 Junel 2021 – 31 May 2022 |
| Highest Ranking Person responsible for this report: | Vice Chairman |

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

Materiality Process:

In determining which topics are material and will be included in the initial Sustainability Report to be submitted by CEU, the University Management adopted the “Stakeholders Areas of Concern” approach wherein the various stakeholders of the University are identified, and the topics deemed material for these stakeholders are matched.

The following stakeholders are identified:

- **Stockholders**
- **Government**
- **Management**
- **Employees, including the employees' union**
- **Students**
- **Alumni**
- **Communities**

The foregoing stakeholders were then matched and after which, the management has identified the following topics as the most material and shall be reported in its Sustainability Report.

1. Economic Performance

- **Direct Economic Value Generated and Distributed**

2. Social

- **Employee Management**
 - **Employee hiring and benefits**
 - **Employee training and development**
 - **Labor management relations**
 - **Workplace Conditions, etc.**
 - **Relationship with community**
 - **Data Security**

The determination of the above-listed topics as material does not necessarily mean that the other topics will be disregarded; the management will include these topics in future reports.

Economic

Economic Performance

Direct Economic Value Generated and Distributed

| Disclosure | Amount | Units |
|---|----------------|-------|
| Direct economic value generated (revenue) | 1,301,698,6412 | PHP |

| | | |
|--|---------------|-----|
| Direct economic value distributed: | | |
| a. Operating costs | 1.180,482,250 | PHP |
| b. Employee wages and benefits | 818,086,033 | PHP |
| c. Payments to suppliers, other operating costs | 362,398,217 | PHP |
| d. Dividends given to stockholders and interest payments to loan providers | 160,520,821 | PHP |
| e. Taxes given to government | 22,554,616 | PHP |
| f. Investments to community (e.g. donations, CSR) | | |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|

| | | |
|--|--|---|
| <p>CEU, being an Institution of Higher Learning, provides quality education that prepares an individual to be the best in one's chosen field. The direct economic impact of the University is its accomplishment of its task in providing a steady stream of professionals in allied health services such as Dentists, Optometrists, Pharmacists, Nurses, Medical Technologists, Nutritionists, and other professionals.</p> | <p>Government, Community, Students, Alumni</p> | <p>Recent shifts in the educational system have resulted in a temporary but substantial "speed bump" that needs to be hurdled by all Private Educational Institutions in the country.</p> <p>The most notable "speed bump" is the COVID19 Pandemic which caused a huge shift in instruction.</p> <p>As of this report, onsite limited classes were permitted, and the University had began its transition to a "new normal" full onsite operations called "Onsite +"</p> <p>CEU coped with the shift with its readiness to hold online classes which were already being developed as early as 2014.</p> |
| <p>Direct economic value is distributed as a result of the operations of the University through the payment of taxes, payments to suppliers and salaries to employees.</p> | <p>Employees, Suppliers, Environment</p> | <p>The University has systems in place to ensure the timely fulfillment of these obligations.</p> |

| | | |
|---------------------------------|------------------------|---------------------|
| What are the risk/s identified? | Which stakeholders are | Management Approach |
|---------------------------------|------------------------|---------------------|

| | affected? | |
|---|---|---|
| <p>The economic condition currently affecting all the citizens of the country also tends to affect their choices when it comes to career and educational choices.</p> <p>The current hurdle, the various levels of community quarantine imposed by the government because of COVID19 will inevitably result in a reduction in the University's direct economic value.</p> | <p>Management, Employees, Suppliers, Government</p> | <p>The University has developed and will continue to develop courses of action that are designed to eliminate and/or minimize the effect of these risks.</p> <p>Examples of these are the various online courses offered by the University under the "Onsite +" modality to enable its students to continue with their studies.</p> |

| What are the opportunities identified? | Which stakeholders are affected | Management Approach |
|---|--|---|
| <p>Health awareness has increased and hence, an increase in the demand for Health Professionals</p> | <p>Government, Community, Students, Alumni</p> | <p>The University will continue increasing and improving its capability in fulfilling its role as a Higher Education Institution.</p> |

Procurement Practices

Proportion of spending on local suppliers

| Disclosure | Quantity | Units |
|------------|----------|-------|
|------------|----------|-------|

| | | |
|---|--|---|
| The management has decided to defer reporting on this topic for the meantime as procurement was maintained at minimum levels due to the physical closure of the University because of the various levels of quarantine imposed by the Government due to COVID 19. | | % |
|---|--|---|

| What is the impact and where does it occur? What is the organization's involvement in the impact? | What stakeholders are affected? | Management Approach |
|--|---|---|
| The service provided by the University and to a certain extent its operations is affected by the timely services rendered by its suppliers and service provided, as well as the quality of the supplies delivered. | Suppliers/Employees/ Management/Students | <p>The University has a rating system for suppliers in order to ensure that there will be no interruptions in the supply chain.</p> <p>The University likewise has an internal procurement policy and computerized procurement system that ensures timely requests and payment.</p> |

| What are the risks identified? | Which stakeholders are affected | Management Approach |
|--------------------------------|---------------------------------|---------------------|
|--------------------------------|---------------------------------|---------------------|

| | | |
|---|---|--|
| <p>The service provided by the University and to a certain extent its operations is affected by the timely services rendered by its suppliers and service provided, as well as the quality of the supplies delivered.</p> | <p>Suppliers/Employees/ Management/Students</p> | <p>The University currently have the following policies designed to avoid or minimize the risk:</p> <ul style="list-style-type: none"> - Supplier accreditation - Identification of back up suppliers - Continuous performance evaluation of suppliers. |
|---|---|--|

| What are the opportunity/ies identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---|
| <p>Technology keeps on evolving and better supplies and materials are getting more and more accessible.</p> | <p>Students, Suppliers</p> | <p>The University management encourages innovation proposals that would lead to the use of the state of the art technology and materials necessary for the fulfillment by the University of its duty to provide quality and relevant education. This program helps expose the University to the latest technology that may be used and or acquired by the latter.</p> |

Anti-corruption

Training on Anti-Corruption Policies and Procedures

| Disclosure | Quantity | Units |
|---|--|-------|
| Percentage of employees to whom the organization's anti corruption policies and procedures have been communicated to. | 100 | % |
| Percentage of business partners whom the organization's anti-corruption policies and procedures have been communicated to | NA – The current policies are limited internally but management will explore involving external suppliers in these trainings and orientations. | % |
| Percentage of directors and management that have received anti-corruption training | 100 | % |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|--|--|
| As an educational institution, CEU observes the values "Scientia y virtud" or "Science and Virtue", and shall never tolerate corruption in its affairs. | Management, employees, investors, suppliers, students, alumni. | <p>The University has its Code of Ethics for Management. It also adopts the respective Codes of Ethics of the various professionals the University employs.</p> <p>As an educational institution, corruption shall never be tolerated in</p> |

| | | |
|--|--|------|
| | | CEU. |
|--|--|------|

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|--|---|
| Corrupt practices have somewhat become deeply ingrained in society | Management, employees, investors, suppliers, students, alumni. | CEU will do its role as an educational institution in curbing corruption and in making a difference in society. |

| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|--|
| Opportunity to further strengthen the University's anti corruption policies and the existence of various support groups that advocate against corruption. | Management, Government, Students | The University will explore participating in the various support groups advocating against corruption. |

Incidents of Corruption

| Disclosure | Quantity | Units |
|--|----------|-------|
| Number of incidents in which directors were removed or disciplined for corruption | 0 | # |
| Number of incidents in which employees were dismissed or disciplined for corruption | 0 | # |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0 | # |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No impact identified because of the existence of zero cases as disclosed above.</p> <p>The university will revisit this for the succeeding periods.</p> | | |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No impact identified because of the existence of zero cases as disclosed above.</p> <p>The University will revisit this for the succeeding periods.</p> | | |

| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No impact identified because of the existence of zero cases as disclosed above.</p> <p>The University will revisit this for the succeeding periods.</p> | | |

ENVIRONMENT

**Nota Bene: Due to the various levels of community quarantine imposed by the government because of COVID 19, in-campus operations of the University were at minimal levels as operations mostly shifted to work at home arrangements. As such, the University, for the time being, will not be able to report on the topic of "Environment" in this report.*

The Topic on Environment shall be included in the subsequent reports to be submitted by the University.

Resource Management

Energy consumption within the organization

| Disclosure | Quantity | Units |
|--|---|-------------|
| Energy Consumption – renewable resources | Data was not available for the relevant period covered by this report because in campus activities were at minimal levels due to COVID 19. The University will include it in its future reports | N/A for now |
| Energy Consumption - Gasoline | | |
| Energy Consumption - Diesel | | |
| Energy Consumption – LPG | | |
| Energy Consumption - Electricity | | |

Reduction of energy consumption

| Disclosure | Quantity | Units |
|--|---|-------------|
| Energy Consumption – renewable resources | Data was not available for the relevant period covered by this report because in campus activities were at minimal levels due to COVID 19. The University will include it in its future reports | N/A for now |
| Energy Consumption - Gasoline | | |
| Energy Consumption - Diesel | | |
| Energy Consumption – LPG | | |
| Energy Consumption - Electricity | | |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Water consumption within the organization

| Disclosure | Quantity | Units |
|---------------------------|---|-------|
| Water withdrawal | Data was not available for the relevant period covered by this report because in campus activities were at minimal levels due to COVID 19. The University will include it in its future reports | |
| Water consumption | | |
| Water recycled and reused | | |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--------------------------------|----------------------------------|---------------------|
|--------------------------------|----------------------------------|---------------------|

| |
|---|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> |
|---|

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Material used by the organization

| Disclosure | Quantity | Units |
|--|--|-------|
| <p>Materials used by weight or volume</p> <ul style="list-style-type: none"> Renewable Non-renewable | <p>Due to the nature of its activities, the University is not engaged in manufacturing and thus the data was not available for the relevant period covered by this report.</p> <p>In campus activities were also kept at minimum levels because of the COVID19 Pandemic.</p> | |
| <p>Percentage of recycled input materials used to manufacture the organization's primary product and services.</p> | <p>The University will come up with a means to customize and measure these items in a University context and will include it in its future reports</p> | |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

| Disclosure | Quantity | Units |
|--|----------|-------|
| Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas | | |

| | |
|--|-----------------|
| Habitats protected or restored | None identified |
| IUCN Red List species and national conservation list species with habitats in areas affected by operations | |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| <p>No significant impact determined for the meantime.</p> | | |

The university will revisit this and discuss the matter in its future reports.

Environmental Impact Assessment

Air Emissions

GHG

| Disclosure | Quantity | Units |
|---|--|-------|
| Direct (Scope1) GHG Emissions | In campus activities were kept at minimum levels because of the COVID19 Pandemic. | |
| Energy indirect (Scope 2) GHG Emissions | | |
| Emissions of ozone-depleting substances (ODS) | The University will come up with a data base and will include it in its future reports | |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|---|--|
| <p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p> | <p>Management, employees, investors, suppliers, students, alumni.</p> | <p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated. Every physical campus of CEU also has its respective Pollution Control Officers.</p> |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Air pollutants

| Disclosure | Quantity | Units |
|-------------------------------|---|-------|
| NO | In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this report. | |
| SO | | |
| Persistent Organic Pollutants | The University will come up with a data base and will include it in its future reports | |
| Volatile organic compounds | | |
| Hazardous air pollutants | | |

Particulate Matter

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|---|---|
| <p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p> | <p>Management, employees, investors, suppliers, students, alumni.</p> | <p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated.</p> <p>Every physical campus of CEU also has its respective Pollution Control Officers.</p> |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| | | |

No significant opportunities determined for the meantime.

The university will revisit this and discuss the matter in its future reports.

Solid and Hazardous Wastes

Solid Waste

| Disclosure | Quantity | Units |
|-----------------------------|---|-------|
| Total solid waste generated | In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this report. | |
| Reusable | | |
| Recyclable | | |
| Composted | The University will come up with a data base and will include it in its future reports | |
| Incinerated | | |
| Residual/Landfilled | | |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|

| | | |
|---|---|---|
| <p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p> | <p>Management, employees, investors, suppliers, students, alumni.</p> | <p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated.</p> <p>Every physical campus of CEU also has its respective Pollution Control Officers.</p> |
|---|---|---|

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| | | |

| | | |
|---|--|---|
| Students are now more environment conscious | Students, Management, Suppliers, Community, Government | Various programs on recycling and reducing single use materials are currently being introduced by the University. |
| Digital documents are gaining widespread acceptance | | The University is also working towards the digitization of several document-based transactions that would drastically reduce paper waste. |

Hazardous Waste

| Disclosure | Quantity | Units |
|---|---|-------|
| Total weight of hazardous waste generated | In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this report. | |
| Total weight of hazardous waste transported | The University will come up with a database and will include it in its future reports The University will come up with a database and will include it in its future reports | |

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|

| involvement in the impact? | | |
|---|---|---|
| <p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p> | <p>Management, employees, investors, suppliers, students, alumni.</p> | <p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated. Every physical campus of CEU also has its respective Pollution Control Officers.</p> <p>The University also has contracts with several accredited waste disposal entities to ensure that waste is properly processed.</p> |

Effluents

| Disclosure | Quantity | Units |
|----------------------------------|--|-------|
| Total Volume of water discharges | <p>In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this</p> | |

| | |
|--------------------------------|--|
| Percent of wastewater recycled | report. |
| | The University will come up with a data base and will include it in its future reports |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|---|---|
| <p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p> | <p>Management, employees, investors, suppliers, students, alumni.</p> | <p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated, as well as all the necessary water permits.</p> |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

| Disclosure | Quantity | Units |
|---|----------|-------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations. | 0 | PHP |
| No. of non-monetary fines for non-compliance with environmental laws and/or regulations | 0 | # |
| No. of cases resolved through dispute resolution mechanism | 0 | # |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
|---|----------------------------------|---------------------|

| | | |
|---|---|---|
| <p>The operations of any enterprise will inevitably have an impact on the environment.</p> <p>In line with its values “Science and Virtue”, environmental concern is part of accountability which the University strives to deeply ingrain in all its activities.</p> | <p>Management, employees, investors, suppliers, students, alumni.</p> | <p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated, as well as all the necessary water permits.</p> |
|---|---|---|

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| | | |

| | | |
|---|--|--|
| People are now more environment conscious | Students, Management, Suppliers, Community, Government | The University as an Institution of Higher Learning can help raise awareness on environmental accountability and conservation. |
|---|--|--|

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

| Disclosure | Quantity | Units |
|--|---------------------------------|-------|
| Total number of employees | 976 | # |
| a. Number of Female Employees | 600 | # |
| b. Number of Male Employees | 376 | # |
| Attrition rate | 10.86% | % |
| Ratio of lowest paid employee against minimum wage | 1:1 Lowest rate is Minimum Wage | ratio |

Employee benefits

| List of Benefits | Y/N | % of female employees who availed for the year | % of male employees who availed for the year |
|--|-----|---|---|
| SSS | Y | 2.56% | 0.64% |
| PhilHealth | Y | 0 | 0 |
| Pag-ibig | Y | 0 | 0 |
| Parental leaves | Y | 0.18% | 0% |
| Vacation leaves | Y | 36.89% | 18.36% |
| Sick leaves | Y | 26.58% | 12.88% |
| Medical benefits (aside from PhilHealth) | Y | 1.00% | 0.55% |
| Housing assistance (aside from Pag-ibig) | Y | 0 | 0 |
| Retirement fund (aside from SSS) | Y | 0.18% | 0% |
| Further education support | Y | 4.66% | 2.74% |
| Company stock options | N | N/A | N/A |

| | | | |
|------------------------|---|------|------|
| Telecommuting | N | N/A | N/A |
| Flexible-working Hours | Y | 100% | 100% |
| (Others) | Y | 0 | 0 |

Note: Availment of flexible working hours peaked at 100% because of the COVID19 Pandemic.

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|--|--|---|
| The employees themselves are considered as stakeholders. Without them, the University will not be able to carry out its functions. | Management, employees, investors, suppliers, students, alumni. | <p>The University recognizes the role played by its employees. As such, the University strives to comply with all the requirements of law with respect to labor standards.</p> <p>In addition to the minimum labor standards, additional benefits are also introduced by management <i>motu proprio</i> and/or through negotiations with the Union via the CBA.</p> |

| | | |
|--|--|--|
| | | |
|--|--|--|

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---|
| Employees attrition for various reasons. | Management, Students | The University is designing a succession plan where any change in the employee structure will not result to a significant disruption in operations. |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Employee Training and Development

| Disclosure | Quantity | Units |
|--|------------|----------------|
| Total training hours provided to employees | | |
| a. Female employees | 44 | hours |
| b. Male employees | 44 | hours |
| Average training hours provided to employees | | |
| a. Female employees | 5.5 | hours/employee |
| b. Male employees | 5.5 | hours/employee |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
|---|----------------------------------|---------------------|

| | | |
|---|---|--|
| Having agile employees is indispensable in this volatile, uncertain, complex and ambiguous environment. | Employees, Management, Investors and Students | The University recognizes the importance of employee training and development. Programs providing for responsive training and development are continuously being developed by my management. |
|---|---|--|

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---|
| Employees attrition may take place for any reason after the employee have already undergone several trainings. | Management, Students, Investors | <p>Employee attrition is inevitable. The University cannot compel an employee to stay simply because he or she underwent several trainings. This is a risk that the University takes because the latter cannot afford to have untrained employees.</p> <p>The University is designing a succession plan where any change in the employee structure will not result to a significant disruption in operations.</p> |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
|--|----------------------------------|---------------------|

No significant opportunities determined for the meantime.
The university will revisit this and discuss the matter in its future reports.

Diversity and Equal Opportunity

| Disclosure | Quantity | Units |
|---|--|-------|
| % of female workers in the workforce | 600 | % |
| % of male workers in the workforce | 376 | % |
| Number of employees from indigenous communities and/or vulnerable sector* | Elderly – 114 Solo Parent – 1 | # |

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| There is no observable impact with the current ratio of employees as they are all treated equally without discrimination as to their gender, status, race, religion etc. | | |

Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety

| Disclosure | Quantity | Units |
|--------------------------------|---|----------|
| Safe Man Hours | Exact amount not available. The University will start counting the safe man hours and will attempt to include the date in future reports | Hours |
| No. of work-related injuries | 0 | # |
| No. of work-related fatalities | 0 | # |
| No. of work-related ill health | 0 | # |
| No. of safety drills | 2 | # Events |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
|---|---------------------|

| | |
|---|---|
| <p>The injuries reported are all minor injuries that has no significant impact to operations.</p> | <p>Policies are included in the Quality Management System Manual of the University to ensure the health and safety of the workforce such as:</p> <ul style="list-style-type: none"> · SAM 19.01 Handling of Non-Emergency Cases · SAM 19.02 Handling of Emergency Cases · SAM 19.04 Conducting Routine Physical Examination · SAM 19.07 Ensuring Food and Water Safety · SAM 19.08 Providing Health Information and Wellness Activities · SAM 19.09 Procuring and Disbursing Medicines and Medical/Dental Supplies <p>Management is committed to the implementation of these Quality Management System processes as well as to the University's Occupational Safety and Health Program.</p> |
|---|---|

| What are the risks identified? | Management Approach |
|--------------------------------|---------------------|
|--------------------------------|---------------------|

Risk assessment of the University Health Services as of October 23, 2019 includes the following:

- Food and water safety
- Infectious disease outbreak
- Accidents

Controls are created to manage occupational health and safety risks such as:

Food and water safety:

- Food and water analysis
- Sanitary permit of canteens
- Canteen visits
- Canteen and Food Inspection for Safety and Healthfulness
- Health certificates of canteen personnel

Infectious disease outbreak:

- Health and Safety Committee
- Medical consultations
- Monitoring of diseases
- Monthly Summary Report
- READINESS (Relevant Education and Advisories on Diseases and Injuries for Wellness)
- Sick leave credits

- Medical consultations
- Health and Safety Committee

Accidents:

- Medical consultations
 - Emergency care
 - Referrals
 - Accident benefits
 - Reimbursement scheme
 - Personal protective equipment
 - First aid kits
-
- Medical Report
 - Health and Safety Committee
 - Code FLASH (Fast, Life-saving, Accurate, Safe Rescue, Hospital-Ready)

Labor Laws and Human Rights

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of legal actions or employee grievances involving forced or child labor | 0 | # |

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g.harassment, bullying) in the workplace?

| Topic | Y/N | If yes, cite reference to company policy |
|--------------|-----|--|
| Forced Labor | N | No specific policy, but since the University's policies are compliant with the Labor Code, forced labor is an impossibility. |
| Child Labor | Y | The University only hires as employees those who are of legal age. |
| Human Rights | Y | The University has an explicit policy against sexual harassment. Bullying, as a form of disrespect towards others, is punished under the employee code of conduct. |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|

There is no observable impact with the current policies vis-a-vis child labor, forced labor, and violation of human rights. All company policies are compliant with the requirements of the law and as such, the commission of child labor, forced labor, and violation of human rights are impossible.

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Supply Chain Management

Do you have a supplier accreditation policy?

Yes, the University has a supplier accreditation policy. The policy, however is currently under review and is undergoing modifications. The University undertakes to attach said policy in future reports.

Do you consider the following sustainability topics when accrediting suppliers?

| Topic | Y/N | If yes, cite reference |
|-------|-----|------------------------|
|-------|-----|------------------------|

| | | |
|---------------------------|-----|---|
| | | in the supplier policy |
| Environmental performance | N/A | |
| Forced Labor | N/A | |
| Child Labor | N/A | |
| Human Rights | N/A | |
| Bribery and Corruption | Y | Anti corruption clauses are included in supplier contracts. |

| | |
|---|---|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| The way a supplier deals with society has an indirect effect to the University | The University is aware of its indirect effect to society through its suppliers. Hence, the University is in the process of coming up with a means of selecting only the most socially and ethically responsible suppliers. |

| | | |
|--|----------------------------------|---------------------|
| What are the risks identified? | Which stakeholders are affected? | Management Approach |
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Relationship with Community

Significant Impacts on Local Communities

| Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations) | Location | Vulnerable groups (if applicable) | Does the particular operation have impacts on indigenous peoples (Y/N)? | Collective or individual rights that have been identified that or particular concern for the community | Mitigating measures (if negative) or enhancement measures (if positive) |
|--|----------|-----------------------------------|---|--|---|
| | | | | | |

| | | | | | |
|--|--|---|------------------|--|---|
| <p>Please refer to the attached copy of the nature and type of community outreach projects and activities and the number of vulnerable individuals and groups served</p> <p>(next table)</p> | <p>Claro M. Recto School Legarda, Manila</p> | <p>Children and Youth</p> <p>Public School Teachers</p> | <p>No Impact</p> | <p>Children's Rights</p> <p>(based on PD 603)</p> <p>Upliftment of lives</p> | <p>Enhancement Measures:</p> <ol style="list-style-type: none"> 1. Very good work relationship of the outreach volunteers with the school officials; 2. Accessibility of the school to the community; 3. A systematic approach used by the university in assisting the adopted school, based on the people's identified and expressed needs; 4. A strong culture of volunteerism among the students, faculty and non-teaching personnel of the university; 5. Regular monitoring and evaluation of community projects to validate how the efforts of the outreach volunteers |
|--|--|---|------------------|--|---|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | <p>impact on people's lives;</p> <p>6. Strong and sustained support of the CEU management in the implementation of outreach projects and activities.</p> |
|--|--|--|--|--|--|

**NATURE AND TYPE OF COMMUNITY OUTREACH PROJECTS AND ACTIVITIES AND
NUMBER OF VULNERABLE INDIVIDUALS AND GROUPS SERVED**

| NATURE/TYPE OF COMMUNITY OUTREACH PROJECT/ACTIVITY |
|---|
| <p>Projects</p> <p>Coffee and Tea Making Livelihood</p> <p>Participated on Brigada Eskwela Opening Ceremony of Claro M. Recto High School</p> <p>Turnover of Donated Health Supplies for the Implementation of Face-to-Face Classes</p> <p>Donation of School Supplies for V. Mapa High School Students</p> <p>Online Optometric Education</p> <p>Webinar on Canva Workshop for the faculty of Claro M. Recto High School (TEACH</p> |

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: **N/A**

| | | |
|--------------|----------|-------|
| Certificates | Quantity | Units |
|--------------|----------|-------|

| | | |
|----------------------------------|-----|---|
| FPIC process is still undergoing | N/A | # |
| CP Secured | N/A | # |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
|--|---|
| Everyone has a role in helping those in the vulnerable sectors to be included in all the affairs of society. | As an educational institution, the University acknowledges its role in the forming of a more inclusive society. |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| The risk identified is possible exposure to COVID 19. The University currently implements strict protocols in order to avoid exposure when interacting with the community. | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|--|
| Members of the vulnerable sectors may benefit from the research program of the University | Students, Community | Subject to safeguards and the rules on research ethics, the University can integrate in its research programs aimed at helping the vulnerable sectors. |

Customer Management

_Customer Satisfaction

| Disclosure | Score | Did a third party conduct the customer satisfaction study? |
|-----------------------|--|--|
| Customer Satisfaction | Exact figure not available. The current system identifies various customers (i.e. students, alumni, internal customers) which involves different metrics. The University shall come up with a way to consolidate data and undertake to include this in future reports. | No |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Stakeholders affected | Management Approach |
|--|--|--|
| Customer satisfaction ratings reflect the overall quality of service that customers experience within the University | Investors, Management, Students, employees, Alumni | The University shall continuously improve its customer satisfaction measurement system in order to arrive at a more responsive feedback response system. |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--------------------------------|----------------------------------|---------------------|
|--------------------------------|----------------------------------|---------------------|

| |
|--|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> |
|--|

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|---|---|--|
| Technology provides an avenue for easy collection of data | Investors. Management, Students, employees, Alumni | The University shall continuously improve its customer satisfaction measurement system in order to arrive at a more responsive feedback response system. In doing so, state of the art technology shall be explored. |

Health and Safety

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on product or service health and safety | 0 | N/A |
| No. of complaints addressed | N/A | N/A |

Note: The lack of data with respect to this is due to the nature of the activity of the corporation. As an educational institution, its product (rendering of educational services) does not necessarily have health and safety issues. The university will revisit this and discuss the matter in its future reports.

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
|---|----------------------------------|---------------------|

There is no observable impact with the current policies. As an educational institution, its product (rendering of educational services) does not necessarily have health and safety issues. The university will revisit this and discuss the matter in its future reports.

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Marketing and labeling

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on marketing and labeling | 0 | # |
| No. of complaints addressed | 0 | # |

Note: The lack of data with respect to this is due to the nature of the activity of the corporation. As an educational institution, its product (rendering of educational services) does not necessarily have

marketing and labeling issues. The university will revisit this and discuss the matter in its future reports.

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>There is no observable impact with the current policies. As an educational institution, its product (rendering of educational services) does not necessarily have marketing and labeling issues. The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| <p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p> | | |

Customer privacy

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on customer privacy | 0 | # |

| | | |
|---|---|---|
| No. of complaints addressed | 0 | # |
| No. of customers, users, and account holders whose information is used for secondary purposes | 0 | # |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---|
| Customer privacy is an important component of their rights. | Students, Alumni, Employees | <p>The University strictly adheres to Data Privacy and also respects matters that are not covered by the Data Privacy Law. The University shall continuously improve its policies to protect such.</p> <p>The University is currently updating its pillars of compliance.</p> |

| What are the risks identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|--|
| Digitization of data increases the risk of vulnerability to hackers. | Students, Alumni, Employees | The University shall continue improving its data systems and safeguards. |

| What are the opportunities identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---|
| High-spec data protection devices are now more accessible. | Students, Alumni, Employees | The University shall continue evaluating available technology and its suitability to the needs of the University. |

Data Security

| Disclosure | Quantity | Units |
|---|---|-------|
| No. of data breaches , including leaks, thefts, and losses of data. | 0 Thankfully no such incidents took place. | # |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
|---|---|
| Gaining customer trust by keeping personal data secure and private is a key component of the University's Data Protection Program | The University strictly adheres to the provisions of the Data Privacy Act. In all its frontline service offices, all the necessary disclosures are being made and consents are obtained. CEU only uses data collected in the furtherance of its legitimate purposes and nothing more. |

| What are the risks identified? | Management Approach |
|--------------------------------|---------------------|
|--------------------------------|---------------------|

| | |
|--|--|
| Digitization of data increases the risk of vulnerability to hackers. | The University shall continue improving its data systems and safeguards. |
|--|--|

| What are the opportunities identified? | Management Approach |
|--|---|
| <p>High-spec data protection devices are now more accessible.</p> <p>Free data privacy trainings are always available from the National Privacy Commission</p> | <p>The University shall continue evaluating available technology and its suitability to the needs of the University. It shall also take advantage of available trainings in order to increase capability.</p> |

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

| Key Products and Services | Societal Value | Potential Negative Impact of Contribution | Management Approach to Negative Impact |
|---------------------------|----------------|---|--|
| | | | |

| | | | |
|---|--|--|---|
| <p>Education/ Providing a Steady Stream of Professionals such as Doctors, Nurses, Pharmacists, Dentists, Optometrists, Psychologists, Medical Technicians, Nutritionists, Lawyers, Social Workers and other fields.</p> | <p>Goal 3 – Good health and well-being</p> <p>Goal 4 – Quality Education</p> <p>Goal 8 – Decent growth and economic growth</p> | <p>A societal tendency to lean towards these fiels of education might result in the disregard of other fields, which is actually also important in a holistic society.</p> | <p>The University shall continue improving its programs and shall also continue to explore the introduction of other degree programs that are responsive to the needs of society.</p> |
|---|--|--|---|

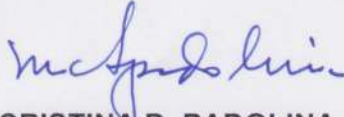
*None/not applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.

SIGNATURES

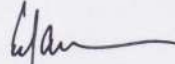
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Manila on _____.

SEP 27 2022

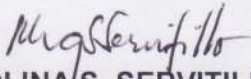
By:



MA. CRISTINA D. PADOLINA
Principal Executive Officer



CESAR F. TAN
Principal Financial Officer



MA. ROLINA S. SERVITILLO
Principal Operation Officer

SEP 27 2022

SUBSCRIBED AND SWORN TO before me this _____ day of _____, affiants exhibiting to me their respective Philippine Passport Numbers, as follows:

| NAME | PASSPORT | DATE ISSUED | PLACE OF ISSUE |
|--------------------------|-----------|---------------|----------------|
| Ma. Cristina D. Padolina | P8185164B | Nov. 16, 2021 | DFA, San Pablo |
| Cesar F. Tan | P9759990A | Nov. 29, 2018 | Manila |
| Ma. Rolina S. Servitillo | P6233461B | Feb. 5, 2021 | DFA, Malolos |

Doc. No. 328
Page No. 4
Book No. 292111
Series of 2022.

ATTY. GARY CAMITAN AURE

NOTARY PUBLIC, ROLL NO. 60777

PTR No. 0193620 Issued on Jan. 3, 2022 until Dec. 31, 2022 Manila

IDP License No. 014599 Issued on Feb. 2, 2016

Commission No. 2020-021 Issued on Jan. 31, 2020 until Dec. 31, 2021 Manila

MCLE No. VI-0001646 Issued on Nov. 20, 2019 Valid Until April 14, 2023 Pasig City

Office Address: G/F YMCA Building, 350 Antonio Villegas Street, Ermita, Manila
And Extended Until December 31, 2022 as Per B.M. No. 3795



CENTRO ESCOLAR UNIVERSITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Centro Escolar University (CEU) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended May 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

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

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

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

Signed this 15th day of September, 2022.

BASILIO C. YAP
Chairman

MA. CRISTINA D. PADOLINA
President/Vice Chairman

CESAR F. TAN
Treasurer

SUBSCRIBED AND SWORN TO before me this 15 day of September, 2022, affiants exhibiting to me their respective Philippine Passports as follows **SEP 27 2022**

BASILIO C. YAP
MA. CRISTINA D. PADOLINA
CESAR F. TAN

| Passport No. | Date and Place of Issue |
|--------------|---------------------------|
| P4011351B | November 29, 2019, Manila |
| P3754596A | July 22, 2017, Manila |
| P9759990A | November 29, 2018, Manila |

Doc. No. 301
Page No. 09
Book No. 1200/11
Series of 2022

ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777

PTC No. 0153823 Issued on Jan. 2, 2022 until Dec. 31, 2022 Manila
IBP Lifetime No. 014588 Issued on Feb. 2, 2016

Commission No. 2020-021 Issued on Jan. 31, 2020 until Dec. 31, 2021 Manila
Commission No. 2020-021 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City

Office Address: 6/F YnCA bldg. CHED Center of Excellence in Teacher Education • CHED Center of Development in Business Education • HIGHEST NUMBER of programs at HIGHEST LEVEL of accreditation, Level IV, by PACUCOA certified by FAAP: Biology, Psychology, Pharmacy, Business Administration, Dentistry, Optometry, Nutrition and Dietetics, Liberal Arts (Mass Communication and Political Science), Education, and Medical Technology



COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

| | | | | | | | | | |
|---|---|---|---|---|---|--|--|--|--|
| P | W | 1 | 0 | 9 | 3 | | | | |
|---|---|---|---|---|---|--|--|--|--|

COMPANY NAME

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|---|---|---|--|
| C | E | N | T | R | O | | E | S | C | O | L | A | R | | U | N | I | V | E | R | S | I | T | Y | | A | N | D | |
| S | U | B | S | I | D | I | A | R | I | E | S | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|---|---|---|---|
| 9 | | M | E | N | D | I | O | L | A | | S | T | R | E | E | T | , | | S | A | N | | M | I | G | U | E | L | , |
| M | A | N | I | L | A | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Form Type

| | | | |
|---|---|---|---|
| A | C | F | S |
|---|---|---|---|

Department requiring the report

| | | | |
|---|---|---|---|
| C | R | M | D |
|---|---|---|---|

Secondary License Type, If Applicable

| | | | |
|--|---|---|--|
| | N | A | |
|--|---|---|--|

COMPANY INFORMATION

Company's Email Address

corporate@ceu.edu.ph

Company's Telephone Number

8735-5991

Mobile Number

09279276089

No. of Stockholders

1,014

Annual Meeting (Month / Day)

4th week of October

Fiscal Year (Month / Day)

5/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Cesar F. Tan

Email Address

cftan@ceu.edu.ph

Telephone Number/s

8735-5991

Mobile Number

09279276089

CONTACT PERSON'S ADDRESS

9 Mendiola Street, San Miguel, Manila

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

Opinion

We have audited the consolidated financial statements of Centro Escolar University (the “University”) and its subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at May 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended May 31, 2022, the two-month period ended May 31, 2021 and the year ended March 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year ended May 31, 2022, the two-month period ended May 31, 2021 and the year ended March 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the “Code of Ethics”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Adequacy of Allowance for Expected Credit Loss (ECL)

The Group applies simplified approach in calculating expected credit loss (ECL). Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors and the economic environment. Allowance for credit losses and the provision for credit losses as of and for the year ended May 31, 2022 amounted to ₱136.91 million and ₱11.86 million, respectively. The use of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of coronavirus pandemic, in calculating ECL.

The disclosures on the allowance for ECL are included in Notes 2, 3 and 6 to the consolidated financial statements.

Audit Response

We updated our understanding of the approved methodology used for the Group's different credit exposures and reassessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) compared the definition of default against historical analysis of account and credit risk management policies and practices in place; and management's assessment of the effect of the coronavirus pandemic, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's tuition fee receivable portfolios and industry practices, including the impact of the coronavirus pandemic.

Further, we checked the data used in the ECL models, such as the historical aging analysis of defaults, and recovery data, by reconciling data from source system reports to the database and from the database to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source reports to the loss allowance analysis.

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

Impairment Testing of Property and Equipment Valued at Cost and Right-of-Use Asset

The Group's market capitalization is lower compared to its net assets. This is an impairment indicator that requires an assessment of the recoverability of the Group's non-financial assets, particularly its property and equipment valued at cost and right-of-use asset. As at May 31, 2022, the carrying value of the Group's property and equipment valued at cost and right-of-use asset amounted to ₱1,512.49 million representing 22% of the Group's consolidated total assets. The assessment of the recoverable amount of the property and equipment and right-of-use asset requires significant judgment and involves estimation and assumptions about tuition fee rates, number of students and long-term growth rate, as well as discount rates. Hence, such assessment is a key audit matter in our audit.



The disclosures on the property and equipment valued at cost and right-of-use asset are included in Notes 2, 3, 9 and 18 to the consolidated financial statements.

Audit Response

We updated and confirmed the Group's process of assessing and recognizing impairment losses in accordance with the guidelines set forth by PAS 36. We checked the reasonableness of the assumptions used by the management which include tuition fee rates, number of students, long-term growth rate and discount rates. We compared the tuition fee rates and number of students against the historical performance of the cash-generating unit and other relevant external data. We tested the long-term growth rate and the parameters used in the determination of the discount rates against market data and published market information. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of property and equipment and right-of-use asset.

Valuation of land

The Group accounts for its land classified as property and equipment using the revaluation model. As at May 31, 2022, the carrying value of the Group's land classified as property and equipment amounted to ₱4,358.64 million representing 63% of the Group's consolidated total assets. In addition, for the year ended May 31, 2022, the Group recognized a revaluation gain of ₱871.04 million in other comprehensive income. The valuation of the land classified as property and equipment requires the assistance of an external appraiser whose calculations involve certain assumptions, such as sales price of similar properties and adjustments to sales price based on internal and external factors. This matter is significant to our audit because it involves significant judgment and estimates.

The disclosures on land classified as property and equipment at revalued amount are included in Notes 2, 3 and 9 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and qualifications of the Group's external appraiser by considering their qualifications, experience and reporting responsibilities. We evaluated the methodology and assumptions used in the valuation of the land. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year-ended May 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year-ended May 31, 2022, are expected to be made available to us after the date of this auditor's report.



Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partner on the audit resulting in this independent auditor's report is Djole S. Garcia.

SYCIP GORRES VELAYO & CO.



Djole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 8853496, January 3, 2022, Makati City

September 27, 2022



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | May 31 | |
|--|-----------------------|-----------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 5) | P561,585,710 | P480,047,725 |
| Tuition and other receivables (Note 6) | 286,584,422 | 227,090,993 |
| Inventories (Note 7) | 18,573,805 | 14,446,174 |
| Other current assets (Note 8) | 91,055,623 | 69,867,587 |
| Total Current Assets | 957,799,560 | 791,452,479 |
| Noncurrent Assets | | |
| Property and equipment (Note 9) | | |
| At revalued amount | 4,358,636,002 | 3,487,593,002 |
| At cost | 1,362,646,794 | 1,428,758,507 |
| Right-of-use asset (Note 18) | 149,840,515 | 167,297,662 |
| Goodwill (Note 4) | 47,605,695 | 47,605,695 |
| Other noncurrent assets (Note 10) | 18,315,903 | 20,542,105 |
| Total Noncurrent Assets | 5,937,044,909 | 5,151,796,971 |
| TOTAL ASSETS | P6,894,844,469 | P5,943,249,450 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts payable and other current liabilities (Note 11) | P530,611,109 | P439,335,804 |
| Deferred revenue (Notes 13 and 14) | 33,101,671 | – |
| Dividends payable (Note 12) | 116,979,801 | 108,618,157 |
| Current portion of lease liability (Note 18) | 15,113,148 | 14,276,673 |
| Total Current Liabilities | 695,805,729 | 562,230,634 |
| Noncurrent Liabilities | | |
| Deferred tax liabilities - net (Note 17) | 481,158,125 | 394,229,305 |
| Lease liability - net of current portion (Note 18) | 147,451,415 | 162,564,562 |
| Retirement liability (Note 16) | 169,901,006 | 219,492,741 |
| Other noncurrent liability (Note 11) | 10,901,237 | 13,419,598 |
| Total Noncurrent Liabilities | 809,411,783 | 789,706,206 |
| Total Liabilities | 1,505,217,512 | 1,351,936,840 |
| Equity | | |
| Equity Attributable to Equity Holders of the University | | |
| Capital stock (Note 12) | 372,414,400 | 372,414,400 |
| Additional paid-in capital | 664,056 | 664,056 |
| Retained earnings (Note 12) | | |
| Appropriated | 996,000,000 | 1,076,000,000 |
| Unappropriated | 626,656,911 | 579,156,797 |
| Revaluation increment on land - net (Notes 9 and 24) | 3,439,312,398 | 2,655,373,698 |
| Remeasurement loss on retirement obligation (Note 16) | (51,794,744) | (99,780,240) |
| Revaluation reserve on financial assets at FVOCI (Note 10) | (275,059) | (317,179) |
| Effect of transactions with non-controlling interest (Note 12) | 2,042,246 | 2,042,246 |
| | 5,385,020,208 | 4,585,553,778 |
| Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries | 4,606,749 | 5,758,832 |
| Total Equity | 5,389,626,957 | 4,591,312,610 |
| TOTAL LIABILITIES AND EQUITY | P6,894,844,469 | P5,943,249,450 |

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME****FOR THE YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021* AND FOR THE YEAR ENDED MARCH 31, 2021**

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|---|-------------------------------|---------------------------------|---------------------------------|
| REVENUES FROM CONTRACTS WITH CUSTOMERS | | | |
| Tuition and other school fees (Note 13) | ₱1,288,803,119 | ₱200,231,715 | ₱1,129,208,087 |
| Miscellaneous fees (Notes 13 and 14) | 12,893,522 | 779,941 | 10,751,081 |
| | 1,301,696,641 | 201,011,656 | 1,139,959,168 |
| OTHER REVENUES | | | |
| Rental income (Notes 18 and 21) | 4,815,310 | 592,733 | 2,301,090 |
| | 1,306,511,951 | 201,604,389 | 1,142,260,258 |
| COSTS AND EXPENSES (Note 15) | | | |
| Costs of services | 1,052,582,264 | 142,116,463 | 881,615,493 |
| General and administrative expenses | 127,899,986 | 18,840,237 | 128,821,637 |
| | 1,180,482,250 | 160,956,700 | 1,010,437,130 |
| INCOME BEFORE OTHER INCOME AND INCOME TAX | 126,029,701 | 40,647,689 | 131,823,128 |
| OTHER INCOME (EXPENSES) | | | |
| Interest expense (Notes 18 and 19) | (11,555,061) | (1,698,590) | (11,881,653) |
| Interest income (Note 5) | 3,102,887 | 552,858 | 3,565,698 |
| Foreign currency exchange gains (losses) - net | 679,399 | (144,358) | (456,023) |
| Loss on retirement/disposal of assets (Note 9) | (142) | — | (2,856) |
| Other income - net (Notes 6 and 11) | 322,060 | 88,581 | 27,758,181 |
| | (7,450,857) | (1,201,509) | 18,983,347 |
| INCOME BEFORE INCOME TAX | 118,578,844 | 39,446,180 | 150,806,475 |
| BENEFIT FROM INCOME TAX (Note 17) | (473,637) | (2,083,361) | (4,449,752) |
| NET INCOME | ₱119,052,481 | ₱41,529,541 | ₱155,256,227 |
| Attributable to: | | | |
| Equity holders of the University | ₱116,465,874 | ₱41,396,930 | ₱152,556,823 |
| Non-controlling interests | 2,586,607 | 132,611 | 2,699,404 |
| | ₱119,052,481 | ₱41,529,541 | ₱155,256,227 |
| Basic/Diluted Earnings Per Share (Note 23) | ₱0.31 | ₱0.11 | ₱0.41 |

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021* AND
FOR THE YEAR ENDED MARCH 31, 2021**

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|---|--|--|--|
| NET INCOME | ₱119,052,481 | ₱41,529,541 | ₱155,256,227 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Items not to be reclassified to profit or loss | | | |
| Revaluation increment on land (Note 9) | 871,043,000 | — | — |
| Income tax effect | (87,104,300) | — | — |
| | 783,938,700 | — | — |
| Remeasurement gain (loss) on retirement obligation (Note 16) | 53,329,784 | 13,096,010 | (52,919,608) |
| Income tax effect (Note 17) | (5,332,978) | (1,309,601) | 5,291,961 |
| | 47,996,806 | 11,786,409 | (47,627,647) |
| Change in revaluation reserve on financial assets at FVOCI (Note 10) | 42,120 | 6,768 | 7,992 |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) | 831,977,626 | 11,793,177 | (47,619,655) |
| TOTAL COMPREHENSIVE INCOME | ₱951,030,107 | ₱53,322,718 | ₱107,636,572 |
| Attributable to: | | | |
| Equity holders of the University | ₱948,432,190 | ₱53,190,107 | ₱104,937,168 |
| Non-controlling interests | 2,597,917 | 132,611 | 2,699,404 |
| | ₱951,030,107 | ₱53,322,718 | ₱107,636,572 |

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021* AND FOR THE YEAR ENDED MARCH 31, 2021

| | Equity Attributable to Equity Holders of the University | | | | | | | | Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries | | Total Equity |
|---|---|----------------------------------|-----------------------------|---------------------|---|--|---|--|--|-------------------|-----------------------|
| | Capital Stock (Note 12) | Additional Paid-in Capital | Retained Earnings (Note 12) | | Revaluation Increment on Land - net (Notes 9 and 24) | Remeasurement Gain (Loss) on Retirement Obligation (Note 16) | Revaluation Reserve on Financial assets at FVOCI (Note 10) | Effect of transactions with non-controlling interest (Note 12) | | | |
| | | | Appropriated | Unappropriated | | | | Total | | | |
| Balances at | | | | | | | | | | | |
| March 31, 2020 | ₱372,414,400 | ₱664,056 | ₱740,000,000 | ₱721,203,044 | ₱2,655,373,698 | (₱63,939,002) | (₱331,939) | ₱2,042,246 | ₱4,427,426,503 | ₱6,901,817 | ₱4,434,328,320 |
| Net income | — | — | — | 152,556,823 | — | — | — | — | 152,556,823 | 2,699,404 | 155,256,227 |
| Other comprehensive income (loss) | — | — | — | — | — | (47,627,647) | 7,992 | — | (47,619,655) | — | (47,619,655) |
| Cash dividends | — | — | — | — | — | — | — | — | — | (3,975,000) | (3,975,000) |
| Appropriation for business expansion | — | — | 336,000,000 | (336,000,000) | — | — | — | — | — | — | — |
| Balances at | | | | | | | | | | | |
| March 31, 2021 | ₱372,414,400 | ₱664,056 | ₱1,076,000,000 | ₱537,759,867 | ₱2,655,373,698 | (₱111,566,649) | (₱323,947) | ₱2,042,246 | ₱4,532,363,671 | ₱5,626,221 | ₱4,537,989,892 |
| Balances at | | | | | | | | | | | |
| March 31, 2021 | ₱372,414,400 | ₱664,056 | ₱1,076,000,000 | ₱537,759,867 | ₱2,655,373,698 | (₱111,566,649) | (₱323,947) | ₱2,042,246 | ₱4,532,363,671 | ₱5,626,221 | ₱4,537,989,892 |
| Net income | — | — | — | 41,396,930 | — | — | — | — | 41,396,930 | 132,611 | 41,529,541 |
| Other comprehensive income | — | — | — | — | — | 11,786,409 | 6,768 | — | 11,793,177 | — | 11,793,177 |
| Balances at | | | | | | | | | | | |
| May 31, 2021 | ₱372,414,400 | ₱664,056 | ₱1,076,000,000 | ₱579,156,797 | ₱2,655,373,698 | (₱99,780,240) | (₱317,179) | ₱2,042,246 | ₱4,585,553,778 | ₱5,758,832 | ₱4,591,312,610 |
| Balances at | | | | | | | | | | | |
| May 31, 2021 | ₱372,414,400 | ₱664,056 | ₱1,076,000,000 | ₱579,156,797 | ₱2,655,373,698 | (₱99,780,240) | (₱317,179) | ₱2,042,246 | ₱4,585,553,778 | ₱5,758,832 | ₱4,591,312,610 |
| Net income | — | — | — | 116,465,874 | — | — | — | — | 116,465,874 | 2,586,607 | 119,052,481 |
| Other comprehensive income | — | — | — | — | 783,938,700 | 47,985,496 | 42,120 | — | 831,966,316 | 11,310 | 831,977,626 |
| Cash dividends | — | — | — | (148,965,760) | — | — | — | — | (148,965,760) | (3,750,000) | (152,715,760) |
| Reversal of appropriation | — | — | (530,000,000) | 530,000,000 | — | — | — | — | — | — | — |
| Appropriation for business expansion | — | — | 450,000,000 | (450,000,000) | — | — | — | — | — | — | — |
| Balances at | | | | | | | | | | | |
| May 31, 2022 | ₱372,414,400 | ₱664,056 | ₱996,000,000 | ₱626,656,911 | ₱3,439,312,398 | (₱51,794,744) | (₱275,059) | ₱2,042,246 | ₱5,385,020,208 | ₱4,606,749 | ₱5,389,626,957 |

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

**FOR THE YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021*
AND FOR THE YEAR ENDED MARCH 31, 2021**

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|---|-------------------------------|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax | P118,578,844 | P39,446,180 | P150,806,475 |
| Adjustments for: | | | |
| Depreciation and amortization (Notes 9, 10, 15 and 18) | 102,511,276 | 19,052,662 | 108,836,616 |
| Interest expense (Notes 18 and 19) | 11,555,061 | 1,698,590 | 11,881,653 |
| Retirement expense (Note 16) | 33,754,297 | 6,058,588 | 24,249,070 |
| Interest income (Note 5) | (3,102,887) | (552,858) | (3,565,698) |
| Unrealized foreign exchange losses (gains) - net | (679,399) | 144,358 | 456,023 |
| Loss on retirement/disposal of assets (Note 9) | 142 | - | 2,856 |
| Operating income before changes in operating assets and liabilities | 262,617,334 | 65,847,520 | 292,666,995 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in: | | | |
| Tuition and other receivables | (59,491,324) | 117,886,259 | (22,900,711) |
| Inventories | (4,127,631) | 64,753 | (1,193,042) |
| Other current assets | (20,766,967) | (8,628,018) | (15,086,835) |
| Increase (decrease) in: | | | |
| Accounts payable and other current liabilities and contract liabilities | 88,756,944 | (105,241,215) | (25,336,732) |
| Deferred revenue | 33,101,671 | (88,955,107) | 26,483,472 |
| Net cash generated from (used in) operations | 300,090,027 | (19,025,808) | 254,633,147 |
| Contribution to the plan asset (Note 16) | (30,016,248) | - | (42,000,000) |
| Income taxes paid | (4,264,403) | (19,560) | (11,940,047) |
| Interest received | 3,100,782 | 559,611 | 3,677,991 |
| Interest on deficiency taxes paid | (1,831,733) | - | (1,240,768) |
| Net cash from (used in) operating activities | 267,078,425 | (18,485,757) | 203,130,323 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisitions of: | | | |
| Property and equipment (Note 9) | (17,873,808) | (7,934,824) | (18,039,727) |
| Software cost (Note 10) | - | - | (105,000) |
| Decrease in other noncurrent assets | 8,085 | 151,195 | 1,454,685 |
| Net cash used in investing activities | (17,865,723) | (7,783,629) | (16,690,042) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of cash dividends (Note 26) | (144,354,116) | (397,500) | (715,217) |
| Payments of leases (Notes 18 and 26) | (24,000,000) | (4,000,000) | (24,000,000) |
| Cash used in financing activities | (168,354,116) | (4,397,500) | (24,715,217) |
| EFFECT OF FOREIGN CURRENCY RATE CHANGES ON CASH AND CASH EQUIVALENTS | 679,399 | (144,358) | (456,023) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 81,537,985 | (30,811,244) | 161,269,041 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 480,047,725 | 510,858,969 | 349,589,928 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 5) | P561,585,710 | P480,047,725 | P510,858,969 |

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

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 | Percentage of Ownership | | |
|--|-------------------------|---------|---------|
| | 2022 | 2021 | 2020 |
| Centro Escolar University Hospital, Inc. (the “Hospital” or CEUHI) | 100.00% | 100.00% | 100.00% |
| Centro Escolar Las Piñas, Inc. (CELPI) (formerly Las Piñas College [LPC]) | 99.90% | 99.90% | 99.90% |
| Centro Escolar Integrated School, Inc. (CE-IS) | 94.00% | 94.00% | 94.00% |

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.

In accordance with the Commission on Higher Education (CHED) Memorandum Order No. 32, the University’s Mendiola and Makati campuses were granted autonomous status to be in force and in effect for five years from November 15, 2007 to November 14, 2012 per Resolution Nos. 087-2012 and 148-2012. Private Higher Education Institutions (HEIs) which were granted with autonomous status in 2007 to 2009 and deregulated status in 2009 and 2010 shall retain their respective status until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. The CHED extended the autonomous status of these two campuses for two times until May 31, 2021. The CHED further extended the autonomous status of these two campuses until May 31, 2023 by virtue of CHED Memorandum Order No. 07 series of 2021 issued on April 30, 2021.

The University’s Malolos campus was granted autonomous status for a period of five years effective November 15, 2009 to November 14, 2014 per Resolution Nos. 087-2012 and 148-2012. Such autonomous status was extended until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. The CHED extended the autonomous status of the University’s Malolos campus for two times until May 31, 2021. The autonomous status of the University’s Malolos campus is also further extended until May 31, 2023 by virtue of CHED Memorandum Order No. 07 series of 2021 issued on April 30, 2021.

Under this autonomous status, the University is free from monitoring and evaluation of activities of the 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 the 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, 2022, the Hospital is providing laboratory examinations to seven Hemotek Renal Centers.

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 located at Km 44 MacArthur Highway, Longos, Malolos City. On December 31, 2019, the University purchased additional 2,000 shares of CE-IS increasing its ownership to 94%.

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 located at Dr. Faustino Uy Avenue, Pillar Village, Las Piñas City.

The consolidated financial statements were approved and authorized for issuance by the University's BOD on September 27, 2022.

Change in Academic Year and Fiscal Year

The University implemented a change in the academic year (i.e., from June ending March to August ending May). This started in August 2019 and was reported under fiscal year ended March 31, 2020. This change in the academic year had an effect on the net income reported for fiscal year 2020 due to the non-inclusion of the April and May 2020 realized tuition and other fees, as well as related expenses, which was reported in fiscal year ended March 31, 2021.

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 ending 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.

On June 28, 2019, the Board of Directors and Stockholders of the University approved to change the fiscal year of the University from beginning April 1 and ending March 31 to beginning June 1 to ending May 31. The University applied the change of the fiscal year with the Bureau of Internal Revenue (BIR) on October 22, 2020. The University prepared financial statements as at and for the two-month period ended May 31, 2021 to comply with the reportorial requirements of (1) the BIR to file a separate return for the period between the close of the original accounting period and the date designated as the close of the new accounting period and (2) the Securities and Exchange Commission (SEC) to file the financial statements at the end of every fiscal year.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for land classified under 'Property and equipment' which is measured at revalued amount, and equity investments classified as financial assets at fair value through other comprehensive income (FVOCI) included under 'Other noncurrent assets'.



The consolidated financial statements are presented in Philippine Peso (₱ or Peso), which is also the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise stated.

The consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows as of and for the two-month period ended May 31, 2021 were prepared due to the change of the fiscal year of the University from fiscal year beginning April 1 and ending March 31 to fiscal year beginning June 1 and ending May 31 (see Note 1). As a result, the amounts presented in the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the two-month period ended May 31, 2021 are not comparable with those statements for the years ended May 31, 2022 and March 31, 2021.

Statement of Compliance

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

Presentation of Consolidated Financial Statements

The Group presents its assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for trading;
- Expected to be realized within 12 months after the statement of financial position date; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the statement of financial position date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for trading;
- It is due to be settled within 12 months after the statement of financial position date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the statement of financial position date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries. Control is achieved when the University 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 University controls an investee if, and only if, the University has:

- Power over the investee (that is, 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.



Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the University has less than a majority of the voting or similar rights of an investee, the University 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 University's voting rights and potential voting rights.

The University reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the University obtains control over the subsidiary and ceases when the University loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the University gains control until the date the University ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the University's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

The financial statements of the subsidiaries were prepared using consistent accounting principles and policies in accordance with PFRS. The financial statements of CEUHI and CELPI were prepared following a fiscal year end of March 31 while the financial statements of CE-IS were prepared following a fiscal year end of December 31. For consolidation purposes, adjustments to the financial statements of CEUHI, CELPI and CE-IS are recorded to align with the reporting year of the University.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amount of the controlling and non-controlling interests are adjusted by the Group to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the University.

When a change in ownership interest in a subsidiary occurs, which results in loss of control over the subsidiary, the University:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Derecognizes the other comprehensive income (OCI) and recycle the same to the profit or loss to retained earnings;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained; and
- Recognizes any surplus or deficit in the consolidated statement of income.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and the net assets not held by the University and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the equity holders of the University. Transactions with non-controlling interest are accounted for using the equity concept method, whereby the



difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in Accounting Policies and Disclosures

The accounting policies and disclosures adopted are consistent with those of the previous financial year (April 1, 2021 to May 31, 2021). There are no new accounting standards and disclosures effective as at June 1, 2021 to May 31, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in Peso based on the exchange rates prevailing at the transaction dates. Foreign currency-denominated monetary assets and liabilities are translated in Peso based on the Bankers' Association of the Philippines closing rate prevailing at the reporting date in 2022 and 2021, respectively. Foreign exchange differences between rate at transaction date and rate at settlement date or reporting date of foreign currency-denominated monetary assets or liabilities are credited to or charged against profit or loss in the period in which the rates changed. Non-monetary items that are measured at 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.

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 by 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 nonfinancial 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 reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of 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 and the level within the fair value hierarchy as explained above (see Note 24).

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term deposits which are highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and are subject to insignificant risks of changes in value. Cash and cash equivalents are carried at face value in the consolidated statement of financial position.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, at FVOCI and at fair value through profit or loss (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. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows 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 to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI without recycling (equity instruments)
- Financial assets at FVTPL (debt and equity instruments)



Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. 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 closely 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 the consolidated statements of income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash in banks and short-term deposits, tuition fee and other receivables and refundable security deposits.

Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of income. Dividends are recognized as income in the consolidated statements of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in quoted equity instruments under this category.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

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

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% 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).

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. 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).

The Group's debt instruments at amortized cost comprise of cash and cash equivalents and refundable security 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 fee receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that



is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

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

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before considering 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 FVTPL, loans and borrowings, other financial liabilities carried at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other current liabilities (excluding contract liabilities and statutory payables), dividends payable and lease liability.

Subsequent measurement

Other financial liabilities carried at amortized cost

These are issued financial instruments or their components, which are not designated as at FVTPL and where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities not qualified and not designated as at FVTPL are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the Group's accounts payable and other current liabilities (excluding contract liabilities and statutory payables), dividends payable and lease liability.

Derecognition

A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial



liability, and the difference in the respective carrying amounts is recognized in the statement of income.

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% 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% 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.

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.

Inventories

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

Property and Equipment

Property and equipment, except for land, is carried at cost, less accumulated depreciation and amortization and accumulated allowance for impairment losses. The initial cost of property and equipment comprises its purchase price, including import duties, taxes 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 presented in OCI, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the consolidated statement of income, in which case, the increase is recognized in the consolidated statement of income. A revaluation decrease is recognized in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset presented in OCI. Upon disposal, any revaluation surplus, net of tax effect, relating to the land being sold is transferred to retained earnings.

Construction in progress, included in property and equipment, is stated at cost.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged against the consolidated statement of income 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.

The useful life and depreciation and amortization method are reviewed at least every reporting date and adjusted prospectively, if appropriate.

Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives of the assets:

| | Number of Years |
|--------------------------------------|--|
| Land improvements | 10 |
| Building | 25 to 50 |
| Furniture, transportation, auxiliary | 5 |
| Laboratory equipment | 10 |
| Library books | 10 |
| Leasehold improvements | 10 or lease term whichever is shorter |

Construction in progress is not depreciated until such time that the relevant assets are completed and become available for intended use.

Fully depreciated property and equipment are retained in the accounts until these are no longer used and no further depreciation and amortization is charged to the consolidated statement of income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset by sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) and by write off, is recognized under "Miscellaneous fees" and "Loss on retirement/disposal of assets," respectively, in the consolidated statement of income in the year the asset is derecognized.



Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. 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 elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share in the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

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 in the consolidated statement of income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

When the seller agrees to contractually indemnify the acquirer for the outcome of a contingency or uncertainty related to a specific asset or liability, the acquirer recognizes an indemnification asset with an equivalent amount deducted from the consideration transferred for the business combination. Indemnification asset recognized at the acquisition date continues to be measured on the same basis as the related indemnified item subject to collectability and contractual terms until the asset is collected, sold, cancelled or expires in the post-combination period. The Group measures the indemnification asset on the same basis as the related item, subject to any restrictions in the contractual terms.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit (CGU), or group of CGU's, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- Represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Not be larger than an operating segment determined in accordance with PFRS 8.



When goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill allocated with disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation.

Impairment of Nonfinancial Assets

An assessment is made at each reporting date whether there is any indication of impairment of nonfinancial assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's or CGU's value-in-use or its fair value less cost to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is assessed as part of the CGU to which it belongs.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognized only if the carrying amount of an asset (or CGU) exceeds its recoverable amount. An impairment loss is charged against the consolidated statement of income in the period in which it arises, unless the asset (or CGU) is carried at a revalued amount, in which case, the impairment loss is charged against the revaluation increment of the said asset (or CGU).

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 (or CGU), but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is credited to current consolidated statement of income, unless the asset (or CGU) is carried at revalued amount, in which case, the reversal of the impairment loss is credited to the revaluation increment of the said asset (or CGU).

The following criteria are also applied in assessing impairment of specific assets:

Property and equipment and right-of-use asset

The carrying values of property and equipment and right-of-use asset are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and when the carrying values exceed the estimated recoverable amounts, the assets or CGUs are written down to their recoverable amounts.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.



Other Assets

Advances to suppliers

Advances to suppliers, included under “Other current assets”, represent amounts paid to suppliers for purchases not yet received as at the reporting date. This is subsequently reversed to an expense account when the goods or services are received.

Prepayments

Prepayments, included under “Other current assets”, are initially measured at the amounts paid and subsequently recognized as expense over the period in which the prepayments apply.

Prepaid taxes

Prepaid taxes, included under “Other current assets” and “Other noncurrent assets”, pertains to the tax withheld at source by the Group’s lessees and excess quarterly income tax payments. These are creditable against its income tax liability.

Advances to contractors

Advances to contractors, included under “Other noncurrent assets”, represent amounts paid to contractors for purchases not yet received as at the reporting date. This is subsequently reversed to an asset account when the goods or services are received.

Software cost

Software cost acquired separately is measured on initial recognition at cost. Following initial recognition, software cost is carried at cost less any accumulated amortization and any accumulated impairment loss. The estimated useful life of software cost is assessed at the individual asset level. Software cost is amortized over its estimated useful life of three years. Periods and method of amortization for software cost are reviewed annually or earlier when an indicator of impairment exists.

Gain or loss arising from derecognition of software cost is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

Cost to fulfill the contract

Cost to fulfill the contract, included under “Other current assets”, are initially measured at amounts paid and subsequently recognized as expense upon performance of the related services to the students. The Group amortizes capitalized cost to fulfill a contract to “Expenses for co-curricular activities” under “Cost of services”.

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.” When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, excluding the related taxes. The Group assesses its



revenue arrangement 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 its all of its revenue arrangements.

Tuition and other school fees, including income from other school services

Tuition and other school fees, including income from other school services except for the sale of books and uniforms, are recognized over time as revenue over the corresponding school term using 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 school fees in full or in installment. Tuition and other fees, including income from other school services except for the sale of books and uniforms, to be recognized in the remaining months after statement of financial position date or next school term which are not yet due for collection are deferred and is shown under “Deferred revenue” account in the statement of financial position.

Contract Balances

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 liability

A contract liability is the obligation to transfer goods 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 the 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 the obligations under the contract. The Group’s contract liabilities represent advance collections for culminating and yearbook fees and for revenues expected to be earned until end of the academic year presented under “Accounts payable and other current liabilities” and will be recognized as revenue when the related services are rendered.

Other Revenues

Interest income

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

Rental income

Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms.

Dividend income

Dividend income is recognized when the right to receive the payment is established.

Expense Recognition

Expenses are recognized in the consolidated statement of income when a decrease in future economic benefits 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 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 an 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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Retirement Benefits

The Group operates a defined benefit retirement plan which requires contribution to be made to a separately administered fund.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method.

Retirement expense comprises the following:

- Service cost; and
- Net interest on the retirement liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by the independent qualified actuary.

Net interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Net interest on the retirement liability is recognized as an expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on the retirement liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

The retirement liability is the aggregate of the present value of defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net retirement 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. The 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

Income tax on income or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized directly in equity, in which case, the tax effect is recognized in the consolidated statement of comprehensive income.

Current tax

Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the statement of financial position date.

Deferred tax

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

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

- a. When the deferred tax asset relating to the deductible temporary difference 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; or
- b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. When the deferred tax liability arises from the initial recognition of goodwill or 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; or
- b. In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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 where the Group does not transfer all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as the rental income. Rental income are recognized in the consolidated statement of income. Rental income arising are accounted for on a straight-line basis over the lease term. Rental income for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021 is presented as a separate line item in the consolidated statement of income. Contingent rentals are recognized as revenue in the period in which they are earned.

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease (i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration).

The Group applies a single recognition and measurement approach for all leases, except for its leases of low-value asset and short-term leases. The Group recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.

Right-of-use asset

The Group recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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 asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use asset is subject to impairment. Refer to the accounting policies in section *Impairment of Nonfinancial Assets*.

Lease liability

At the commencement date of the lease, the Group recognizes lease liability 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 the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate 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 liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease



liability 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.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the geographic locations, designated as the Group's campuses, 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 20.

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 calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

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 assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingencies

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 Reporting Date

Post year-end events up to the date of approval of the BOD of the consolidated financial statements that provide additional information about the Group's position reporting 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 consolidated financial statements when material

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs 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 continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



Judgments

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

Recognition of tuition and other fees over time

The Group determined that tuition and other fees, the major source of revenue of the Group, are to be recognized over time using the output method on the basis of time lapsed over the service period since it provides a faithful depiction of the Group's performance in transferring control of the services to the students. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the customer or the student simultaneously receives and consumes the benefits of the Groups' performance as it is performed.

Leases

- **Group as lessor**
The Group has entered into commercial property leases on its Mendiola, Malolos, Makati and Las Piñas campuses. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties. Thus, the leases are classified as operating leases.
- **University as lessee**
The Group has entered into a lease on premises it uses for its Makati-Buendia campus. The Group has determined, based on an evaluation of the terms and conditions of the arrangement (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that not all significant risks and rewards of ownership of the properties have been transferred to the Group. Thus, the lease is qualified as in scope of and accounted for in accordance with PFRS 16, *Leases* (see Note 18).

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.

Estimation of allowance for expected credit losses

The Group uses the simplified approach in calculating ECLs for tuition fee receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.



The segmentation of the Group's receivable, identification and definition of default and the assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs are significant estimates. The Group also applied weights to various scenarios in the computation of the allowance for ECL as of May 31, 2022 and 2021 to include the impact of uncertainty. The amount of ECLs 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.

The carrying values of tuition and other receivables and allowance for ECL as at May 31, 2022 and May 31, 2021 are disclosed in Note 6.

Determination of NRV of inventories

The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made and the amount at which the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the reporting date. A new assessment is made of NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

No write-down of inventories was recognized for the fiscal year ended May 31, 2022 and 2021. The carrying value of inventories of the Group is disclosed in Note 7.

Estimation of useful lives of property and equipment and right-of-use asset

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

The estimated useful lives of property and equipment and right-of-use asset are discussed in Note 2 to the consolidated financial statements. There is no change in the estimated useful lives of property and equipment as of May 31, 2022 and 2021.

The carrying values of depreciable property and equipment (i.e., excluding land and construction in progress) and right-of-use asset are disclosed in Notes 9 and 18.

Impairment of property and equipment and right-of-use asset

The Group assesses at each reporting date whether there is any indication that its property and equipment and right-of-use asset are impaired. Determining the fair value of these noncurrent non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate



and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

As of May 31, 2022 and 2021, the Group's market capitalization is lower compared with the carrying amount of the net assets of the Group. This is considered as an indicator that the Group's property and equipment and right-of-use asset may be impaired as of May 31, 2022 and 2021. Hence, the Group performed impairment analysis as of May 31, 2022 and 2021. The Group's value-in-use calculation involves significant management judgment in the use of assumptions, particularly tuition fee rates, number of students, long-term growth rate and discount rate. The carrying values of property and equipment and right-of-use asset is disclosed in Notes 9 and 18, respectively.

As at May 31, 2022 and 2021, the recoverable amount of the CGU has been determined based on the value-in-use calculation using cash flow projections from the five-year strategic plan for the University. Tuition fee rates and number of students assumed to project revenues were based on approved tuition fee increase and the University's historical data and performance.

The discount rate used for the computation of the net present value is the cost of the equity and was determined by reference to comparable entities. For the year ended May 31, 2022, the pre-tax discount rate applied to cash flow projections is 11.63% and 11.79%. For the two-month period ended May 31, 2021, the pre-tax discount rates applied to cash flow projections is 10.22% and 10.43%. The long-term growth rate for both periods to project cash flows beyond the five-year period is nil.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The Group's value-in-use calculation involves significant management judgment in the use of assumptions, particularly the tuition fee rates, number of students, long-term growth rate and the discount rate.

The carrying value of goodwill of the Group is disclosed in Note 4.

Revaluation of land

The fair value of the Group's land at revalued amount was based on a third party appraisal with effective date of valuation of May 31, 2022, using sales comparison approach. Key assumptions used by the independent appraiser are disclosed in Note 24.

The revalued amount of land included under "Property and equipment" in the consolidated statement of financial position is disclosed in Note 9.

Retirement liability

The cost of the defined benefit retirement plan and the present value of defined benefit obligation are determined using an actuarial valuation. The actuarial valuation involves making assumptions about employee turnover rates, discount rates, prospective salary increases and mortality rate. Due to the complexity of the actuarial valuation, the underlying assumptions and long-term nature of this plan, such estimates are subject to significant uncertainty. All significant assumptions are reviewed at each reporting date.



The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at the reporting date. Future salary increases are assumed for all future years within the duration of the plan and take into account the inflation, seniority, promotion, merit, productivity and other market factors. Employee turnover rates are based on the probability of voluntary separation of service from the University prior to their retirement date. Mortality rate are based on the probability of being deceased prior to retirement.

The present value of defined benefit obligation and details about the significant assumptions used are disclosed in Note 16.

Recognition of deferred income taxes

Deferred tax assets are recognized for all deductible temporary differences and unused NOLCO to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused NOLCO can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that all temporary differences will be realized in the future.

Unrecognized deferred tax assets of the Group are disclosed in Note 17.

4. Business Combination

On August 24, 2015, the University entered into an agreement with the previous owners of CELPI (the “Sellers”) to purchase their interest in CELPI shares, and real and other properties consisting of parcels of land and buildings and improvements which are owned directly by the Sellers but are used by CELPI.

Accordingly, the University obtained control of CELPI through the execution of the agreements on September 1, 2015 as outlined below.

| | Amount |
|---|---------------------|
| Deed of Absolute Sale for the purchase of parcels of land, buildings and improvements | ₱270,200,000 |
| Deeds of Assignment for the purchase of CELPI shares representing 90% equity interest | 3,600,000 |
| | <u>₱273,800,000</u> |

It was also agreed that the University will pay the Sellers the amount of ₱7.34 million to liquidate all liabilities of CELPI, including but not limited to, retirement/separation of all CELPI employees. The acquisition provides the University the opportunity to expand its operations in the Southern part of Metro Manila.



The fair values of the identifiable assets and liabilities of CELPI as at the date of acquisition is shown next page:

| | Fair value recognized on acquisition |
|---------------------------------------|--------------------------------------|
| Assets | |
| Cash | ₱108,234 |
| Receivables | 10,000 |
| Property and equipment | 836,314 |
| Other assets | 6,650 |
| | <u>961,198</u> |
| Liabilities | |
| Accounts payable and accrued expenses | 197,496 |
| Advances from officers | 2,870,473 |
| | <u>3,067,969</u> |
| Net liabilities | <u>(₱2,106,771)</u> |

In addition to the above identifiable assets and liabilities, the Group recognized the fair value of real and other properties acquired as a result of the business combination amounting to ₱229.46 million and the related deferred tax asset of ₱4.07 million (see Note 18).

The fair values of land and buildings and improvements as at September 1, 2015 have been determined based on the valuation done by a professionally qualified appraiser accredited by the SEC. The fair values of these assets were derived based on sales comparison approach. Under this approach, the fair value of the land was determined considering sales and listings of comparable property in the same area as the land, also taking into account the economic conditions prevailing at the time the valuation was made. The actual sales and listings regarded as comparable are adjusted to account for differences in a property's location, size and time element. For buildings and improvements, the significant input considered in the valuation is the reproduction cost, which is the estimated cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

The University has elected to measure the non-controlling interest in CELPI at their proportionate share of CELPI's net identifiable assets.

Goodwill from the acquisition is computed as follows:

| | |
|--|---------------------------|
| Consideration transferred | ₱281,140,000 |
| Fair value of net liabilities assumed | 2,106,771 |
| Less: | |
| Fair value of real and other properties acquired | (229,460,339) |
| Deferred tax asset on excess of acquisition cost over fair value of real and other properties acquired | (4,073,966) |
| Indemnification asset | (2,106,771) |
| Goodwill | <u><u>₱47,605,695</u></u> |

The goodwill arising from the acquisition can be attributed mainly to expected synergies and increase in geographical presence and customer base.

The Sellers have contractually agreed to indemnify the University for all known liabilities until March 31, 2016, and consequently, the University recognized indemnification asset of ₱2.11 million at acquisition date.



Impairment Testing of Goodwill

As at May 31, 2022 and 2021, the carrying amount of goodwill amounted to ₱47.61 million. Management assessed that no impairment losses need to be recognized.

Key assumptions used in the value-in-use calculation

As at May 31, 2022 and 2021, the recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections from the five-year strategic plan for CELPI. Tuition fee rates and number of students assumed to project revenues were based on externally available industry data and the Group's historical data and performance. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities. For the year ended May 31, 2022, the pre-tax discount rate applied to cash flow projections is 11.63% and 11.79%. For the two-month period ended May 31, 2021, the pre-tax discount rates applied to cash flow projections is 10.22% and 10.43%. The long-term growth rate to project cash flows beyond the five-year period is nil for both years.

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 the goodwill to materially exceed its recoverable amount.

5. Cash and Cash Equivalents

This account consists of:

| | 2022 | 2021 |
|-------------------------------------|---------------------|--------------|
| Cash on hand and in banks (Note 21) | ₱244,872,932 | ₱235,993,175 |
| Short-term deposits (Note 21) | 316,712,778 | 244,054,550 |
| | ₱561,585,710 | ₱480,047,725 |

Cash in banks earned interest rates ranging from 0.05% to 1.50% for the year ended May 31, 2022, 0.10% to 0.38% for the two-months ended May 31, 2021, and 0.05% to 0.375% for the year ended March 31, 2021. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earned interest rates ranging from 0.05% to 1.50% for the year ended May 31, 2022, 1.50% to 3.50% for the two-months ended May 31, 2021, and 0.30% to 2.80% for the year ended March 31, 2021.

Interest income from cash in banks and short-term deposits amounted to ₱3.10 million for the year ended May 31, 2022, ₱0.55 million for the two-month period ended May 31, 2021, and ₱3.57 million for the year ended March 31, 2021.

6. Tuition and Other Receivables

This account consists of:

| | 2022 | 2021 |
|-------------------------|---------------------|--------------|
| Tuition fee receivables | ₱365,287,676 | ₱302,195,988 |
| Advances to employees | 39,730,100 | 32,440,606 |

(Forward)



| | 2022 | 2021 |
|---|---------------------|--------------|
| Nontrade receivables | ₱10,140,716 | ₱10,133,423 |
| Accrued rent receivable (Notes 18 and 21) | 6,602,099 | 5,689,941 |
| Accrued interest receivable (Note 21) | 156,808 | 154,703 |
| Other receivables | 1,572,649 | 1,518,292 |
| | 423,490,048 | 352,132,953 |
| Less allowance for ECL | 136,905,626 | 125,041,960 |
| | ₱286,584,422 | ₱227,090,993 |

Tuition fee receivables are noninterest-bearing and are generally on a 120-day term for the University and CELPI and 300-day term for CE-IS.

Advances to employees comprise of noninterest-bearing advances which are collectible through salary deduction and are generally on a 6 to 12-month term.

Recoveries from previously written-off tuition fee receivables amounting to ₱0.09 million for the two-month period ended May 31, 2021 and (nil for the years ended May 31, 2022 and March 31, 2021) is recorded as part of other income.

The allowance for ECL pertains to the Group's tuition fee receivables, which were impaired through specific identification and collective assessment. The rollforward of allowance for ECL follows:

| | 2022 | 2021 |
|--------------------------------|---------------------|--------------|
| Balance at beginning of period | ₱125,041,960 | ₱119,024,603 |
| Provision (Note 15) | 11,863,666 | 6,017,357 |
| Balance at end of period | ₱136,905,626 | ₱125,041,960 |

As at May 31, 2022 and 2021 the aging analysis of tuition and other receivables follows:

| | 2022 | | | | | Total |
|-----------------------------|--------------------|---------------|--------------|---------------------|---------------------|---------------------|
| | Current | Days Past Due | | | Impaired | |
| | | 1-30 Days | Over 30 Days | Over 60 Days | | |
| Tuition fee receivables | ₱5,157,385 | ₱- | ₱- | ₱223,224,665 | ₱136,905,626 | ₱365,287,676 |
| Advances to employees | 39,730,100 | - | - | - | - | 39,730,100 |
| Nontrade receivables | 10,140,716 | - | - | - | - | 10,140,716 |
| Accrued rent receivable | 6,602,099 | - | - | - | - | 6,602,099 |
| Accrued interest receivable | 156,808 | - | - | - | - | 156,808 |
| Other receivables | 1,572,649 | - | - | - | - | 1,572,649 |
| | ₱63,359,757 | ₱- | ₱- | ₱223,224,665 | ₱136,905,626 | ₱423,490,048 |

| | 2021 | | | | | Total |
|-----------------------------|--------------------|---------------|--------------|---------------------|---------------------|---------------------|
| | Current | Days Past Due | | | Impaired | |
| | | 1-30 Days | Over 30 Days | Over 60 Days | | |
| Tuition fee receivables | ₱9,650,745 | ₱- | ₱- | ₱167,503,283 | ₱125,041,960 | ₱302,195,988 |
| Advances to employees | 32,440,606 | - | - | - | - | 32,440,606 |
| Nontrade receivables | 10,133,423 | - | - | - | - | 10,133,423 |
| Accrued rent receivable | 5,689,941 | - | - | - | - | 5,689,941 |
| Accrued interest receivable | 154,703 | - | - | - | - | 154,703 |
| Other receivables | 1,518,292 | - | - | - | - | 1,518,292 |
| | ₱59,587,710 | ₱- | ₱- | ₱167,503,283 | ₱125,041,960 | ₱352,132,953 |



7. Inventories

This account consists of:

| | 2022 | 2021 |
|----------------------|--------------------|-------------|
| Uniforms and outfits | ₱15,470,350 | ₱11,401,600 |
| Materials | 2,110,182 | 2,136,278 |
| Supplies | 993,273 | 908,296 |
| | ₱18,573,805 | ₱14,446,174 |

The cost of uniforms and outfits charged to “Cost of services - Uniforms and outfits” amounted to ₱2.35 million for the year ended May 31, 2022, ₱1.42 million for the two-month period ended May 31, 2021, and ₱2.92 million for the year ended March 31, 2021 (see Note 15).

The cost of materials and supplies charged to “Cost of services - Material processing” amounted to ₱0.22 million for the year ended May 31, 2022, ₱0.05 million for the two-month period ended May 31, 2021, and ₱1.64 million for the year ended March 31, 2021 (see Note 15).

8. Other Current Assets

This account consists of:

| | 2022 | 2021 |
|----------------------------|--------------------|-------------|
| Advances to suppliers | ₱46,345,420 | ₱42,002,246 |
| Prepaid expenses | 40,355,049 | 25,392,359 |
| Cost to fulfill a contract | 2,668,954 | 1,207,851 |
| Prepaid taxes | 1,686,200 | 1,265,131 |
| | ₱91,055,623 | ₱69,867,587 |

Advances to suppliers are advances paid to suppliers for classroom materials and supplies. Prepaid expenses include advanced payment for insurance, licenses and library subscription which are amortized over a period of less than one year.

Movement in cost to fulfill a contract follows:

| | 2022 | 2021 |
|---------------------------------|-------------------|------------|
| Balances at beginning of period | ₱1,207,851 | ₱588,897 |
| Additions | 2,050,000 | 618,954 |
| Amortization (Note 15) | (588,897) | — |
| Balances at end of period | ₱2,668,954 | ₱1,207,851 |

The amortization of the cost to fulfill a contract is charged to “Cost of services - Expenses for co-curricular activities” (see Note 15).



9. Property and Equipment

The composition of and the movements in this account follow:

| | 2022 | | | | | | | | |
|--|---------------------------------|----------------------|--|--|-------------------------|------------------|-----------------------------|----------------|----------------|
| | At Cost | | | | | | | | |
| | Land (At Revalued Amount) | Land Improvements | Buildings and Leasehold Improvements | Furniture, Transportation and Auxiliary Equipment | Laboratory Equipment | Library Books | Construction in Progress | Subtotal | Total |
| Cost | | | | | | | | | |
| Balances at beginning of year | ₱3,487,593,002 | ₱32,002,632 | ₱1,903,845,127 | ₱579,663,983 | ₱412,626,087 | ₱144,245,902 | ₱61,228,550 | ₱3,133,612,281 | ₱6,621,205,283 |
| Additions | — | — | 176,766 | 6,917,634 | 1,554,931 | 3,111,011 | 6,113,466 | 17,873,808 | 17,873,808 |
| Revaluation | 871,043,000 | — | — | — | — | — | — | — | 871,043,000 |
| Retirements | — | — | — | (329,330) | (75,596) | — | — | (404,926) | (404,926) |
| Transfers | — | — | 450,000 | — | — | — | (450,000) | — | — |
| Balances at end of year | 4,358,636,002 | 32,002,632 | 1,904,471,893 | 586,252,287 | 414,105,422 | 147,356,913 | 66,892,016 | 3,151,081,163 | 7,509,717,165 |
| Accumulated depreciation and amortization | | | | | | | | | |
| Balances at beginning of year | — | 30,352,934 | 764,164,453 | 477,466,431 | 323,837,725 | 109,032,231 | — | 1,704,853,774 | 1,704,853,774 |
| Depreciation and amortization (Note 15) | — | 287,380 | 37,742,414 | 20,911,074 | 18,176,097 | 6,868,414 | — | 83,985,379 | 83,985,379 |
| Retirements | — | — | — | (329,191) | (75,593) | — | — | (404,784) | (404,784) |
| Balances at end of year | | 30,640,314 | 801,906,867 | 498,048,314 | 341,938,229 | 115,900,645 | — | 1,788,434,369 | 1,788,434,369 |
| Net book values | ₱4,358,636,002 | ₱1,362,318 | ₱1,102,565,026 | ₱88,203,973 | ₱72,167,193 | ₱31,456,268 | ₱66,892,016 | 1,362,646,794 | ₱5,721,282,796 |



| 2021 | | | | | | | | | |
|--|---------------------------------|----------------------|--|--|-------------------------|--------------------|-----------------------------|-----------------------|-----------------------|
| At Cost | | | | | | | | | |
| | Land (At Revalued Amount) | Land Improvements | Buildings and Leasehold Improvements | Furniture, Transportation and Auxiliary Equipment | Laboratory Equipment | Library Books | Construction in Progress | Subtotal | Total |
| Cost | | | | | | | | | |
| Balances at beginning of period | ₱3,487,593,002 | ₱32,002,632 | ₱1,903,845,127 | ₱575,877,864 | ₱412,626,087 | ₱143,746,011 | ₱57,579,736 | ₱3,125,677,457 | ₱6,613,270,459 |
| Additions | – | – | – | 3,786,119 | – | 499,891 | 3,648,814 | 7,934,824 | 7,934,824 |
| Balances at period end | 3,487,593,002 | 32,002,632 | 1,903,845,127 | 579,663,983 | 412,626,087 | 144,245,902 | 61,228,550 | 3,133,612,281 | 6,621,205,283 |
| Accumulated depreciation and amortization | | | | | | | | | |
| Balances at beginning of period | – | 30,305,038 | 756,721,567 | 472,727,775 | 321,297,310 | 107,838,074 | – | 1,688,889,764 | 1,688,889,764 |
| Depreciation and amortization (Note 15) | – | 47,896 | 7,442,886 | 4,738,656 | 2,540,415 | 1,194,157 | – | 15,964,010 | 15,964,010 |
| Balances at period end | – | 30,352,934 | 764,164,453 | 477,466,431 | 323,837,725 | 109,032,231 | – | 1,704,853,774 | 1,704,853,774 |
| Net book values | ₱3,487,593,002 | ₱1,649,698 | ₱1,139,680,674 | ₱102,197,552 | ₱88,788,362 | ₱35,213,671 | ₱61,228,550 | ₱1,428,758,507 | ₱4,916,351,509 |

Major developments accounted under construction in progress are as follows:

As at May 31, 2022

- Construction and renovation of 5-storey building for CE-IS amounting to ₱65.79 million
- Installation of the new payroll purchasing system amounting to ₱1.10 million

As at May 31, 2021

- Construction of 5-storey building for CE-IS amounting to ₱60.13 million
- Installation of the new payroll amounting to ₱1.10 million



As at May 31, 2022, the Group retired/disposed certain properties with aggregate cost amounting to ₱0.40 million (nil for the two-month period ended May 31, 2021). Loss on retirement/disposals of these properties amounted to ₱142 and ₱2,856 for the years ended May 31, 2022 and March 31, 2021, respectively (nil for the two-month period ended May 31, 2021). There were no proceeds from sale of property and equipment as of May 31, 2022 and March 31, 2021.

Revaluation of Land

As at May 31, 2022 and 2021, land at revalued amounts consists of:

| | 2022 | 2021 |
|---|-----------------------|----------------|
| Cost | | |
| Balances at beginning and end of period | ₱537,177,782 | ₱537,177,782 |
| Revaluation increment - gross | | |
| Beginning balance | 2,950,415,220 | 2,950,415,220 |
| Revaluation during the period | 871,043,000 | — |
| Ending balance | 3,821,458,220 | 2,950,415,220 |
| | ₱4,358,636,002 | ₱3,487,593,002 |

Based on the Group's policy, the appraisal of its properties is done within three to five years. The latest appraisal was done in May 2022 by a professionally qualified appraiser accredited by the SEC (see Note 24).

The fair value of the land as at May 31, 2022 and 2021 amounted to ₱4,358.64 million and ₱3,487.59 million, respectively.

Deferred tax liability related to the revaluation surplus amounted to ₱382.15 million and ₱295.04 million as at May 31, 2022 and 2021 (see Note 17).

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

As at May 31, 2022 and 2021, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management covering a five-year period (2023-2027).
- Long-term growth rates. Management does not include a long-term growth rate in the VIU calculation for conservative purposes as this is difficult to predict.
- Discount rates (11.63% and 11.79% for May 31, 2022 and 10.22% and 10.43% for May 31, 2021). 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 the Parent Company's capital structure.

Sensitivity to changes in assumptions

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



10. Other Noncurrent Assets

This account consists of:

| | 2022 | 2021 |
|------------------------------|--------------------|-------------|
| Prepaid taxes | ₱9,090,683 | ₱10,282,170 |
| Advances to contractors | 7,732,432 | 6,974,177 |
| Software costs | 854,167 | 1,922,917 |
| Refundable security deposits | 501,821 | 1,268,161 |
| Financial assets at FVOCI | 136,800 | 94,680 |
| | ₱18,315,903 | ₱20,542,105 |

The effect of discounting the refundable security deposits is immaterial.

Advances to contractors pertain to advances paid to contractors for planned construction of various facilities.

Software costs represent the costs incurred by the Group for its accounting and school management software. The composition of and movements in this account is shown below:

| | 2022 | 2021 |
|---------------------------------|-------------------|------------|
| Cost | | |
| Balances at beginning of period | ₱8,893,000 | ₱8,893,000 |
| Retirement | (420,000) | — |
| Balances at end of period | 8,473,000 | 8,893,000 |
| Accumulated amortization | | |
| Balances at beginning of period | 6,970,083 | 6,790,955 |
| Amortization (Note 15) | 1,068,750 | 179,128 |
| Retirement | (420,000) | — |
| Balances at end of period | 7,618,833 | 6,970,083 |
| | ₱854,167 | ₱1,922,917 |

Financial assets at FVOCI investments pertain to quoted equity securities held by the Group.

Quoted equity securities pertain to the Group's investments in listed shares of stocks and are valued at the closing stock price as at May 31, 2022 and 2021.

Cost of quoted equity investments amounted to ₱411,859 as at May 31, 2022 and 2021. The Group did not earn dividend income for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021.

Movements in carrying value of financial assets at FVOCI investments for the year ended May 31, 2022 and for the two-month period ended May 31, 2021 follow:

| | 2022 | 2021 |
|------------------------------|-----------------|---------|
| Balances at beginning period | ₱94,680 | ₱87,912 |
| Fair value gains | 42,120 | 6,768 |
| Balances at end of period | ₱136,800 | ₱94,680 |



Changes in revaluation reserve on financial assets at FVOCI investments for the year ended May 31, 2022 and for the two-month period ended May 31, 2021 follow:

| | 2022 | 2021 |
|--|------------|------------|
| Balances at beginning of period | (P317,179) | (P323,947) |
| Change in revaluation reserve on financial assets at FVOCI | 42,120 | 6,768 |
| Balances at end of period | (P275,059) | (P317,179) |

11. Accounts Payable and Other Current Liabilities

This account consists of:

| | 2022 | 2021 |
|---------------------------|--------------|--------------|
| Accounts payable | P266,723,330 | P275,100,550 |
| Contract liabilities | | |
| Due but not yet collected | 75,205,519 | — |
| Due and collected | 30,586,519 | 17,804,164 |
| Accrued expenses: | | |
| Employee benefits | 77,066,294 | 68,990,321 |
| Rent (Note 21) | 3,021,421 | 3,021,421 |
| Purchases | 2,909,559 | 1,601,476 |
| Utilities | 1,434,915 | 1,843,945 |
| Others | 16,353,773 | 12,262,088 |
| Payable to students | 44,616,962 | 46,724,553 |
| Deposits | 8,525,116 | 9,035,846 |
| Alumni fees payable | 4,167,701 | 2,951,440 |
| | P530,611,109 | P439,335,804 |

Accounts payable are noninterest-bearing and are generally on 30 to 60-day terms.

Accrued rent pertains to the contingent rent payable to its affiliate equivalent to 40% of the annual income derived from the leased premises (see Note 21).

Other accrued expenses pertain to accrued purchases, accruals for audit fees, janitorial and security services, advertising services and other services.

Payable to students are refunds of miscellaneous fees to students to be applied in the next school year or semester.

Deposits include refundable deposits for toga rentals and security deposits on leases.

Alumni fees payable includes graduating students' payments for alumni registration and identification cards which are remitted to the alumni foundation.

As at May 31, 2022, contract liabilities amounting to P105.79 million will be recognized as revenue in the following year. Contract liabilities amounting to P17.81 million as of May 31, 2021 were recognized as revenue for the year ended May 31, 2022.



As at May 31, 2022 and 2021, other noncurrent liability amounting to ₱10.90 million and ₱13.42 million, respectively pertains to contract liability that is estimated to be recognized as revenue within two to five years.

In August 2020, the University reversed the recorded provision for losses amounting to ₱27.76 million. The reversal is treated as an income under “Other income - net” in the Group’s consolidated statements of income.

12. Equity

Capital Stock

The University’s shares are listed and traded in the Philippine Stock Exchange.

Details of capital stock as at May 31, 2022 and 2021 are presented below.

| Shares Authorized | Shares Issued and Outstanding | Par Value | Amount |
|-------------------|----------------------------------|-----------|--------------|
| 800,000,000 | 372,414,400 | ₱1 | ₱372,414,400 |

Below is the summary of the University’s track record of registration of securities under the Revised Securities Regulation Code (SRC):

| Date | Number of Shares | Issue Price |
|--------------------|---------------------|-------------|
| November 10, 1986 | 305,000 | ₱100 |
| August 9, 1988 | 152,500 | 100 |
| February 23, 1994 | 297,375 | 100 |
| September 18, 1995 | 993,174 | 100 |
| March 17, 1998 | 2,237,356 | 100 |

As at May 31, 2022 and 2021, the total number of shares registered under the SRC are 372,414,400 shares being held by 1,014 and 1,020, respectively, stockholders.

Cash Dividends

The University’s BOD approved the declaration of the following cash dividends:

| Date of Declaration | Date of Record | Date of Payment | Amount | Dividend per Share |
|------------------------|-----------------|--------------------|--------------|-----------------------|
| July 30, 2021 | August 27, 2021 | September 22, 2021 | ₱148,965,760 | ₱0.40 |

As at May 31, 2022 and May 31, 2021, the carrying value of dividends payable amounted to ₱116.98 million and ₱108.62 million, respectively.



Retained Earnings

Appropriations of retained earnings are as follows:

| Date of Appropriation and Expiration | Remarks/ Projects | Amount |
|---|--|---------------|
| June 28, 2019 - June 27, 2021 | <p>On June 28, 2019, the University's BOD approved the re-appropriation of ₱450.00 million for the development of the Malolos campus. These projects include the construction of a 3-storey building for the setting up of a pre-school, elementary and high school in preparation for the K-12 program and to support the five-year development plan for Malolos campus.</p> <p>In addition, the University's BOD approved the appropriation of ₱80.00 million for the construction of the following:</p> <ul style="list-style-type: none"> • Eight (8)-storey building in Mendiola Campus; • Construction of swimming pools and renovation of classroom in Malolos campus; and • Extension of the expansion projects of the University. <p>The estimated date of completion of the above projects as set by the University is within 2 years.</p> | ₱530,000,000 |
| June 23, 2017 - June 22, 2022 | <p>On June 23, 2017, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below:</p> <ul style="list-style-type: none"> • 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. <p>The estimated date of completion of the above projects as set by the University is within 5 years.</p> | ₱210,000,000 |
| August 28, 2020 - August 27, 2025 | <p>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:</p> <ul style="list-style-type: none"> • 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. <p>The estimated date of completion of the above projects as set by the University is within five years.</p> | ₱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: <ul style="list-style-type: none"> • 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 | ₱450,000,000 |

The estimated date of completion of the above projects as set by the University is within 5 years.

In accordance with Revised Securities Regulation Code Rule 68, Annex 68-D, the University's retained earnings available for dividend declaration as at May 31, 2022 amounted to ₱561.84 million. The University plans to declare dividends in fiscal year 2023.

The consolidated retained earnings include the deficit of the CEUHI amounting to ₱32.44 million and ₱31.95 million ₱32.69 million as of May 31, 2022 and 2021, respectively.

Effect of transactions with non-controlling interest

In April 1, 2019, the University purchased an additional 4% ownership to CE-IS using the advances to CE-IS stockholders amounting to ₱0.50 million. This resulted to a transfer of non-controlling interest to equity reserve amounting to ₱2.04 million.

Dividends declared by CE-IS to NCI amounted to ₱3.75 million for the year ended May 31, 2022 and ₱3.98 million for the year ended March 31, 2021 (nil for the two-month period ended May 31, 2021).

13. Tuition and Other Fees

This account consists of:

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|-----------------------------------|--|--|--|
| Tuition fees | ₱676,232,195 | ₱117,098,247 | ₱683,105,729 |
| Other fees | 468,812,323 | 67,007,053 | 337,057,803 |
| Income from other school services | 143,758,601 | 16,126,415 | 109,044,555 |
| | ₱1,288,803,119 | ₱200,231,715 | ₱1,129,208,087 |

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, qualifying and special examinations, laboratory materials, application fees for foreign students, uniforms and outfits, and various collections for specific items or activities.



Revenue from contracts with customers for tuition and other fees and miscellaneous fees are as follows:

| | May 31, 2022 (One year) | | May 31, 2021 (Two months) | | March 31, 2021 (One year) | |
|-----------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
| Timing of Recognition | Tuition fees and other school fees | Miscellaneous fees (Note 15) | Tuition fees and other school fees | Miscellaneous fees (Note 15) | Tuition fees and other school fees | Miscellaneous fees (Note 15) |
| Over time | ₱1,244,406,632 | ₱4,367,936 | ₱198,230,040 | ₱4,200 | ₱1,118,026,763 | ₱3,086,857 |
| Point in time | 44,396,487 | 8,525,586 | 2,001,675 | 775,741 | 11,181,324 | 7,664,224 |
| | ₱1,288,803,119 | ₱12,893,522 | ₱200,231,715 | ₱779,941 | ₱1,129,208,087 | ₱10,751,081 |

Receivables and contract liabilities are disclosed in Notes 6 and 11, respectively.

Deferred tuition fees amounting to ₱32.54 million as of May 31, 2022 (nil as of May 31, 2021) pertains to the tuition and other fees to be recognized as revenue after the reporting date or next school term.

14. Miscellaneous Fees

This account consists of:

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|---------------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Dental pre-board fees | ₱3,386,333 | ₱— | ₱2,557,937 |
| Dental materials | 2,519,362 | 380,898 | 1,958,509 |
| Professional and continuing education | 1,826,684 | — | 321,668 |
| Laboratory fees | 1,519,731 | 349,962 | 2,503,066 |
| Photograph fees | 899,858 | 6,839 | 1,015,989 |
| Swimming fees | 706,060 | — | — |
| Handling fees | 192,840 | 40,263 | 1,066,126 |
| Locker fees | 16,518 | — | 1,583 |
| Insurance fees | — | — | 293,053 |
| Service commissions | — | — | 529 |
| Others | 1,826,136 | 1,979 | 1,032,621 |
| | ₱12,893,522 | ₱779,941 | ₱10,751,081 |

Deferred miscellaneous fees amounting to ₱0.56 million as of May 31, 2022 (nil as of May 31, 2021) pertains to income from other school services, except for the sale of books and uniforms, to be recognized as revenue in the remaining months after the reporting date or next school term.

Others include income from sale of promotional items, sale of scrap and penalty from students.



15. Costs and Expenses

This account consists of:

Cost of Services

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|---|--|--|--|
| Salaries and wages | ₱436,221,167 | ₱67,869,923 | ₱385,540,388 |
| SSS contributions and other employee benefits | 348,110,569 | 27,039,845 | 261,361,752 |
| Depreciation and amortization (Notes 9, 10 and 18) | 102,511,276 | 19,052,662 | 108,836,616 |
| Light and water | 34,765,654 | 4,064,697 | 24,381,854 |
| Retirement expense (Note 16) | 33,754,297 | 6,058,588 | 24,249,070 |
| Sports and academic development | 22,017,425 | 2,011,009 | 26,181,300 |
| Library | 18,812,195 | 2,105,232 | 13,736,096 |
| Management information | 13,946,552 | 5,999,436 | 9,061,232 |
| Professional fees | 8,481,419 | 1,515,340 | 7,231,194 |
| Stationery and office supplies | 7,478,885 | 650,663 | 2,587,477 |
| Expenses for co-curricular activities (Notes 8 and 21) | 6,559,653 | 2,009,204 | 2,284,696 |
| Directors' and administrative committee | 5,647,392 | 764,000 | 4,661,013 |
| Laboratory | 4,829,643 | 28,000 | 1,453,698 |
| Uniforms and outfits (Note 7) | 2,345,186 | 1,418,506 | 2,919,463 |
| Affiliation | 2,051,260 | 1,029,500 | 2,433,694 |
| Comprehensive and oral examinations | 1,935,481 | 10,210 | 585,498 |
| Instructional and academic expenses | 1,816,779 | 128,800 | 1,608,890 |
| Guidance and counseling | 710,003 | 10,300 | 106,039 |
| Recruitment and placement (Note 21) | 330,757 | 287,844 | 719,744 |
| Material processing (Note 7) | 224,156 | 57,230 | 1,635,440 |
| Registration expenses of students | 32,515 | 500 | 38,539 |
| Publications | — | 4,974 | — |
| University chapel expenses | — | — | 1,800 |
| | ₱1,052,582,264 | ₱142,116,463 | ₱881,615,493 |



General and Administrative Expenses

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|---|-------------------------------|---------------------------------|---------------------------------|
| Transportation and communication | ₱26,759,765 | ₱2,989,844 | ₱20,756,190 |
| Janitorial and security services | 23,200,073 | 3,774,082 | 25,033,984 |
| Taxes and licenses | 22,554,616 | 2,699,888 | 24,137,568 |
| Repairs and maintenance | 17,520,062 | 1,492,749 | 11,153,689 |
| Entertainment, amusement and recreation | 14,629,399 | 1,023,696 | 10,276,229 |
| Provision for credit losses (Note 6) | 11,863,666 | 6,017,357 | 27,621,705 |
| Advertisement | 3,855,702 | 265,414 | 1,541,312 |
| Insurance | 3,376,109 | 251,468 | 3,225,691 |
| Membership fees and dues | 2,421,905 | 73,224 | 1,673,612 |
| Clinical expenses | 484,889 | 138,301 | 1,727,903 |
| Program expenses | 275,773 | — | 824,180 |
| Bank charges | 229,056 | 1,572 | 33,347 |
| Miscellaneous | 728,971 | 112,642 | 816,227 |
| | ₱127,899,986 | ₱18,840,237 | ₱128,821,637 |

16. Retirement Plan

The University has a funded, noncontributory defined benefit 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. Benefits are based on the employees' years of service and final plan salary.

The fund is administered by two trustee banks under the supervision of the Board of Trustees (BOT) of the plan. The BOT is responsible for the investment strategy of the plan.

In 2015, the University approved a new collective bargaining agreement with its employees with changes in the increments on employee retirement benefits.

The latest actuarial valuation study of the defined benefit retirement plan of the University was made as at May 31, 2022.



Changes in the retirement liability are as follows:

| As at and for the year ended May 31, 2022 | | | | | | | | | | | | |
|---|---|----------------------|--------------|-------------|---------------|---|------------------------|---|---|---------------|--------------------------|------------------------|
| | Retirement Expense in the Consolidated Statements of Income | | | | Benefits Paid | Remeasurements in OCI | | | | | | Balance at End of Year |
| | Balance at Beginning of Year | Current Service Cost | Net Interest | Subtotal | | Return on Plan Assets (Excluding Amount Included in Net Interest) | Experience Adjustments | Actuarial Changes Arising from Changes in Financial Assumptions | Actuarial Changes Arising from Changes in Demographic Assumptions | Subtotal | Contribution by Employer | |
| Present value of defined benefit obligation | ₱378,854,781 | ₱24,503,603 | ₱15,869,460 | ₱40,373,063 | (₱29,725,832) | ₱- | (₱9,195,441) | (₱49,761,781) | ₱- | (₱58,957,222) | ₱- | ₱330,544,790 |
| Fair value of plan assets | (159,362,040) | - | (6,618,766) | (6,618,766) | 29,725,832 | 5,627,438 | - | - | - | 5,627,438 | (30,016,248) | (160,643,784) |
| | ₱219,492,741 | ₱24,503,603 | ₱9,250,694 | ₱33,754,297 | ₱- | ₱5,627,438 | (₱9,195,441) | (₱49,761,781) | ₱- | (₱53,329,784) | (₱30,016,248) | ₱169,901,006 |

| As at and for the two-month period ended May 31, 2021 | | | | | | | | | | | | |
|---|---|----------------------|--------------|-------------|---------------|---|------------------------|---|---|---------------|--------------------------|--------------------------|
| | Retirement Expense in the Consolidated Statements of Income | | | | Benefits Paid | Remeasurements in OCI | | | | | | Balance at End of Period |
| | Balance at Beginning of Period | Current Service Cost | Net Interest | Subtotal | | Return on Plan Assets (Excluding Amount Included in Net Interest) | Experience Adjustments | Actuarial Changes Arising from Changes in Financial Assumptions | Actuarial Changes Arising from Changes in Demographic Assumptions | Subtotal | Contribution by Employer | |
| Present value of defined benefit obligation | ₱392,621,749 | ₱4,444,131 | ₱2,843,548 | ₱7,287,679 | (₱9,987,228) | ₱- | (₱14,745,662) | ₱3,678,243 | ₱- | (₱11,067,419) | ₱- | ₱378,854,781 |
| Fair value of plan assets | (166,091,586) | - | (1,229,091) | (1,229,091) | 9,987,228 | (2,028,591) | - | - | - | (2,028,591) | - | (159,362,040) |
| | ₱226,530,163 | ₱4,444,131 | ₱1,614,457 | ₱6,058,588 | ₱- | (₱2,028,591) | (₱14,745,662) | ₱3,678,243 | ₱- | (₱13,096,010) | ₱- | ₱219,492,741 |

The number of plan members as at May 31, 2022 and 2021 is 610 and 614, respectively.

Actual return on plan assets as at May 31, 2022 and May 31, 2021 amounted to ₱0.99 million and ₱3.26 million, respectively.



The fair value of plan assets as at May 31, 2022 and 2021 follows:

| | 2022 | 2021 |
|---------------------------|---------------------|--------------|
| Long-term investments: | | |
| Debt securities | ₱77,331,277 | ₱77,233,240 |
| Equity securities | 66,147,748 | 70,626,101 |
| Cash and cash equivalents | 16,821,526 | 11,031,928 |
| Loans and receivables | 487,028 | 571,485 |
| Others | 42,891 | 70,039 |
| | 160,830,470 | 159,532,793 |
| Liabilities | (186,686) | (170,753) |
| | ₱160,643,784 | ₱159,362,040 |

All components of the plan assets do not have quoted prices in an active market, except for equity and debt securities. Cash and cash equivalents are with reputable financial institutions and are deemed to be standard grade.

The plan assets pertain to diversified investments and are not exposed to concentration risk.

The overall investment policy and strategy of the University's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risks of the retirement plan.

The Group expects to contribute ₱30.81 million to the defined benefit retirement plan in fiscal year 2023.

The cost of defined retirement plan, as well as the present value of defined benefit obligation, is determined using actuarial valuation. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the pension for the defined benefit retirement plan are shown below:

| | May 31, 2022 | May 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Discount rates | 6.55% to 6.70% | 4.52% | 4.65% |
| Future salary increases | 2.00% to 3.00% | 3.00% | 3.00% |
| Mortality rate | 2017 Philippine Intercompany Mortality | 2017 Philippine Intercompany Mortality | 2017 Philippine Intercompany Mortality |
| Average expected future years of service | 10 to 11 | 11 | 11 |
| Turnover rate | A scale ranging from 12% at age 18 to 0% at age 60 to 65 | A scale ranging from 12% at age 18 to 0% at age 65 | A scale ranging from 12% at age 18 to 0% at age 65 |

The sensitivity analysis on the next page has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting date, assuming all other assumptions were held constant:



| | Increase (Decrease) in Defined Benefit Obligation | |
|-------------------------|--|---------------|
| | 2022 | 2021 |
| Discount rates | | |
| +1.00% | (₱20,420,368) | (₱26,176,079) |
| -1.00% | 22,959,848 | 29,780,301 |
| Future salary increases | | |
| +1.00% | 25,231,006 | 31,900,368 |
| -1.00% | (22,747,387) | (25,041,599) |

The methods and types of assumptions used in preparing the sensitivity analysis did not change as at May 31, 2022 and 2021.

Shown below is the maturity analysis of the undiscounted benefit payments:

| | 2022 | 2021 |
|--------------------------------|--------------------|-------------|
| Less than 1 year | ₱32,778,499 | ₱36,496,159 |
| More than 1 year to 5 years | 157,896,211 | 144,188,440 |
| More than 5 years to 10 years | 184,640,460 | 189,235,638 |
| More than 10 years to 15 years | 199,556,940 | 203,151,799 |
| More than 15 years to 20 years | 111,090,708 | 112,432,837 |
| More than 20 years | 208,840,395 | 194,181,354 |

17. Income Taxes

All domestic subsidiaries qualifying as private educational institutions are subject to tax under Republic Act No. 8424 (RA 8424), *An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes*, which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporation - Sec 27(B) of the said Act defines and provides that: a “Proprietary Educational Institution” is any private school maintained and administered by private individuals or groups with an issued permit to operate from Department of Education, or CHED, or Technical Education and Skills Development Authority, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of 10.00% on its taxable income. Regular corporations, which include the Hospital, is subject to regular corporate income tax of 30%.

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%. RCIT is applicable to the Hospital.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023. MCIT is applicable to the Hospital.



- Preferential income tax rate for proprietary educational institutions and hospitals, which are nonprofit, is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023. This is applicable to the University, CELPI and CE-IS.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

The provision for (benefit from) income tax consists of:

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|--|--|--|--|
| Current | | | |
| Deficiency income tax | ₱2,676,423 | ₱— | ₱— |
| 1%/1%/3.25% income tax rate on special corporations | 2,358,398 | 565,264 | 4,920,329 |
| MCIT | — | — | 19,735 |
| Deferred | (5,508,458) | (2,648,625) | (9,389,816) |
| | (₱473,637) | (₱2,083,361) | (₱4,449,752) |

The reconciliation of income before tax computed at statutory income tax rate to provision for income tax in the consolidated statements of income is shown below.

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|--|--|--|--|
| Statutory provision for income tax - at 1%, 1% and 3.25% | ₱1,185,788 | ₱394,462 | ₱4,901,024 |
| Tax effects of: | | | |
| Effect of using different tax rate for the set up of deferred tax expected to reverse subsequent to June 30, 2023 | (4,669,436) | (2,493,133) | = |
| Deficiency income tax | 2,676,423 | — | — |
| Nondeductible expenses | 348,092 | — | 148,436 |
| Interest income subjected to final tax | (27,961) | (5,529) | (179,022) |
| Movements in carryforward benefits of NOLCO and MCIT for which no deferred income tax asset was recognized | 11,119 | 19,735 | 9,415 |
| Effect of higher tax rate for the Hospital | 2,338 | 1,104 | 6,970 |
| Effect of change in tax rate | — | — | (8,434,401) |
| Non-taxable income from the reversal of provisions | — | — | (902,174) |
| Benefit from income tax | (₱473,637) | (₱2,083,361) | (₱4,449,752) |



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

| | 2022 | 2021 |
|---|---------------------|--------------|
| Deferred tax liabilities on: | | |
| Revaluation gain on land | ₱382,145,822 | ₱295,041,522 |
| Undepreciated cost of property and equipment | 140,025,628 | 139,170,720 |
| Cost to fulfill a contract | 26,690 | 12,079 |
| Unrealized foreign currency exchange gain | 6,794 | — |
| Others | 47,138 | — |
| | 522,252,072 | 434,224,321 |
| Deferred tax assets on: | | |
| Retirement liability* | 13,933,396 | 16,019,150 |
| Allowance for ECL | 13,690,562 | 12,504,196 |
| Unamortized excess of contribution over the normal cost | 4,952,636 | 3,535,308 |
| Excess of acquisition cost over fair value of net assets acquired from business combination | 4,073,966 | 4,073,966 |
| Nonrefundable contract liability | 1,997,796 | 1,520,001 |
| Difference between the actual lease payments and PFRS 16 related accounts | 1,497,410 | 1,465,605 |
| Accrued expenses | 933,643 | 835,865 |
| NOLCO | 14,538 | 13,643 |
| Unrealized foreign currency exchange loss | — | 1,444 |
| Others | — | 25,838 |
| | 41,093,947 | 39,995,016 |
| Net deferred tax liabilities | ₱481,158,125 | ₱394,229,305 |

*Net of deferred income tax asset recognized in Other Comprehensive Income (including amounts attributable to noncontrolling interest) amounted to ₱5,753,715 and ₱11,086,693 as of May 31, 2022 and 2021, respectively.

As allowed under RA 8424, being a private educational institution, the Group claims the tax deductions of capital expenditures for tax purposes in the year incurred. The Group recognized deferred tax liability on the undepreciated cost of property and equipment pertains to the remaining cost of property and equipment of the University and CELPI not yet depreciated but was already recognized as tax deduction.

The details of NOLCO which can be claimed in the future by the University, CELPI and the Hospital as credit against the regular corporate income are shown below.

| Inception Year | May 31, 2021 | Addition | Application | Expiration | May 31, 2022 | Expiry Year |
|----------------|-------------------|-----------------|-------------|---------------------|-------------------|-------------|
| 2022 | ₱— | ₱515,704 | ₱— | ₱— | ₱515,704 | 2025 |
| March 31, 2021 | 1,364,338 | — | — | — | 1,364,338 | 2026 |
| 2019 | 6,768,983 | — | — | (6,768,983) | — | 2022 |
| | ₱8,133,321 | ₱515,704 | ₱— | (₱6,768,983) | ₱1,880,042 | |

On September 30, 2020 the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Hence, the incurred NOLCO of the companies within the Group in taxable year 2021 can be claimed as deduction from the regular taxable income from taxable years 2022 to 2026, in pursuant to the Bayanihan to Recover As One Act.



The details of MCIT which can be claimed in the future by the Hospital used as credit against income tax due are shown below.

| Inception Year | May 31, 2021 | Addition | Application | Expiration | May 31, 2022 | Expiry Year |
|----------------|--------------|----------|-------------|------------|--------------|-------------|
| 2022 | P– | P6,857 | P– | P– | P6,857 | 2025 |
| March 31, 2021 | P19,735 | – | – | – | 19,735 | 2024 |
| 2020 | 9,415 | – | – | – | 9,415 | 2023 |
| 2019 | 1,512 | – | – | (1,512) | – | 2022 |
| | P30,662 | P6,857 | P– | (P1,512) | P36,007 | |

As at May 31, 2021, March 31, 2021 and 2020, the Group did not recognize deferred tax assets on the following temporary differences deemed to be not recoverable:

| | 2022 | 2021 |
|-------|----------|------------|
| NOLCO | P426,172 | P6,768,983 |
| MCIT | 36,007 | 30,662 |
| | P462,179 | P6,799,645 |

Issuances of relevant BIR Regulations:

Revenue Regulations 14-2021

To ease the burden of taxation among propriety educational institutions and taking into account the pending Bills in Congress seeking to amend Section 27 (B) of the National Internal Revenue Code (NIRC) of 1997, as amended, the BIR issued Revenue Regulation (RR) 14-2021 on July 28, 2021 to finally clarify the income taxation of schools, the implementation of the provisions regarding propriety educational institution's tax treatment of RR No. 5-2021 dated April 8, 2021 on the definition of propriety educational institutions, insofar as it includes therein the phrase "which are non-profit", are hereby suspended pending passage of such appropriate legislation.

Revenue Regulations 3-2022

The BIR issued RR 3-2022 clarifying that the preferential corporate income tax rate of 1% shall apply to propriety educational institutions, among others, beginning July 1, 2020 until June 30, 2023. After June 30, 2023, the rate shall revert to the preferential corporate tax rate of 10%.

18. Leases

Group as Lessor

The Group leases out portions of its spaces to concessioners which are renewable every two years. Total rent income recognized amounted to P4.82 million for the year ended May 31, 2022, P0.59 million for the two-month period ended May 31, 2021, and P2.3 million for the year ended March 31, 2021 (see Note 21).

As lessor, future minimum rentals under operating leases are shown below.

| | 2022 | 2021 |
|--|-------------|-------------|
| Within 1 year | P3,731,366 | P4,478,791 |
| After 1 year but not more than 5 years | 8,256,576 | 14,545,240 |
| More than 5 years | 2,177,630 | 2,428,866 |
| | P14,165,572 | P21,452,898 |

Accrued rental payments not yet billed as of May 31, 2022 and 2021 amounted to P6.60 million and P5.69 million, respectively (see Note 6).



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 land in Makati. The contract requires for ₱24.00 million fixed annual rentals plus 40.00% of the annual net income before tax of the Group's Makati-Buendia campus.

The Group recognized right-of-use asset and lease liability. The rollforward analysis of right-of-use asset follows:

| | 2022 | 2021 |
|---|---------------------|--------------|
| Cost | | |
| Balances at beginning and end of period | ₱205,121,481 | ₱205,121,481 |
| Accumulated Amortization | | |
| Balances at beginning of period | 37,823,819 | 34,914,295 |
| Amortization (Note 15) | 17,457,147 | 2,909,524 |
| Balances at end of period | 55,280,966 | 37,823,819 |
| Net Book Value | ₱149,840,515 | ₱167,297,662 |

The rollforward analysis of lease liability follows:

| | 2022 | 2021 |
|---------------------------------|---------------------|--------------|
| Balances at beginning of period | ₱176,841,235 | ₱179,142,645 |
| Interest expense (Note 19) | 9,723,328 | 1,698,590 |
| Payments | (24,000,000) | (4,000,000) |
| Balances at end of period | ₱162,564,563 | ₱176,841,235 |
| Lease liability - current | ₱15,113,148 | ₱14,276,673 |
| Lease liability - noncurrent | 147,451,415 | 162,564,562 |
| | ₱162,564,563 | ₱176,841,235 |

The following are the amounts recognized in the consolidated statements of income:

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|--|-------------------------------|---------------------------------|---------------------------------|
| Amortization expense of right-of-use asset (Note 16) | ₱17,457,148 | ₱2,909,524 | ₱17,457,148 |
| Interest expense on lease liability (Note 19) | 9,723,328 | 1,698,590 | 10,640,885 |
| Total amount recognized in consolidated statements of income | ₱27,180,476 | ₱4,608,114 | ₱28,098,033 |

Shown below is the maturity analysis of the undiscounted lease payments:

| | 2022 | 2021 |
|--|---------------------|--------------|
| Within one year | ₱24,000,000 | ₱24,000,000 |
| After 1 year but not more than 5 years | 96,000,000 | 96,000,000 |
| More than 5 years | 86,000,000 | 110,000,000 |
| | ₱206,000,000 | ₱230,000,000 |



19. Interest Expense

The account consists of the following:

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|--|--|--|--|
| Interest from lease liability (Note 18) | ₱9,723,328 | ₱1,698,590 | ₱10,640,885 |
| Interest from deficiency taxes | 1,831,733 | — | 1,240,768 |
| | ₱11,555,061 | ₱1,698,590 | ₱11,881,653 |



20. Segment Reporting

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

| As at and for the year ended May 31, 2022 | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|---|--------------|-------------|-------------|----------------|
| | Mendiola | Malolos | Makati-Buendia | Makati-Legaspi | Makati-Legaspi Hospital (Pre-operating) | CE-IS | CELPI | Adjustments | Total |
| Segment assets | ₱4,341,513,874 | ₱1,432,316,920 | ₱240,403,989 | ₱596,981,756 | ₱33,194,598 | ₱147,001,798 | ₱55,825,839 | ₱47,605,695 | ₱6,894,844,469 |
| Segment liabilities | 444,881,950 | 19,799,194 | 216,027,818 | 7,716,303 | 613,055 | 42,059,037 | 6,081,223 | 768,038,932 | 1,505,217,512 |
| Capital expenditures | 14,061,659 | 12,609 | 111,787 | 188,876 | - | 445,800 | 3,053,077 | - | 17,873,808 |
| Segment revenues | 801,135,987 | 125,072,995 | 201,351,551 | 61,813,573 | 1,821,121 | 86,945,085 | 32,475,985 | - | 1,310,616,297 |
| Expenses | 713,656,642 | 126,379,241 | 205,342,817 | 62,418,076 | 2,304,057 | 43,745,540 | 38,191,080 | - | 1,192,037,453 |
| Depreciation and amortization expense | 50,236,192 | 11,736,939 | 23,089,315 | 12,595,752 | - | 1,274,395 | 3,578,683 | - | 102,511,276 |
| Net income (loss) | 87,473,615 | (1,306,246) | (3,991,266) | (604,503) | (477,207) | 43,199,546 | (5,715,095) | 473,637 | 119,052,481 |
| As at and for the two-month period ended May 31, 2021 | | | | | | | | | |
| | Mendiola | Malolos | Makati-Buendia | Makati-Legaspi | Makati-Legaspi Hospital (Pre-operating) | CE-IS | CELPI | Adjustments | Total |
| Segment assets | ₱3,376,023,919 | ₱1,429,993,533 | ₱244,687,977 | ₱605,334,645 | ₱32,393,797 | ₱151,133,222 | ₱56,076,662 | ₱47,605,695 | ₱5,943,249,450 |
| Segment liabilities | 370,863,153 | 10,002,089 | 209,679,272 | 7,003,216 | 343,746 | 27,529,096 | 4,176,065 | 722,340,203 | 1,351,936,840 |
| Capital expenditures | 730,895 | 3,648,814 | - | - | - | 2,783,486 | 771,629 | - | 7,934,824 |
| Segment revenues | 144,689,480 | 17,754,984 | 19,734,888 | 5,352,472 | 377,775 | 10,659,152 | 3,677,077 | - | 202,245,828 |
| Expenses | 97,801,640 | 15,943,918 | 24,265,425 | 10,430,144 | 403,318 | 8,898,124 | 5,057,079 | - | 162,799,648 |
| Depreciation and amortization expense | 9,796,228 | 1,869,348 | 4,364,902 | 2,282,553 | - | 181,489 | 558,142 | - | 19,052,662 |
| Net income (loss) | 46,961,382 | 1,811,066 | (4,530,537) | (5,077,672) | (25,543) | 1,761,028 | (1,453,544) | 2,083,361 | 41,529,541 |
| As at and for year ended March 31, 2021 | | | | | | | | | |
| | Mendiola | Malolos | Makati-Buendia | Makati-Legaspi | Makati-Legaspi Hospital (Pre-operating) | CE-IS | CELPI | Adjustments | Total |
| Segment assets | ₱3,474,512,891 | ₱1,452,916,258 | ₱257,682,630 | ₱612,467,547 | ₱32,248,617 | ₱159,723,886 | ₱58,045,877 | ₱47,605,695 | ₱6,095,203,401 |
| Segment liabilities | 504,729,606 | 25,791,036 | 249,386,205 | 569,986 | 347,937 | 37,446,270 | 7,823,329 | 731,119,140 | 1,557,213,509 |
| Capital expenditures | 7,994,218 | 4,505,287.00 | 59,239 | 36,805 | - | 3,063,915 | 2,380,263 | - | 18,039,727 |
| Segment revenues | 762,852,148 | 98,773,555 | 129,518,741 | 55,705,345 | 2,831,068 | 94,477,408 | 29,425,872 | - | 1,173,584,137 |
| Expenses | 613,925,565 | 111,151,610 | 146,751,609 | 67,323,496 | 2,370,759 | 50,054,535 | 31,200,088 | - | 1,022,777,662 |
| Depreciation and amortization expense | 53,670,973 | 11,216,089 | 26,189,412 | 13,695,317 | - | 817,150 | 3,247,675 | - | 108,836,616 |
| Net income (loss) | 148,926,583 | (12,378,055) | (17,232,868) | (11,618,151) | 460,309 | 44,422,873 | (1,774,216) | 4,449,752 | 155,256,227 |



For the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, there were no intersegment revenues and all revenues are made to external customers.

As at May 31, 2022, May 31, 2021, and March 31, 2021, segment assets for each segment do not include “Goodwill” amounting to ₱47.61 million.

Segment liabilities for each segment do not include the following:

| | May 31, 2022 | May 31, 2021 | March 31, 2021 |
|--------------------------------|---------------------|-----------------|-------------------|
| Deferred tax liabilities - net | ₱481,158,125 | ₱394,229,305 | ₱395,568,329 |
| Retirement liability | 169,901,006 | 219,492,741 | 226,530,163 |
| Dividends payable | 116,979,801 | 108,618,157 | 109,015,657 |
| Income tax payable | — | — | 4,991 |
| | ₱768,038,932 | ₱722,340,203 | ₱731,119,140 |

Net income for each segment does not include “Benefit from income tax” amounting to ₱0.47 million for the year ended May 31, 2022, ₱2.08 million for the two-month period ended May 31, 2021 and ₱4.45 million for the year ended March 31, 2021.

21. 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.

Affiliates are entities that are subject to common control.

Transactions with related parties include the following:

| As at and for the year ended May 31, 2022 | | | |
|---|--------------------|---------------------|--|
| Category | Amount/Volume | Outstanding Balance | Nature/Terms and Conditions |
| <i>PhilTrust Bank</i> | | | |
| Cash | ₱27,771,387 | ₱137,661,407 | Savings deposit; interest rate ranging from 0.05% to 1.50% |
| Interest income | 237,063 | — | |
| Short-term deposits | 72,658,228 | 314,660,643 | Money market placements; varying periods up to three months, interest of such ranges from 0.25% to 1.50% |
| Interest income | 3,412,785 | 156,032 | |
| Rent (Note 11) | 24,000,000 | 3,021,421 | Rent of building in Makati; unsecured and noninterest bearing |
| <i>Manila Bulletin Publishing Corporation</i> | | | |
| Advertisement (Note 15) | 3,030,296 | — | Advertising services; terms vary as to type and frequency of advertisements, unsecured and noninterest bearing |
| Expenses for Co-curricular Activities (Note 15) | 1,022,708 | | |
| <i>TH Coffee Services Philippine Corp.</i> | | | |
| Rental income (Note 19) | 1,217,892 | — | Rental of commercial space; payable the following month, unsecured and noninterest bearing |
| <i>Karate Kid Japanese Fastfood</i> | | | |
| Rental income (Note 19) | 12,478 | 7,284 | Rental of commercial space; payable the following month, unsecured and noninterest bearing |



| As at and for the two-month period ended May 31, 2021 | | | |
|---|---------------|---------------------|--|
| Category | Amount/Volume | Outstanding Balance | Nature/Terms and Conditions |
| Affiliates | | | |
| <i>PhilTrust Bank</i> | | | |
| Cash | ₱56,928,198 | ₱109,955,840 | Savings deposit; interest rate ranging from 0.10% to 0.38% |
| Interest income | 135,891 | — | |
| Short-term deposits | 136,241 | 242,007,607 | Money market placements; varying periods up to three months, interest ranging from 2.08% to 3.20% |
| Interest income | 480,610 | 129,374 | |
| Rent | 4,000,000 | 3,021,421 | Rent of building in Makati; unsecured and noninterest bearing |
| <i>Manila Bulletin Publishing Corporation</i> | | | |
| Advertisement (Note 15) | 252,173 | — | Advertising services; terms vary as to type and frequency of advertisements, unsecured and noninterest bearing |
| Expenses for Co-curricular Activities (Note 15) | 590,821 | | |
| <i>TH Coffee Services Philippine Corp.</i> | | | |
| Rental income (Note 19) | | | Rental of commercial space; payable the following month, unsecured and noninterest bearing |
| | 152,341 | 199,620 | |
| <i>Karate Kid Japanese Fastfood</i> | | | |
| Rental income (Note 19) | — | 20,160 | Rental of commercial space; payable the following month, unsecured and noninterest bearing |

| As at and for the year ended March 31, 2021 | | | |
|---|---------------|---------------------|--|
| Category | Amount/Volume | Outstanding Balance | Nature/Terms and Conditions |
| <i>PhilTrust Bank</i> | | | |
| Cash | ₱38,287,191 | ₱141,006,795 | Savings deposit; interest rate at 0.50% |
| Interest income | 483,874 | — | |
| Short-term deposits | 42,076,597 | 73,168,015 | Money market placements; varying periods up to three months, interest ranging from 0.30% to 2.80% |
| Interest income | 2,868,934 | 161,456 | |
| Rent (Note 12) | 24,000,000 | 3,021,421 | Rent of building in Makati; unsecured and noninterest bearing |
| <i>Manila Hotel</i> | | | |
| Expenses for co-curricular activities (Note 15) | 39,900 | — | Rental of room and facilities for commencement exercises; unsecured and noninterest bearing |
| <i>Manila Bulletin Publishing Corporation</i> | | | |
| Recruitment and placement (Note 15) | 1,090,052 | — | Advertising services; terms vary as to type and frequency of advertisements, unsecured and noninterest bearing |
| <i>TH Coffee Services Philippine Corp.</i> | | | |
| Rental income (Note 19) | 189,117 | 47,279 | Rental of commercial space; payable the following month, unsecured and noninterest bearing |
| <i>Karate Kid Japanese Fastfood</i> | | | |
| Rental income (Note 19) | 60,480 | 20,160 | Rental of commercial space; payable the following month, unsecured and noninterest bearing |



Generally, related party transactions are settled in cash.

Transactions with Retirement Plans

Under PFRSs, certain post-employment benefit plans are considered as related parties. The University's retirement plan is in the form of a trust administered by two trustee banks.

Shown below are the transactions with the retirement fund for May 31, 2022 and 2021:

| | 2022 | 2021 |
|--|---------------------|--------------|
| Beginning of the period | ₱159,362,040 | ₱166,091,586 |
| Interest income | 6,618,766 | 1,229,091 |
| Actual gain (loss) on plan assets (excluding interest) | (5,627,438) | 2,028,591 |
| Actual contributions | 30,016,248 | — |
| Benefits paid | (29,725,832) | (9,987,228) |
| End of the period | ₱160,643,784 | ₱159,362,040 |

As at May 31, 2022 and 2021, the retirement fund has 8,072,299 shares or 2.17% interest in the University with a fair value of ₱55.30 million and ₱56.18 million, respectively. The total unrealized loss recognized from these investments amounted to ₱0.88 million and ₱2.83 million for the year ended May 31, 2022 and for the two-month period ended May 31, 2021, respectively.

No limitations and restrictions are provided and voting rights over these shares are exercised by a trust officer.

There are no other transactions by the University or its related parties with the retirement fund for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021

Remuneration of Key Management Personnel

The Group's key management personnel include all management committee officers. The summary of compensation of key management personnel follows:

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | March 31, 2021 (One year) |
|---|-------------------------------|---------------------------------|---------------------------------|
| Short-term employee salaries and benefits | ₱15,262,667 | ₱3,009,311 | ₱15,237,289 |
| Post-employment benefits | 5,298,825 | 777,619 | 4,168,921 |
| | ₱20,561,492 | ₱3,786,930 | ₱19,406,210 |

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.

Approval requirements and limits on the amount and extent of related party transactions

The Board of Directors shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to ten percent (10%) or more of the total assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.



22. Notes to Consolidated Statements of Cash Flows

Noncash investing activities pertain to the following:

- a. Retirement/disposal of assets - For the years ended May 31, 2022 and March 31, 2021, the University retired/disposed furniture and fixtures and laboratory equipment with aggregate cost of ₱0.40 million and ₱3.22 million, respectively (nil for the two-month period ended May 31, 2021), and accumulated depreciation of ₱0.40 million and ₱3.22 million, respectively (nil for the two-month period ended May 31, 2021) [see Note 9].
- b. Transfer of software - For the year ended March 31, 2021, the University transferred software amounting to ₱3.06 million from construction in progress (nil for the year ended May 31, 2022 and for the two-month period ended May 31, 2021) [see Notes 9 and 11].

23. Basic/Diluted EPS

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

| | May 31, 2022 (One year) | May 31, 2021 (Two months) | May 31, 2021 (One year) |
|---|-------------------------------|---------------------------------|-------------------------------|
| Net income (a) | ₱116,465,874 | ₱41,396,930 | ₱152,556,823 |
| Weighted average number of outstanding common shares (b) | 372,414,400 | 372,414,400 | 372,414,400 |
| Basic/diluted earnings per share (a/b) | ₱0.31 | ₱0.11 | ₱0.41 |

There were no potential dilutive financial instruments for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021.

24. Fair Value Measurement

The Group uses a hierarchy for determining and disclosing the fair value of its assets and liabilities.

The tables below summarize the carrying amounts and the fair values of the Group's financial and nonfinancial assets and liabilities as at May 31, 2022 and 2021.

| | 2022 | | | |
|--|------------------------------|---|---|------------------|
| | Fair Value Measurement Using | | | |
| | Carrying Value | Quoted Prices in Active Markets (Level 1) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
| Assets measured at fair value: | | | | |
| Financial assets | | | | |
| Financial assets at FVOCI | ₱136,800 | ₱136,800 | ₱– | ₱136,800 |
| Nonfinancial assets | | | | |
| Land classified as property and equipment valued under revaluation model | 4,358,636,002 | | 4,358,636,002 | 4,358,636,002 |
| | ₱4,358,772,802 | ₱136,800 | ₱4,358,636,002 | ₱4,358,772,802 |



| | Carrying Value | 2021 | | |
|---|----------------|--|--|------------------|
| | | Fair Value Measurement Using | | |
| | | Quoted Prices in Active Markets (Level 1) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
| Assets measured at fair value: | | | | |
| Financial assets | | | | |
| Financial assets at FVOCI | P94,680 | P94,680 | P– | P94,680 |
| Nonfinancial assets | | | | |
| Land classified as property and equipment valued under revaluation model | 3,487,593,002 | – | 3,487,593,002 | 3,487,593,002 |
| | P3,487,687,682 | P94,680 | P3,487,593,002 | P3,487,687,682 |

The methods and assumptions used by the University in estimating the fair value of the financial and nonfinancial assets and liabilities are as follows:

Cash and Cash Equivalents, Tuition and Other Receivables, Accounts Payable and Other Current Liabilities (Excluding Contract Liabilities and Statutory Obligations), Dividends Payable

Fair values approximate carrying amounts given the short-term nature of these accounts.

Property and Equipment

The tables below summarize the valuation techniques and the significant unobservable inputs used in the valuation of land recorded as property equipment:

| | Valuation Techniques | Significant Unobservable Inputs | Range (Weighted Average) |
|------|---|---------------------------------|--------------------------|
| Land | Sales Comparison Approach/Market Approach | <i>Internal factors:</i> | |
| | | Location | +10% to -20% |
| | | Improvements | +0% to -20% |
| | | Elevation | +0% to +20% |
| | | Corner Influence | +0% to +5% |
| | | Use | -20% to +20% |
| | | Development | +10% to +20% |
| | | Size | -20% to +20% |
| | | Time Element | +0% |

The range of the prices per square meter used in the valuation is shown below.

| | Valuation techniques | Location | Range (Weighted Average) |
|------|---|---|---|
| Land | Sales Comparison Approach/Market Approach | Comparable analysis: External factor (net price) | |
| | | Manila - Site 1 and 2 | ₱133,178 to ₱157,729 per square meter (sqm) |
| | | Makati - Malugay | ₱247,500 to ₱360,000 per sqm |
| | | Makati - Legaspi | ₱270,000 to ₱500,000 per sqm |
| | | Malolos, Bulacan | ₱8,550 to ₱16,200 per sqm |
| | | Las Piñas | ₱19,655 to ₱25,200 per sqm |



The description of the valuation technique and inputs used in valuation of the University's land follows:

| | |
|--------------------------------------|--|
| Market Data Approach | A comparable method where the value of the property is based on sales and listings of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Comparison would be premised on the factors of location, size and shape of the lot, and time element. |
| Location | For a tract of land designated for a purpose or site occupied or available for occupancy, one of the key factors in land valuation is the location or area of preference. |
| Improvements and developments | Renovations in the land including the construction of building and installation of machineries and equipment should not be included in the valuation. |
| Corner Influence | Enhancement in usefulness accrues to those lots located or near street corners especially in retail business districts. |
| Use | Includes considerations factored in such as zoning, water and riparian rights, environmental issues, building codes and flood zones. |
| Elevation | Height of the property above or below a fixed reference point. |
| Size | Physical magnitude, extent or bulk, relative or proportionate dimensions. The value of the lot varies in accordance to the size of the lots. Basic rule of thumb is the bigger the lot size the lower the value, the smaller the lot size the higher the value. |
| Time Element | The measured or measurable period during action or condition exist. It is usually associated with the period in which the property can be sold in an open market within reasonable time. |

Sensitivity analyses to the significant changes in unobservable inputs are shown below:

- Significant increases (decreases) in the price (per sqm) would result in a significantly higher (lower) fair value measurement.
- Significant factor in the location of the property (e.g., closer to a main road or secondary road) would result in a significantly higher (lower) fair value measurement
- Significant improvements and developments (deterioration) in the location would result in a significantly higher (lower) fair value measurement.
- Significant increases (decreases) in the influence of the corners of the property would result in a significantly higher (lower) fair value measurement.
- Significant change in the use of the property would result in a significant change in fair value measurement.
- Significant increases (decreases) in the elevation of the property would result in a significantly lower (higher) fair value measurement.
- Significant increases (decreases) in the size of the property would result in a significantly lower (higher) fair value (per sqm) measurement.
- Significant increases (decreases) in the period in which the property can be sold in an open market would result in a significantly lower (higher) fair value measurement.

The appraiser considers the highest and best use of the asset which takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

Quoted Equity Securities Classified as Investments at FVOCI

Fair value is based on quoted prices.



25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents. The main purpose of these financial instruments is to fund the Group's operations and capital expenditures. The Group has various other financial instruments such as tuition and other receivables, refundable deposits, equity investments, accounts payable and accrued expenses excluding statutory payables and dividends payable that arise directly from operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency 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 receivables 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 at the reporting date, there are no significant concentrations of credit risk.

As at May 31, 2022 and May 31, 2021, the analysis of financial assets is shown below:

| | May 31, 2022 | | | |
|-------------------------------|-------------------------------------|---------------------|-----------------------|---------------------|
| | Neither Past Due nor Impaired | Past Due | ECL | Gross of ECL |
| Loans and receivables: | | | | |
| Cash and cash equivalents* | ₱561,212,210 | ₱— | ₱— | ₱561,212,210 |
| Tuition and other receivables | | | | |
| Tuition fee receivables | 5,157,385 | 360,130,291 | (136,905,626) | 228,382,050 |
| Advances to employees | 39,730,100 | — | — | 39,730,100 |
| Accrued rent receivable | 6,602,099 | — | — | 6,602,099 |
| Accrued interest receivable | 156,808 | — | — | 156,808 |
| Other receivables | 11,713,365 | — | — | 11,713,365 |
| Refundable security deposits | 501,821 | — | — | 501,821 |
| Investments at FVOCI | 136,800 | — | — | 136,800 |
| | ₱625,210,588 | ₱360,130,291 | (₱136,905,626) | ₱848,435,253 |

* Excluding cash on hand

| | May 31, 2021 | | | |
|-------------------------------|-------------------------------------|---------------------|-----------------------|---------------------|
| | Neither Past Due nor Impaired | Past Due | ECL | Gross of ECL |
| Loans and receivables: | | | | |
| Cash and cash equivalents* | ₱479,684,225 | ₱— | ₱— | ₱479,684,225 |
| Tuition and other receivables | | | | |
| Tuition fee receivables | 9,650,745 | 292,545,243 | (125,041,960) | 177,154,028 |
| Advances to employees | 32,440,606 | — | — | 32,440,606 |
| Accrued rent receivable | 5,689,941 | — | — | 5,689,941 |
| Accrued interest receivable | 154,703 | — | — | 154,703 |
| Other receivables | 11,651,715 | — | — | 11,651,715 |
| Refundable security deposits | 1,268,161 | — | — | 1,268,161 |
| Investments at FVOCI | 94,680 | — | — | 94,680 |
| | ₱540,634,776 | ₱292,545,243 | (₱125,041,960) | ₱708,138,059 |

* Excluding cash on hand



The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible.

As at May 31, 2022 and 2021, the age of the entire Group's past due but not impaired tuition fee receivables is disclosed in Note 6.

Tuition Fee Receivables

The Group uses a provision matrix to calculate ECL for tuition fee receivables. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's tuition fee receivables using a provision matrix as of May 31, 2022 and May 31, 2021.

As of May 31, 2022:

| | Current | Days Past Due | | | Total |
|---|------------|---------------|----------------------|-----------------|--------------|
| | | < 1 quarter | 1 to less 3 quarters | Over 3 quarters | |
| Estimated tuition fee receivable at default | ₱5,157,385 | ₱177,261,608 | ₱19,600,421 | ₱163,268,262 | ₱365,287,676 |
| Expected credit losses | ₱16,672 | ₱1,983,514 | ₱178,441 | ₱115,385,831 | ₱117,564,457 |
| Expected credit losses - lifetime | ₱- | ₱- | ₱- | ₱19,341,169 | ₱19,341,169 |

As of May 31, 2021:

| | Current | Days Past Due | | | Total |
|---|------------|---------------|----------------------|-----------------|--------------|
| | | < 1 quarter | 1 to less 3 quarters | Over 3 quarters | |
| Estimated tuition fee receivable at default | ₱9,650,745 | ₱116,540,263 | ₱25,450,487 | ₱150,554,493 | ₱302,195,988 |
| Expected credit losses | ₱- | ₱7,303,973 | ₱3,670,238 | ₱105,309,594 | ₱116,283,805 |
| Expected credit losses - lifetime | ₱- | ₱- | ₱- | ₱8,758,155 | ₱8,758,155 |

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and financial 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 and external financing, if needed.



The maturity profile of the Group's financial assets and financial liabilities as at May 31, 2022 and May 31, 2021 based on contractual undiscounted receipts and payments as shown below:

| May 31, 2022 | | | | | |
|--|--------------------|-----------------------|----------------------|-----------------------|---------------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | Over 1 Year | Total |
| Cash on hand | ₱373,500 | ₱— | ₱— | ₱— | ₱373,500 |
| Financial assets: | | | | | |
| Cash in banks and cash equivalents | 244,499,432 | 316,712,778 | — | — | 561,212,210 |
| Tuition and other receivables: | | | | | |
| Tuition fee receivables | 228,382,050 | — | — | — | 228,382,050 |
| Accrued interest receivable | — | 156,808 | — | — | 156,808 |
| Others: | | | | | |
| Advances to employees | 39,730,100 | — | — | — | 39,730,100 |
| Nontrade | 10,140,716 | — | — | — | 10,140,716 |
| Accrued rent receivable | 6,602,099 | — | — | — | 6,602,099 |
| Other receivables | 1,572,649 | — | — | — | 1,572,649 |
| Refundable security deposits | — | — | — | 501,821 | 501,821 |
| Financial assets at FVOCI | — | — | — | 136,800 | 136,800 |
| | 531,300,546 | 316,869,586 | — | 638,621 | 848,808,753 |
| Accounts payable and accrued expenses: | | | | | |
| Accounts payable* | 238,710,415 | — | — | — | 238,710,415 |
| Accrued expenses | 24,764,620 | 76,021,342 | — | — | 100,785,962 |
| Payable to students | 44,616,962 | — | — | — | 44,616,962 |
| Deposits | 8,525,116 | — | — | — | 8,525,116 |
| Alumni fees payable | 4,167,701 | — | — | — | 4,167,701 |
| Lease liability** | — | — | 24,000,000 | 182,000,000 | 206,000,000 |
| Dividends payable | 116,979,801 | — | — | — | 116,979,801 |
| | 437,764,615 | 76,021,342 | 24,000,000 | 182,000,000 | 719,785,957 |
| Net undiscounted financial assets (liabilities) | ₱93,535,931 | ₱240,848,244 | (₱24,000,000) | (₱181,361,379) | ₱129,022,796 |

* Excluding statutory payables of ₱28,012,915

**Including interest to maturity amounting to ₱43,435,437

| May 31, 2021 | | | | | |
|--|--------------------|-----------------------|----------------------|-----------------------|----------------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | Over 1 Year | Total |
| Cash on hand | ₱363,500 | ₱— | ₱— | ₱— | ₱363,500 |
| Financial assets: | | | | | |
| Cash in banks and cash equivalents | 235,629,675 | 244,054,550 | — | — | 479,684,225 |
| Tuition and other receivables: | | | | | |
| Tuition fee receivables | 177,154,028 | — | — | — | 177,154,028 |
| Accrued interest receivable | — | 154,703 | — | — | 154,703 |
| Others: | | | | | |
| Advances to employees | 32,440,606 | — | — | — | 32,440,606 |
| Nontrade | 10,133,423 | — | — | — | 10,133,423 |
| Accrued rent receivable | 5,689,941 | — | — | — | 5,689,941 |
| Other receivables | 1,518,292 | — | — | — | 1,518,292 |
| Refundable security deposits | — | — | — | 1,268,161 | 1,268,161 |
| Financial assets at FVOCI | — | — | — | 94,680 | 94,680 |
| | 462,929,465 | 244,209,253 | — | 1,362,841 | 708,501,559 |
| Accounts payable and accrued expenses: | | | | | |
| Accounts payable* | 245,998,268 | — | — | — | 245,998,268 |
| Accrued expenses | 20,960,812 | 66,758,439 | — | — | 87,719,251 |
| Payable to students | 46,724,553 | — | — | — | 46,724,553 |
| Deposits | 9,035,846 | — | — | — | 9,035,846 |
| Alumni fees payable | 2,951,440 | — | — | — | 2,951,440 |
| Lease liability** | — | — | 24,000,000 | 206,000,000 | 230,000,000 |
| Dividends payable | 108,618,157 | — | — | — | 108,618,157 |
| | 434,289,076 | 66,758,439 | 24,000,000 | 206,000,000 | 731,047,515 |
| Net undiscounted financial assets (liabilities) | ₱28,640,389 | ₱177,450,814 | (₱24,000,000) | (₱204,637,159) | (₱22,545,956) |

* Excluding statutory payables of ₱29,102,282

**Including interest to maturity amounting to ₱53,158,765



The Group relies on internally-generated cash to fund its working capital needs, capital expenditures and cash dividends. The Group will continuously assess its overhead costs to determine opportunities to decrease them. As laid down in the Group's strategic plan, the Group is committed to attain its goal on sound financial position by accomplishing the objectives to implement cost saving measures, increase income of existing revenue generating programs and activities and expand revenue generating activities.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Peso and its exposure to foreign currency risk arises primarily from cash in banks and short-term deposits that are denominated in United States dollar (\$ or USD).

To mitigate the Group's exposure to foreign currency risk related to foreign currency-denominated accounts, management keeps the amount of these assets at a low level.

The following table shows the foreign currency-denominated accounts of the Group as at May 31, 2022 and 2021 in USD:

| | 2022 | 2021 |
|---------------------|------------------|------------------|
| Cash in banks | \$64,433 | \$20,455 |
| Short-term deposits | 118,192 | 117,846 |
| | \$182,625 | \$138,301 |

In translating the foreign currency-denominated accounts to Peso amounts, the exchange rate used was ₱52.37 to \$1.00 and ₱47.70 to \$1.00 as at May 31, 2022 and 2021, respectively.

The table below demonstrates the sensitivity to a reasonably possible change in the Peso/USD exchange rate, with all other variables held constant, of the Group's net income before tax. There is no impact on the Group's equity.

| | May 31, 2022 | | May 31, 2021 | |
|------------------------------------|--------------|------------|--------------|-----------|
| Percentage change in exchange rate | 4.97% | -4.97% | 1.02% | -1.02% |
| Effect on net income before tax | ₱475,470 | (₱475,470) | ₱67,275 | (₱67,275) |

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates is not significant to the consolidated financial statements. The financial instruments of the Group are either noninterest-bearing or has minimal interest rate exposure due to the short-term nature of the account (that is, cash equivalents).

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains 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 to the objectives and policies or processes during the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021. The Group monitors capital using a



debt-to-equity ratio which is debt divided by total equity. Debt includes accounts payable and other current liabilities and lease liability.

The table below shows how the Group computes for its debt-to-equity ratio as at May 31, 2022 and 2021.

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Accounts payable and other current liabilities (Note 12) | ₱530,611,109 | ₱439,335,804 |
| Lease liability (Note 19) | 162,564,563 | 176,841,235 |
| Total debt (a) | ₱693,175,672 | ₱616,177,039 |
| Total equity (b) | ₱5,389,626,957 | ₱4,591,312,610 |
| Debt-to-equity ratio (a/b) | ₱0.13:1 | ₱0.13:1 |

As of May 31, 2022 and 2021, the Group was able to meet its capital management objectives and was successful in achieving its capital management policies.

26. Changes in Liabilities Arising from Financing Activities

Changes in the Group's liabilities arising from financing activities are presented below:

| | May 31, 2022 | | May 31, 2021 | | March 31, 2021 | |
|---|--|--------------------------------------|--|--------------------------------------|--|--------------------------------------|
| | Dividends payable (Note 12) | Lease liability (Note 19) | Dividends payable (Note 12) | Lease liability (Note 19) | Dividends payable (Note 12) | Lease liability (Note 19) |
| Balances at beginning of year | ₱108,618,157 | ₱176,841,235 | ₱109,015,657 | ₱179,142,645 | ₱105,755,874 | ₱192,501,760 |
| Interest expense (Notes 18 and 19) | – | 9,723,328 | – | 1,698,590 | – | 10,640,885 |
| Dividend declaration including dividends to NCI (Note 12) | 152,715,760 | – | – | – | 3,975,000 | – |
| Cash payments including dividends to NCI (Note 12) | (144,354,116) | (24,000,000) | (397,500) | (4,000,000) | (715,217) | (24,000,000) |
| | ₱116,979,801 | ₱162,564,563 | ₱108,618,157 | ₱176,841,235 | ₱109,015,657 | ₱179,142,645 |

27. Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption to have a significant impact on its consolidated financial statements.

Effective beginning on or after January 1, 2022 (FY2023 for the Group)

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*



- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023 (FY2024 for the Group)

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

Effective beginning on or after January 1, 2024 (FY2025 for the Group)

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

Effective beginning on or after January 1, 2025 (FY2026 for the Group)

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to May 31, 2022 on the Group's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

We have audited the consolidated financial statements of Centro Escolar University (the "University") as at May 31, 2022 and 2021, and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, on which we have rendered the attached report dated September 27, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the University has one thousand five (1,005) shareholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.



Dyole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 8853496, January 3, 2022, Makati City

September 27, 2022



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Centro Escolar University and Subsidiaries (the "Group") as at May 31, 2022 and 2021 and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, included in this Form 17-A and have issued our report thereon dated September 27, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the University's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Dyole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 8853496, January 3, 2022, Makati City

September 27, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Centro Escolar University and Subsidiaries (the "Group") as at May 31, 2022 and 2021 and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, and have issued our report thereon dated September 27, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at May 31, 2022 and 2021, and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Djole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 8853496, January 3, 2022, Makati City

September 27, 2022



CENTRO ESCOLAR UNIVERSITY

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

| Ratio | Formula | May 31, 2022 | May 31, 2021 | March 31, 2021 | May 31, 2022 | May 31, 2021 | March 31, 2021 |
|------------------------------|--|----------------|----------------|----------------|--------------|--------------|----------------|
| Current ratio | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 1.38:1.00 | 1.41:1.00 | 1.23:1.00 |
| | Total Current Asset | ₱957,799,560 | ₱791,452,479 | ₱930,952,678 | | | |
| | Divided by: Total Current Liabilities | 695,805,729 | 562,230,634 | 757,109,229 | | | |
| | | 1.38 | 1.41 | 1.23 | | | |
| Acid-test ratio | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 1.22:1.00 | 1.26:1.00 | 1.13:1.00 |
| | Total Quick Asset (current assets less inventories and other current assets) | ₱848,170,132 | ₱707,138,718 | ₱855,842,974 | | | |
| | Divided by: Total Current Liabilities | 695,805,729 | 562,230,634 | 757,109,229 | | | |
| | | 1.22 | 1.26 | 1.13 | | | |
| Solvency ratio | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 4.58:1.00 | 4.40:1.00 | 3.91:1.00 |
| | Total Asset | ₱6,894,844,469 | ₱5,943,249,450 | ₱6,095,203,401 | | | |
| | Divided by: Total Liabilities | 1,505,217,512 | 1,351,936,840 | 1,557,213,509 | | | |
| | | 4.58 | 4.40 | 3.91 | | | |
| Debt-to-equity ratio | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 0.28:1.00 | 0.29:1.00 | 0.34:1.00 |
| | Total Liability | ₱1,505,217,512 | ₱1,351,936,840 | ₱1,557,213,509 | | | |
| | Divided by: Total Equity | 5,389,626,957 | 4,591,312,610 | 4,537,989,892 | | | |
| | | 0.28 | 0.29 | 0.34 | | | |
| Asset-to-equity ratio | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 1.28:1.00 | 1.29:1.00 | 1.34:1.00 |
| | Total Asset | ₱6,894,844,469 | ₱5,943,249,450 | ₱6,095,203,401 | | | |
| | Divided by: Total Equity | 5,389,626,957 | 4,591,312,610 | 4,537,989,892 | | | |
| | | 1.28 | 1.29 | 1.34 | | | |
| Interest rate coverage ratio | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 11.26 times | 24.22 times | 13.69 times |
| | Income Before Interest and Tax | ₱130,133,905 | ₱41,144,770 | ₱162,688,128 | | | |
| | Divided by: Interest Expense | 11,555,061 | 1,698,590 | 11,881,653 | | | |
| | | 11.26 | 24.22 | 13.69 | | | |
| Return on equity | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 2% | 1% | 3% |
| | Net Income | ₱119,052,481 | ₱41,529,541 | ₱155,256,227 | | | |
| | Divided by: Total Equity | 5,389,626,957 | 4,591,312,610 | 4,537,989,892 | | | |
| | | 2% | 1% | 3% | | | |

| Ratio | Formula | May 31, 2022 | May 31, 2021 | March 31, 2021 | May 31, 2022 | May 31, 2021 | March 31, 2021 |
|-------------------|---------------------------|---------------|---------------|----------------|--------------|--------------|----------------|
| Return on assets | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 2% | 1% | 3% |
| | Net Income | ₱119,052,481 | ₱41,529,541 | ₱155,256,227 | | | |
| | Divided by: Total Asset | 6,894,844,469 | 5,943,249,450 | 6,095,203,401 | | | |
| | | 2% | 1% | 3% | | | |
| Net profit margin | | May 31, 2022 | May 31, 2021 | March 31, 2021 | 9% | 21% | 14% |
| | Net income | ₱119,052,481 | ₱41,529,541 | ₱155,256,227 | | | |
| | Divided by: Total Revenue | 1,306,511,951 | 201,604,389 | 1,142,260,258 | | | |
| | | 9% | 21% | 14% | | | |

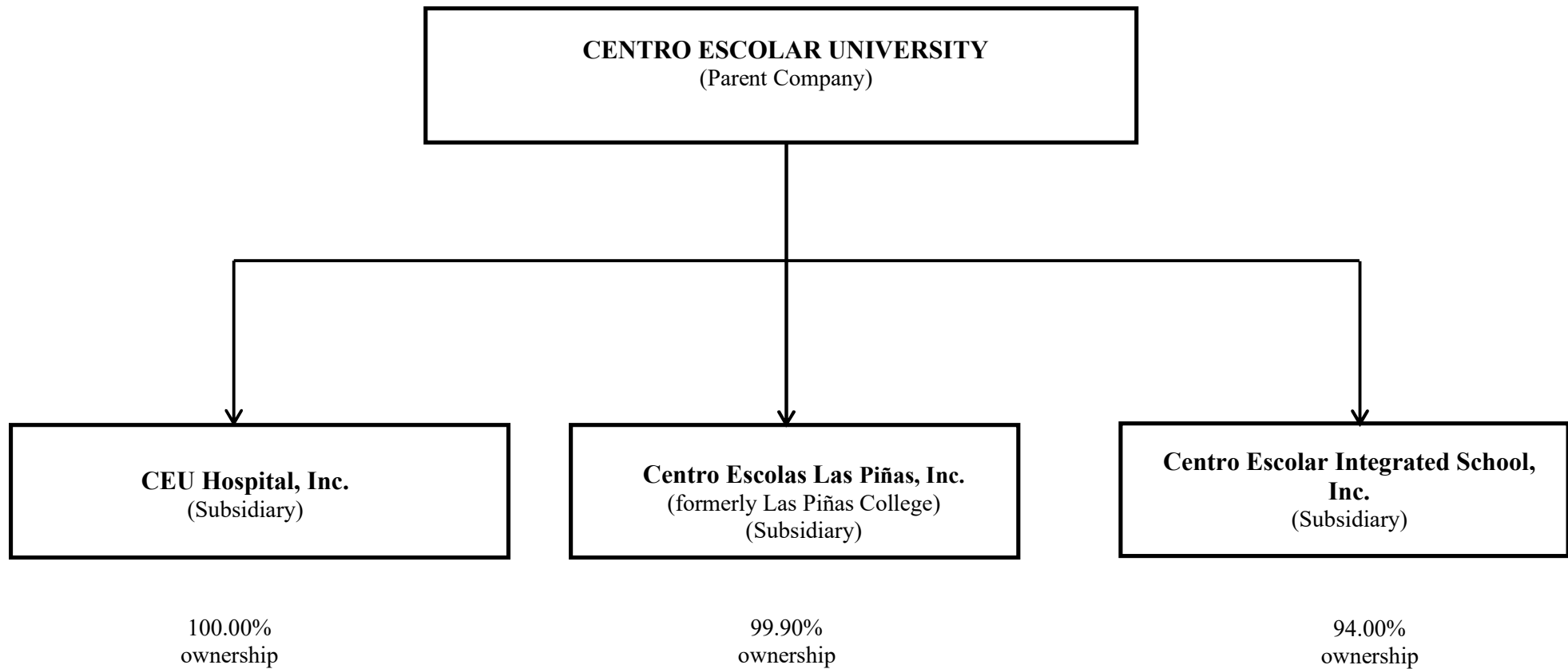
CENTRO ESCOLAR UNIVERSITY

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

- Annex I: The map showing the relationships between and among the University and its subsidiaries
- Annex II: Supplementary schedules to consolidated financial statements

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

**THE MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE UNIVERSITY AND ITS SUBSIDIARIES
MAY 31, 2022**



Centro Escolar University
Schedule A - Financial Assets
May 31, 2022

| Name of Issuing entity and association of each issue | Number of shares or principal amount of bonds and notes | Amount shown in the statement of financial position | Valued based on market quotation at end of reporting period | Loss incurred (Income received) |
|--|---|---|---|---------------------------------|
| <i>Investments at FVOCI</i> | | | | |
| Casino Español de Manila | ₱1 | ₱— | ₱— | ₱— |
| PLDT- Common | 72 | 136,800 | 136,800 | (42,120) |
| Polymedic General Hospital | 80 | — | — | — |
| PLDT- Preferred | 9,500 | — | — | — |
| PLDT Comm & Energy Ventures, Inc. (formerly Pilipino Telephone Corp.) | 300 | — | — | — |
| Total | ₱9,953 | ₱136,800 | ₱136,800 | (₱42,120) |

Centro Escolar University
*Schedule B - Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Affiliates)**
May 31, 2022

| Name and Designation of debtor | Balance at beginning of period | Additions | Deductions | | Ending Balance | | Balance at end of period |
|--|--------------------------------|-----------|-------------------|---------------------|----------------|-------------|--------------------------|
| | | | Amounts collected | Amounts written off | Current | Not current | |
| <i>Housing Loan</i> | | | | | | | |
| Rosales, Ricky - Middle Manager | ₱244,806 | ₱— | ₱94,618 | ₱— | ₱150,188 | ₱— | ₱150,188 |
| <i>Travel Loan</i> | | | | | | | |
| Lumarque, Lilian - Faculty | 28,219 | — | 25,653 | — | 2,565 | — | 2,566 |
| Co, Welyn - Faculty | 28,219 | — | 25,653 | — | 2,565 | — | 2,566 |
| Separo, Perla - Faculty | 28,219 | — | 25,653 | — | 2,565 | — | 2,566 |
| Suto, Vivian - Faculty | 82,090 | — | 43,610 | — | 43,611 | — | 38,480 |
| So, Rosemarie - Faculty | 79,526 | — | — | — | 79,526 | — | 79,526 |
| Albano, Heidi Rosario - Faculty | 22,222 | — | — | — | 22,222 | — | 22,222 |
| De Leon, Julius - Faculty | 6,019 | — | — | — | 6,019 | — | 6,019 |
| Galang, Sharon - Faculty | 6,784 | — | — | — | 6,784 | — | 6,784 |
| Ramirez, Eufrecina - Faculty | 67,858 | — | — | — | 67,858 | — | 67,858 |
| Anacio, Marcial - Faculty | 33,928 | — | — | — | 33,928 | — | 33,928 |
| Villanueva, Jean Marie - Faculty | 2,260 | — | — | — | 2,260 | — | 2,260 |
| Villanueva, Angelina - Faculty | 2,260 | — | — | — | 2,260 | — | 2,260 |
| Dee, Annabelle - Faculty | 2,260 | — | — | — | 2,260 | — | 2,260 |
| Mijarez, Luzette - Faculty | 2,260 | — | — | — | 2,260 | — | 2,260 |
| Cortado, Christopher Jay - Faculty | 41,985 | — | — | — | 41,985 | — | 41,985 |
| Andoy, Maria Corazon - Faculty | 20,356 | — | — | — | 20,356 | — | 20,356 |
| Dizon, Maria Carmen - Faculty | 20,356 | — | — | — | 20,356 | — | 20,356 |
| Fabian, Bella Marie - AVP Admin | 20,356 | — | — | — | 20,356 | — | 20,356 |
| Orlina, Jericho AVP - Business Affairs | 20,356 | — | — | — | 20,356 | — | 20,356 |
| Olaer, Carlito - VP Student Affairs | 20,356 | — | — | — | 20,356 | — | 20,356 |
| Huan, Edwin - Faculty | 140,553 | — | — | — | 140,553 | — | 140,553 |
| Grino, Nicanor Jerry Head - Security Dept. | 36,617 | — | — | — | 36,617 | — | 36,617 |
| Garcia, Nancy - Faculty | 12,206 | — | — | — | 12,206 | — | 12,206 |
| Martinez, Maria Wanda - Faculty | 38,048 | — | 28,481 | — | 9,567 | — | 9,567 |

(Forward)

| | | | Deductions | | Ending Balance | | |
|--------------------------------------|--------------------------------|-----------|-------------------|---------------------|----------------|-------------|--------------------------|
| Name and Designation of debtor | Balance at beginning of period | Additions | Amounts collected | Amounts written off | Current | Not current | Balance at end of period |
| <i>CE-IS Stockholders</i> | | | | | | | |
| Ma. Cristina D. Padolina - President | ₱250,000 | ₱— | ₱— | ₱— | ₱250,000 | ₱— | ₱250,000 |
| Corazon M. Tiongco | 250,000 | — | — | — | 250,000 | — | 250,000 |
| | | | | | | | |
| | ₱1,508,119 | ₱— | ₱243,836 | ₱— | ₱1,269,579 | ₱— | ₱1,264,451 |

Note: *This schedule pertains to advances originally made amounting to ₱100,000 and above only.

Centro Escolar University
Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of financial assets
May 31, 2022

| Name of Related Companies | Balance at beginning of period | Additions | Deductions | | Ending balance | |
|--|--------------------------------|--------------------|--------------------|---------------------|---------------------|-------------|
| | | | Amounts collected | Amounts written off | Current | Not current |
| Centro Escolar Las Piñas, Inc. | ₱12,051,732 | ₱1,014,429 | ₱— | ₱— | ₱13,066,161 | ₱— |
| Centro Escolar Integrated School, Inc. | 137,976,241 | 38,484,282 | — | — | 176,460,523 | — |
| Centro Escolar University Hospital, Inc. | 20,629,492 | 3,607,265 | 20,629,492 | — | 3,607,265 | — |
| TOTAL | ₱170,657,465 | ₱43,105,976 | ₱20,629,492 | ₱— | ₱193,133,949 | ₱— |

Centro Escolar University
Schedule D - Intangible Assets - Other Assets
 May 31, 2022

| Description | Beginning balance | Additions at cost | Charged to cost and expenses | Charged to other accounts | Other changes Additions (deductions) | Ending balance |
|--------------|--------------------|-------------------|------------------------------|---------------------------|--------------------------------------|--------------------|
| Goodwill | ₱47,605,695 | ₱— | ₱— | ₱— | ₱— | ₱47,605,695 |
| Software | 1,922,917 | — | 1,068,750 | | | 854,167 |
| TOTAL | ₱49,707,740 | ₱— | ₱179,128 | ₱— | ₱— | ₱48,459,862 |

Centro Escolar University
Schedule E - Long-term Debt
 May 31, 2022

| Title of Issue and Type of Obligation | Amount Authorized by Indenture | Amount shown under caption “Current portion of Long-term debt” in related consolidated statement of financial position | Amount shown under caption “Long-term Debt” in related consolidated statement of financial position |
|---------------------------------------|--------------------------------|--|---|
| Lease liability | Not applicable | ₱15,113,148 | ₱147,451,415 |

Centro Escolar University
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
 May 31, 2022

| Name of Related Companies | Balance at beginning of period | Additions | Deductions | | Ending balance | |
|---------------------------|-----------------------------------|-----------|--------------|------------------------|----------------|-------------|
| | | | Amounts paid | Amounts written off | Current | Not current |

The University does not have long-term loans from related parties.

Centro Escolar University
Schedule G - Guarantees of Securities of Other Issuers
May 31, 2022

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by persons for which statement is filed | Nature of guarantee |
|--|---|---|--|---------------------|
|--|---|---|--|---------------------|

As at May 31, 2022, the University has no guaranteed securities by other issuers.

Centro Escolar University
Schedule H - Capital Stock
May 31, 2022

| Title of issue | Number of shares authorized | Number of shares issued and outstanding as shown under the related statement of financial position caption | Number of shares reserved for options, warrants, conversion and other rights | Number of shares held by | | |
|---------------------------|--------------------------------|--|---|--------------------------|---|------------|
| | | | | Related parties | Directors, officers and employees | Others |
| Centro Escolar University | 800,000,000 | 372,414,400 | — | 212,270,987 | 60,576,437 | 99,566,976 |

CENTRO ESCOLAR UNIVERSITY

**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION
MAY 31, 2022**

| | |
|---|---------------|
| Unappropriated parent company retained earnings, beginning of year | ₱490,610,243 |
| Add (deduct): | |
| Expiration of appropriation of retained earnings | 530,000,000 |
| Appropriation of retained earnings during the year | (450,000,000) |
| Net income actually earned/realized during the year | 140,198,517 |
| Unappropriated parent company retained earnings, adjusted before dividend declaration | 710,808,760 |
| Deduct: Dividends declared during the year | (148,965,760) |
| Unappropriated parent company retained earnings, as adjusted to available for dividend declaration, end of year | ₱561,843,000 |

Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the separate/parent company financial statements of Centro Escolar University.

COVER SHEET

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|
| P | W | 0 | 0 | 0 | 0 | 1 | 0 | 9 | 3 | |
|---|---|---|---|---|---|---|---|---|---|--|

S.E.C. Registration Number

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|
| C | E | N | T | R | O | | E | S | C | O | L | A | R | | U | N | I | V | E | R | S | I | T | Y | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

(Company's Full Name)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|---|---|---|--|---|---|---|--|---|---|---|---|---|---|--|--|--|--|--|
| 9 | | M | E | N | D | I | O | L | A | | S | T | . | | S | A | N | | M | I | G | U | E | L | | | | | |
| M | A | N | I | L | A | | | | | | | | | | | | | | | | | | | | | | | | |

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

Contact Person

8735-6861 to 71

Contact Number

| | |
|---|---|
| 0 | 5 |
|---|---|

Month

| | |
|---|---|
| 3 | 1 |
|---|---|

Day

Fiscal Year

| | | | |
|--|--|------|--|
| | | 17-Q | |
|--|--|------|--|

FORM TYPE

| | |
|---|---|
| 1 | 0 |
|---|---|

Month

| |
|------------------------|
| 4 th Friday |
|------------------------|

Day

Annual Meeting

Secondary License Type, If Applicable

| | | |
|--|--|--|
| | | |
|--|--|--|

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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])

Third Quarter Report –February 28, 2022

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 February 28, 2022
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 | 372,414,400 |

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 nine months ended February 28, 2022.

RESULTS OF OPERATIONS

For the nine months ended February 28, 2022, the University had a gross revenue of ₱1,069,552,559 and a net income of ₱116,012,894.

Three months ended February 28, 2022 (Third Quarter This Year) versus Three months ended December 31, 2020 (Third Quarter Last Year).

For the three months ended February 28, 2022, the revenues amounted to ₱414,331,668 as compared to ₱ 367,522,110 for the same period in 2020. Net income of ₱ 90,928,849 was registered for the three months ended February 28, 2022 as compared to ₱ 109,408,577 net income for the same period in 2020.

Operating expenses increased to ₱ 323,402,819 for the three months period ended February 28, 2022 from ₱ 258,113,533 for the same period in 2020.

KEY PERFORMANCE INDICATORS (KPI)

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

| Performance | Third Quarter This Year | Third Quarter Last Year | Manner of computation | Significance |
|------------------------|-------------------------|-------------------------|---|---|
| | February 2022 | December 2020 | | |
| Revenue Growth | 8.34% | -0.63% | Difference between current and last year's tuition and other fees divided by last year's revenues | Measures revenue growth |
| Return on Revenue | 11.80% | 20.73% | 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 | 128.40% | 0 | Dividends divided by net income | Indicates how earnings support dividend payment |
| Return on Equity | 2.54% | 4.15% | Net income divided by average total stockholder's equity | Measures extent of profit earned |
| Return on Assets | 1.86% | 3.15% | 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 February 28, 2022 increased to ₱644,110,509 from 480,047,725 as of May 31, 2021.

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 1.23:1 as of February 28, 2022. 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 February 28, 2022.

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES

For SY 2021-2022, CEU approved the improvements of internet connection. It also approved the improvements of rooms, classroom and various laboratories to conformed with the safety requirements of Government agencies in preparation for face to face classes.

Segment Reporting

The University operates in three geographical segments – Manila, Malolos and Makati campuses. 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 third quarter ended February 28, 2022 were ₱1,463,076,809 as compared with ₱791,452,479 on May 31, 2021. The increase in current assets of ₱671,624,330 over May 31, 2021 balance was mainly due to increase in tuition and other receivables.

Receivables from tuition and other fees increased by ₱242,162,792 .

| | | |
|--------------------------------------|---------------|-------------|
| This account consists of: | | |
| | | |
| | February 2022 | May 2021 |
| Students | 544,358,780 | 302,195,988 |
| Accrued interest receivable | 151,023 | 154,703 |
| Nontrade receivables | 10,140,716 | 10,133,423 |
| Others: | | |
| Advances to employees | 28,020,849 | 32,440,606 |
| Advance to CE-IS stockholders | 750,000 | 750,000 |
| Accrued rent receivable | 5,509,485 | 5,689,941 |
| Other receivable | 261,820,235 | 768,292 |
| | 850,751,089 | 352,132,953 |
| Less allowance for doubtful accounts | 125,041,960 | 125,041,960 |
| | 725,709,129 | 227,090,993 |
| | | |

The total current liabilities of the University as of February 28, 2022 were ₱ 1,193,188,851 higher by ₱630,958,217 from the balance as of May 31, 2021.

Deferred revenue as of the third quarter of 2022 were ₱565,199,398.

Unappropriated Retained Earnings decreased by ₱32,952,865 due to dividend amounted to ₱ 148,965,760 and net income of ₱116,012,894 for third quarter of 2022.

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 10% to 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 February 2022, ₱190,391,481.89 worth of money market placements were maintained in Peso government securities and time deposits.
- ii. As of the end of February 2022, US\$117,845 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 February 28, 2022, the provision for doubtful accounts was at ₱125.04 million.

d. Market risk

- i. As of the end of February 28, 2022, the University foresees no market risk until the end of its fiscal year May 31, 2022.

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

During the July 30, 2021 regular meeting of the Board of Directors, the BOD approved the declaration of Forty Centavos (PHP0.40) cash dividend per share, amounting to One Hundred Forty-Eight Million Nine Hundred Sixty-Five Thousand Seven Hundred Sixty Pesos (PHP148,965,760.00) payable to all stockholders of record date August 27, 2021, payable on September 22, 2021.

EARNINGS/LOSS PER SHARE

The income per share is ₱0.31 based on the outstanding common shares of 372,414,400 for the third quarter ended February 28, 2022, and income per share of ₱0.50 for the third quarter ended December 31, 2020.

PART II. OTHER INFORMATION

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

SIGNATURES

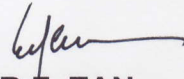
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTRO ESCOLAR UNIVERSITY



MA. CRISTINA D. PADOLINA
President and Vice Chairman

Date April 18, 2022



CESAR F. TAN
Principal Financial Officer

Date April 18, 2022

| | | |
|--|----------------------|-----------------|
| CENTRO ESCOLAR UNIVERSITY | | |
| BALANCE SHEET | | |
| As of February 28, 2022 | | |
| (With Comparative Figures for May 31, 2021) | | |
| | | |
| | Unaudited | Audited |
| | February 2022 | May 2021 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 644,110,509 | 480,047,725 |
| Tuition and other receivables - net | 725,709,129 | 227,090,993 |
| Inventories | 17,967,401 | 14,446,174 |
| Other current assets | 75,289,770 | 69,867,587 |
| Total Current Assets | 1,463,076,809 | 791,452,479 |
| Noncurrent Assets | | |
| Property and Equipment | 4,858,916,841 | 4,916,351,509 |
| Right-of-use- asset | 167,297,662 | 167,297,662 |
| Goodwill | 47,605,695 | 47,605,695 |
| Other assets | 21,643,440 | 20,542,105 |
| Total Noncurrent Assets | 5,095,463,638 | 5,151,796,971 |
| | 6,558,540,447 | 5,943,249,450 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | 494,749,461 | 439,335,804 |
| Deferred revenue | 565,199,398 | 0 |
| Dividends payable | 118,963,319 | 108,618,157 |
| Current portion of lease liability | 14,276,673 | 14,276,673 |
| Income tax payable | | - |
| Total Current Liabilities | 1,193,188,851 | 562,230,634 |
| Noncurrent Liabilities | | |
| Deferred income tax liability -net | 394,229,305 | 394,229,305 |
| Lease liability - net of current portion | 162,564,562 | 162,564,562 |
| Retirement liability | 236,778,386 | 219,492,741 |
| Other noncurrent liability | 13,419,598 | 13,419,598 |
| Total Noncurrent Liabilities | 806,991,851 | 789,706,206 |
| Total Liabilities | 2,000,180,702 | 1,351,936,840 |
| Stockholders' Equity | | |
| Capital stock | 372,414,400 | 372,414,400 |
| Additional paid-in capital | 664,056 | 664,056 |
| Revaluation increment in property | 2,655,373,698 | 2,655,373,698 |
| Financial assets at FVOCI | (317,179) | (317,179) |
| Remeasurement loss on retirement obligation | (99,780,240) | (99,780,240) |
| Effect of transactions with non-controlling interest | 2,042,246 | 2,042,246 |
| Retained earnings | | |
| Unappropriated | 546,203,932 | 579,156,797 |
| Appropriated | 1,076,000,000 | 1,076,000,000 |
| Noncontrolling interest | 5,758,832 | 5,758,832 |
| Total Stockholders' Equity | 4,558,359,745 | 4,591,312,610 |
| | 6,558,540,447 | 5,943,249,450 |

| | | | | |
|---|-------------------|--------------------|--------------------|--------------------|
| CENTRO ESCOLAR UNIVERSITY | | | | |
| STATEMENT OF INCOME | | | | |
| FOR THE NINE MONTHS PERIOD ENDED FEBRUARY 28, 2022 AND DECEMBER 31 2020 | | | | |
| | Third Quarter | Third Quarter | Third Quarter | Third Quarter |
| | This Year | Last Year | This Year | Last Year |
| | 3 mos. Ended | 3 mos. Ended | 9 mos. Ended | 9 mos. Ended |
| | February 2022 | December 2020 | February 2022 | December 2020 |
| REVENUES | | | | |
| Tuition and other school fees | 348,458,076 | 369,536,185 | 983,088,295 | 907,351,193 |
| Interest income | (1,275,852) | 82,747 | 826,077 | 680,312 |
| Auxiliary services | (259,289) | (3,866,365) | 8,252,758 | (6,634,826) |
| Miscellaneous | 67,408,733 | 1,769,543 | 77,385,429 | 8,924,725 |
| | 414,331,668 | 367,522,110 | 1,069,552,559 | 910,321,404 |
| EXPENSES | | | | |
| General and administrative expenses | 323,402,819 | 258,113,533 | 953,539,665 | 722,269,590 |
| Interest expense | | | - | - |
| | 323,402,819 | 258,113,533 | 953,539,665 | 722,269,590 |
| NET INCOME (LOSS) | 90,928,849 | 109,408,577 | 116,012,894 | 188,051,814 |
| Earnings (loss) Per Share | 0.24 | 0.29 | 0.31 | 0.50 |
| | | | | |
| | | | | |
| | | | | |
| CENTRO ESCOLAR UNIVERSITY | | | | |
| STATEMENT OF COMPREHENSIVE INCOME | | | | |
| FOR THE NINE MONTHS PERIOD ENDED FEBRUARY 28, 2022 AND DECEMBER 31 2020 | | | | |
| | Third Quarter | Third Quarter | Third Quarter | Third Quarter |
| | This Year | Last Year | This Year | Last Year |
| | 3 mos. Ended | 3 mos. Ended | 9 mos. Ended | 9 mos. Ended |
| | February 2022 | December 2020 | February 2022 | December 2020 |
| NET INCOME (LOSS) | 90,928,849 | 109,408,577 | 116,012,894 | 188,051,814 |
| OTHER COMPREHENSIVE INCOME(LOSS) | | | | |
| Revaluation increment on land | 0 | 0 | 0 | 0 |
| Income tax effect | 0 | 0 | 0 | 0 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | 90,928,849 | 109,408,577 | 116,012,894 | 188,051,814 |

| | | | | |
|--|---------------|---------------|--------------------|--------------------|
| CENTRO ESCOLAR UNIVERSITY | | | | |
| STATEMENT OF CASH FLOWS | | | | |
| FOR THE THREE MONTH PERIOD AND NINE MONTH PERIOD FEBRUARY 28, 2022 | | | | |
| (With Comparative Figures for the three month period and nine months period ended December 31, 2020) | | | | |
| | | | | |
| | | | | |
| | | | This Year | Last Year |
| | | | Nine Months Period | Nine Months Period |
| | | | February | December |
| | | | 2022 | 2020 |
| CASH FLOWS FROM OPERATING | | | | |
| ACTIVITIES | | | | |
| Net income | 90,928,849 | 109,408,577 | 116,012,894 | 188,051,814 |
| Adjustments to reconcile net income to net cash | | | | |
| provided by operating activities: | | | | |
| Depreciation | 24,144,893 | 23,775,942 | 76,532,763 | 71,408,492 |
| Changes in operating assets and liabilities: | | | | |
| Decrease (increase) in: | | | | |
| Tuition and other receivables | (279,060,620) | 170,682,911 | (498,618,136) | (1,345,785) |
| Inventories | (701,689) | (908,601) | (3,521,227) | (2,110,009) |
| Other current assets | (5,449,361) | (4,956,250) | (5,422,183) | (2,440,500) |
| Increase (decrease) in: | | | | |
| Accounts payable and | | | | |
| accrued expenses | (66,183,803) | (210,759,653) | 55,413,657 | (191,000,275) |
| Dividends payable | 3,577,500 | - | 10,345,162 | - |
| Income tax payable | - | - | | (8,489,496) |
| Retirement liability | 5,881,462 | (4,356,507) | 17,285,645 | (2,355,614) |
| Deferred income tax liability | - | (87,903) | | (87,903) |
| Deferred tuition and other school fees | 349,803,388 | (176,688,720) | 565,199,398 | (14,422,854) |
| Net cash provided by operating activities | 122,940,619 | (93,890,203) | 333,227,974 | 37,207,871 |
| CASH FLOWS FROM INVESTING | | | | |
| ACTIVITIES | | | | |
| Additions to property and equipment | (7,385,020) | (10,338,035) | (19,098,095) | (18,938,887) |
| Other assets | 2,584,152 | 1,138,718 | (1,101,335) | 1,493,716 |
| Net cash used in investing activities | (4,800,868) | (9,199,316) | (20,199,430) | (17,445,171) |
| CASH FLOWS FROM FINANCING | | | | |
| ACTIVITIES | | | | |
| Payment of cash dividends | - | - | (148,965,760.00) | - |
| Net cash used in financing activities | - | - | (148,965,760.00) | - |
| NET INCREASE IN CASH AND CASH | | | | |
| EQUIVALENTS | | | | |
| | 118,139,751 | (103,089,519) | 164,062,784 | 19,762,701 |
| CASH AND CASH EQUIVALENTS AT | | | | |
| BEGINNING | | | | |
| | 525,970,758 | 472,442,147 | 480,047,725 | 349,589,928 |
| CASH AND CASH EQUIVALENTS AT | | | | |
| OF THIRD QUARTER | | | | |
| | 644,110,509 | 369,352,628 | 644,110,509 | 369,352,629 |

| | | |
|---|----------------------|----------------------|
| CENTRO ESCOLAR UNIVERSITY | | |
| STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY | | |
| As of February 28, 2022 | | |
| (With Comparative Figures for December 2020) | | |
| | | |
| | | |
| | | |
| | February 2022 | December 2020 |
| | | |
| CAPITAL STOCK = P1 par value | | |
| Authorized - 800,000,000 shares | | |
| Issued - 372,414,400 shares | 372,414,400 | 372,414,400 |
| | | |
| ADDITIONAL PAID-IN CAPITAL | 664,056 | 664,056 |
| | | |
| REVALUATION INCREMENT IN PROPERTY | 2,655,373,698 | 2,655,373,698 |
| UNREALIZED GAIN ON AVAILABLE-FOR-SALE INVESTMENT | - | 0 |
| FINANCIAL ASSETS AT FVOCI | (317,179) | (331,940) |
| REMEASUREMENT LOSS ON RETIREMENT PLAN - NET | (99,780,240) | (63,939,013) |
| EFFECT OF TRANSACTIONS WITH NON-CONTROLLING INTEREST | 2,042,246 | 2,042,246 |
| NONCONTROLLING INTEREST | 5,758,832 | 6,901,817 |
| RETAINED EARNINGS | | |
| Unappropriated | | |
| Balance at beginning of year | 579,156,797 | 721,203,044 |
| Additional appropriated retained earning for the University expansion project | - | 0 |
| Balance | 579,156,797 | 721,203,044 |
| Comprehensive Income (Loss) | 116,012,894 | 188,051,814 |
| Other Comprehensive Income(Loss) | - | 0 |
| Total Comprehensive Income(Loss) | 116,012,894 | 188,051,814 |
| Cash dividends | (148,965,760) | 0 |
| Balance at end of quarter | 546,203,931 | 909,254,858 |
| Appropriated | | |
| Balance at beginning of year | 1,076,000,000 | 740,000,000 |
| Additional appropriated retained earning for the University expansion project | - | 0 |
| Balance | 1,076,000,000 | 740,000,000 |
| Balance at end of quarter | 1,622,203,931 | 1,649,254,858 |
| TOTAL STOCKHOLDERS' EQUITY | 4,558,359,745 | 4,622,380,122 |
| | | |

| | | |
|-------------------------------------|----------------|---------|
| CENTRO ESCOLAR UNIVERSITY | | |
| AGING OF ACCOUNTS RECEIVABLE | | |
| As of February 28, 2022 | | |
| | | |
| | | |
| | | |
| School Year | Amount | Percent |
| 2020-2021 | 136,882,715.85 | 25.15% |
| 2021-2022 | 407,476,064 | 74.85% |
| Total | 544,358,780 | 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), Centro Escolar University Hospital, Inc. (the Hospital), a wholly owned subsidiary, Centro Escolar Integrated School (CEIS) and Centro Escolar Las Piñas (CELP) formerly Las Piñas College (LPC), a newly acquired business, (collectively referred to as the Group”).

The University, a publicly listed entity, was organized 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 primary, secondary, and tertiary levels.

In accordance with the Commission on Higher Education (CHED) Memorandum Order No. 32, the University’s Mendiola and Makati campuses were granted Autonomous Status to be in force and in effect for five years from November 15, 2007 to November 14, 2012 per Resolution Nos. 087-2012 and 148-2012. Private Higher Education Institutions (HEIs) granted Autonomous Status in 2007 to 2009 and deregulated status in 2009 and 2010 shall retain their respective status until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. On May 16, 2016, the CHED extended the Autonomous Status of these two campuses until May 31, 2019. Under this Autonomous Status, the University is free from monitoring and evaluation of activities of the 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 the CHED for the selection and identification of institutions which shall receive autonomy status are as follows:

- a. Institutions established as Centers of Excellence or Centers of Development and/or with Federation of Accrediting Agencies of the Philippines Level III Accredited programs;
- b. With outstanding overall performance of graduates in the government licensure examinations; and
- c. With long tradition of integrity and untarnished reputation.

The University’s Malolos campus was granted Autonomous Status for a period of five years effective November 15, 2009 to November 14, 2014 per Resolution Nos. 087-2012 and 148-2012. Such Autonomous Status was extended until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. On May 16, 2016, the CHED extended the Autonomous Status of the University’s Malolos campus until May 31, 2019.

The University invested in the Hospital, which was incorporated on June 10, 2008. The Hospital is consolidated beginning 2009. 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. 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.

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

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 February 28, 2022 and May 31, 2021 amounted to ₱446.64 million and ₱227.09 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 February 28, 2022 and May 31, 2021 amounted to ₱4,858.91 million and ₱4 916.35 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 ₱236.77 million and ₱219.49 million as of February 28, 2022 and May 31, 2021.

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 ₱2.95 billion and ₱2.95 billion as of February 28, 2022 and May 31, 2021, respectively.

4. Cash and Cash Equivalents and Short-term Investments

This account consists of:

| | February 2022 | May 2021 |
|---------------------------|---------------|-------------|
| Cash on hand and in banks | 393,611,493 | 235,993,175 |
| Short-term deposits | 250,499,016 | 244,054,550 |
| | 644,110,509 | 480,047,725 |

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: | | |
| | | |
| | February 2022 | May 2021 |
| Students | 544,358,780 | 302,195,988 |
| Accrued interest receivable | 151,023 | 154,703 |
| Nontrade receivables | 10,140,716 | 10,133,423 |
| Others: | | |
| Advances to employees | 28,020,849 | 32,440,606 |
| Advance to CE-IS stockholders | 750,000 | 750,000 |
| Accrued rent receivable | 5,509,485 | 5,689,941 |
| Other receivable | 261,820,235 | 768,292 |
| | 850,751,089 | 352,132,953 |
| Less allowance for doubtful accounts | 125,041,960 | 125,041,960 |
| | 725,709,129 | 227,090,993 |
| | | |

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:

| | | |
|----------------------|---------------|------------|
| | February 2022 | May 2021 |
| Uniforms and outfits | 11,704,560 | 11,401,600 |
| Materials production | 2,136,278 | 2,136,278 |
| Supplies | 4,126,563 | 908,296 |
| | 17,967,401 | 14,446,174 |
| | | |

7. Other Current Assets

This account consists of:

| | | |
|--------------------------------|---------------|------------|
| | February 2022 | May 2021 |
| Advances to suppliers | 48,550,599 | 42,002,246 |
| Prepaid insurance and licenses | 15,105,079 | 25,392,359 |
| Prepaid Taxes | 10,426,242 | 1,265,131 |
| Cost to fulfil a contract | 1,207,851 | 1,207,851 |
| | 75,289,770 | 69,867,587 |
| | | |

8. Other Assets

This account consists of:

| | February 2022 | May 2021 |
|------------------------------|---------------|------------|
| Advances to contractors | 7,233,924 | 6,974,177 |
| Prepaid taxes | 11,167,508 | 10,282,170 |
| Software costs | 1,879,167 | 1,922,917 |
| Refundable security deposits | 1,268,161 | 1,268,161 |
| Financial assets at FVOCI | 94,680 | 94,680 |
| | 21,643,440 | 20,542,105 |

9. Property and Equipment

| This account consists of: | | | |
|---|---------------|--------------------------|---------------|
| | May 2021 | Addition (deductions) | February 2022 |
| Cost: | | | |
| Land | 537,177,782 | 0 | 537,177,782 |
| Land improvements | 31,909,023 | 0 | 31,909,023 |
| Buildings and improvements | 1,901,083,898 | -1,228 | 1,901,082,670 |
| Furniture ,Transportation and Auxiliary | 579,663,983 | 8,790,164 | 588,454,147 |
| Laboratory equipment | 412,626,087 | -6,525 | 412,619,562 |
| Library books | 144,245,902 | 2,815,685 | 147,061,587 |
| | 3,606,706,675 | 11,598,095 | 3,618,304,770 |
| Less accumulated depreciation | 1,701,998,937 | 76,532,763 | 1,778,531,700 |
| | 1,904,707,738 | -64,934,668 | 1,839,773,070 |
| Appraisal increase: | | 0 | |
| Land | 2,950,415,220 | 0 | 2,950,415,220 |
| Land improvements | 93,609 | 0 | 93,609 |
| Buildings and improvements | 2,761,229 | 0 | 2,761,229 |
| | 2,953,270,058 | 0 | 2,953,270,058 |
| Less accumulated depreciation | 2,854,837 | 0 | 2,854,837 |
| | 2,950,415,221 | 0 | 2,950,415,221 |
| Construction in progress | 61,228,550 | 7,500,000 | 68,728,550 |
| | 4,916,351,509 | -57,434,668 | 4,858,916,841 |

10. Accounts Payable and Accrued Expenses

| | | |
|---------------------------|---------------|-------------|
| This account consists of: | | |
| | | |
| | February 2022 | May 2021 |
| Accounts payable | 289,271,850 | 275,100,550 |
| Accrued expenses | 112,444,340 | 87,719,251 |
| Deposits | 7,803,616 | 9,035,846 |
| Contract liability | 36,607,058 | 17,804,164 |
| Payable to students | 45,991,015 | 46,724,553 |
| Alumni fees payable | 2,631,582 | 2,951,440 |
| | 494,749,461 | 439,335,804 |
| | | |

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 | 372,414,400 |
| Outstanding | 372,414,400 |

Appropriated Retained Earnings

On June 23, 2017, the University's BOD approved the expansion projects of the University relating to the additional appropriated retained earnings amounting to ₱210.00 million. These projects include the planned construction of the following in Malolos campus:

- 3-storey building for Science-related courses;
- 4-storey building for the increased number of students in S.Y. 2019-2020; and
- 3-storey building to house of food court with student's area and commercial spaces.

On March 27, 2015, the University's BOD approved the detailed expansion program and projects of the University relating to the additional appropriated retained earnings amounting to ₱336.00 million. These projects include the budget for capital expenditures for the fiscal year April 2015 to March 2016 and the planned constructions of the following in Malolos Campus:

- 5-storey dormitory for students, faculty and employees of the University;
- 2-storey building for School of Dentistry;
- 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;
- multi-purpose activity center and swimming pool for use of students; and
- renovation and extension of buildings and various laboratories.

On April 26, 2013, the University's BOD approved the detailed expansion program and projects of the University relating to the appropriated retained earnings amounting to ₱450.00 million. These projects include the budget for capital expenditures for the fiscal year April 2013 to March 2015, the planned construction of a 3-storey building for the proposed setting up of a pre-school, elementary and high school in preparation for the K-12 program and to support the proposed five-year development plan for Malolos campus.

The estimated date of completion of the said projects as set by the University is within one (1) to five (5) years.

12. Tuition and Other School Fees

This account consists of:

| | February 2022 | December 2020 |
|--|--------------------|--------------------|
| Tuition fees | 621,601,170 | 588,287,839 |
| Other fees | 280,304,583 | 220,472,958 |
| <u>Income from other school services</u> | <u>81,182,541</u> | <u>98,590,396</u> |
| | <u>983,088,295</u> | <u>907,351,193</u> |
| | | |

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:

| | February 2022 | December 2020 |
|--|---------------|---------------|
| Salaries, SSS contributions and other employee | 500,482,529 | 400,426,944 |
| Light and water | 26,563,392 | 14,595,144 |
| Depreciation and amortization | 76,532,763 | 71,408,492 |
| Development | 13,885,380 | 19,621,060 |
| Library | 14,667,950 | 9,286,510 |
| Rental | 18,000,000 | 20,000,000 |
| Janitorial and security services | 21,605,427 | 18,005,031 |
| Transportation and communications | 20,451,881 | 17,178,853 |
| Retirement expense | 18,445,630 | 17,644,385 |
| Recruitment and placement | 8,855,088 | 4,104,973 |
| Stationery and office supplies | 4,599,413 | 1,075,744 |
| Publications | 90,607 | 141,344 |
| Management information | 11,878,195 | 7,749,597 |
| Repairs and maintenance | 12,780,212 | 7,798,437 |
| Guidance and counseling | 7,610,087 | 4,466,305 |
| Laboratory | 9,345,659 | 2,598,850 |
| Instructional and academic expenses | 10,043,413 | 4,804,726 |
| Entertainment, amusement and recreation | 3,343,585 | 2,844,003 |
| Insurance | 1,046,721 | 1,648,989 |
| Directors' and administrative committee | 4,037,574 | 3,521,985 |
| Professional fees | 9,029,616 | 4,077,000 |
| Membership fees and dues | 1,576,444 | 1,286,812 |
| Comprehensive and oral examinations | 1,011,805 | 580,688 |
| Affiliation | 7,938,362 | 1,871,880 |
| Miscellaneous | 149,710,444 | 85,531,840 |
| | 953,539,665 | 722,269,590 |
| | | |

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:

| | February 2022 | May 2021 |
|---|---------------|-------------|
| Deferred income tax assets on: | | |
| Retirement liability | 16,019,150 | 16,019,150 |
| Accrued expenses | 835,865 | 835,865 |
| Allowance for ECL/doubtful accounts | 12,504,196 | 12,504,196 |
| Unamortized excess of contribution over the normal cost | 3,535,308 | 3,535,308 |
| Excess of acquisition cost over fair value of net assets acquired from business combination | 4,073,966 | 4,073,966 |
| Contract liability | 1,520,001 | 1,520,001 |
| NOLCO | 13,643 | 13,643 |
| Difference between the actual lease payments and PFRS 16 related accounts | 1,465,605 | 1,465,605 |
| Unrealized foreign currency exchange loss | 1,444 | 1,444 |
| Others | 25,838 | 25,838 |
| | 39,995,016 | 39,995,016 |
| Deferred income tax liabilities on: | | |
| Revaluation increment on land | 295,041,522 | 295,041,522 |
| Undepreciated cost of property and equipment | 139,170,720 | 139,170,720 |
| Unrealized foreign currency exchange gain | - | - |
| Cost to fulfill a contract | 12,079 | 12,079 |
| | 434,224,321 | 434,224,321 |
| Net deferred tax liabilities | 394,229,305 | 394,229,305 |

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:

| | | | | | | | | |
|--------------------------------|---------------|---------------|-------------------|----------------|----------------------------|---|-------------------|---------------|
| February 2022 | | | | | | | | |
| | Mendiola | Malolos | Makati- Gil Puyat | Makati-Legaspi | Malolos Intergrated School | Makati-Legaspi Hospital (Pre-operating) | Las Piñas College | Total |
| Segment assets | 4,078,898,464 | 1,498,276,998 | 112,939,724 | 620,940,288 | 149,254,627 | 43,523,801 | 54,706,543 | 6,558,540,447 |
| Segment property and equipment | 2,764,066,920 | 1,444,729,131 | 44,977,146 | 574,471,987 | 10,503,391 | | 20,168,266 | 4,858,916,841 |
| Segment liabilities | 1,650,815,680 | 57,908,138 | 153,736,487 | 38,403,343 | 74,093,306 | 13,185,143 | 12,038,605 | 2,000,180,702 |
| Segment revenues | 659,884,732 | 68,035,539 | 126,637,662 | 66,066,452 | 85,688,191 | 2,062,094 | 61,177,888 | 1,069,552,559 |
| Operating expenses | 591,479,753 | 65,796,070 | 122,164,086 | 64,236,070 | 44,639,299 | 2,181,071 | 63,043,317 | 953,539,665 |
| Depreciation expense | 45,735,859 | 8,412,067 | 6,549,199 | 10,271,487 | | | 5,564,151 | 76,532,763 |
| Net income (loss) | 68,404,978 | 2,239,469 | 4,473,577 | 1,830,382 | 41,048,893 | (118,976) | (1,865,429) | 116,012,894 |
| | | | | | | | | |
| December 2020 | | | | | | | | |
| | Mendiola | Malolos | Makati- Gil Puyat | Makati-Legaspi | Malolos Intergrated School | Makati-Legaspi Hospital (Pre-operating) | Las Piñas College | Total |
| Segment assets | 3,603,507,875 | 1,319,764,346 | 73,671,203 | 598,578,219 | 252,234,311 | 41,679,758 | 70,751,975 | 5,960,187,686 |
| Segment property and equipment | 2,869,209,246 | 1,404,295,136 | 55,053,002 | 590,238,854 | 8,782,671 | 0 | 19,610,561 | 4,947,189,470 |
| Segment liabilities | 1,216,826,724 | 13,450,501 | 10,039,746 | 10,446,753 | 75,899,579 | 7,775,739 | 3,368,521 | 1,337,807,563 |
| Segment revenues | 538,630,298 | 81,988,610 | 87,066,186 | 64,894,228 | 115,528,822 | 2,379,843 | 19,833,418 | 910,321,404 |
| Operating expenses | 464,466,462 | 66,675,306 | 82,519,588 | 33,064,757 | 49,866,116 | 1,520,248 | 24,157,112 | 722,269,590 |
| Depreciation expense | 43,465,533 | 8,412,067 | 6,549,199 | 10,271,487 | 429,186 | 0 | 2,281,019 | 71,408,491 |
| Net income (loss) | 74,163,836 | 15,313,304 | 4,546,598 | 31,829,471 | 65,662,705 | 859,595 | (4,323,695) | 188,051,814 |

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:

| | February 2022 | December 2020 |
|---|---------------|---------------|
| Net income(loss)(a) | 116,012,894 | 188,051,814 |
| Weighted average number of outstanding common shares(b) | 372,414,400 | 372,414,400 |
| Basic/diluted earnings (loss) per share (a/b) | 0.31 | 0.50 |

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, 2021 and quarter ended February 28, 2022.

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 February 28, 2022 and May 31, 2021:

| | February 2022 | May 2021 |
|---|---------------|---------------|
| Accounts payable and accrued expenses (a) | 494.749.461 | 439.335.804 |
| Lease Liability | 176.841.235 | 176.841.235 |
| Total debt | 671.590.696 | 616.177.039 |
| Total Stockholders' Equity (d) | 4.558.359.745 | 4.591.312.610 |
| Debt-to-Equity ratio (c/d) | 0.15:1 | 0.13:1 |
| | | |

| | | | |
|---------------------------|---|-------------------|-------------------|
| CENTRO ESCOLAR UNIVERSITY | | | |
| LIST OF FINANCIAL RATIOS | | | |
| February 28, 2022 | | | |
| | | This Year | Last Year |
| | | Third quarter | Third quarter |
| | | February 28, 2022 | December 31, 2020 |
| Current ratio | Current assets | 1.23:1 | 1.40:1 |
| | Current Liabilities | | |
| | | | |
| | | | |
| Debt to equity ratio | Accounts Payable+Accrued Expenses+Interest bearing loans | 0.10:1 | 0.12:1 |
| | 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) | 8.34% | -0.63% |
| | Present period tuition + other school fees | | |
| | | | |
| | | | |
| Return on Revenue | Net income | 11.80% | 20.73% |
| | Tuition + other school fees | | |
| | | | |
| | | | |
| Return on Equity | Net Income | 2.54% | 4.15% |
| | Average Stockholders' Equity | | |
| | | | |
| | | | |
| Return on assets | Net Income | 1.86% | 3.15% |
| | Average total assets | | |
| | | | |
| | | | |