

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

			N	I	C	A	N	O	R			R	E	Y	E	S			S	T	R	E	E	T						
			S	A	M	P	A	L	O	C	,			M	A	N	I	L	A											

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

Atty. Anthony Raymond A. Goquingco

Contact Person

8 735-8686

Company Telephone Number

0	5	3	1
Month		Day	
Calendar year			

SEC Form 17- Q Quarterly Report

Ending August 31, 2025

FORM TYPE

1	0	1	8
Month		Day	
Annual Meeting			

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended articles Number/Section

1,532

Total No. of Stockholders

Total Number of Barrowings

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Domestic

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Foreign

To be accomplished by SEC Personel concerned

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File Number

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FAR EASTERN UNIVERSITY

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SEC RULE 17 (2) (b) THEREUNDER

Nicanor Reyes Street

Sampaloc, Manila

P.O. Box 609 Philippines 1015

(+632) 87777-FEU (338)

(+632) 8849-4000

1. For the Quarter period ended **August 31, 2025**
2. SEC Identification Number **538**
3. PSE Code
4. BIR Tax Identification No. **000-225-442**
5. Exact Name of Registrant as specified in its charter **Far Eastern University, Incorporated**
6. Province, Country or other jurisdiction of Incorporation or organization **Philippines**
7. (SEC use only)
8. Address of Principal Office **Nicanor Reyes Street,
Sampaloc, Manila
1015**
Postal Code
9. Registrant's Telephone Number **(632) 8-849-4000**
including Area Code
10. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.
11. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

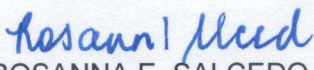
<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, ₱100.00 par value	24,055,763
Bond with Non-Detachable Warrant, ₱1.00 per unit	Not Applicable

12. All of these common securities are listed with the Philippine Stock Exchange, Inc.
13. Has filed all reports required during the preceding 12 months (or for such shorter period required to file such reports):
- a) Sections 17 of the Code and SRC Rule 17
- Yes [☒] No [☐]
- b) Sections 26 and 141 of the Corporation Code of the Philippines
- Yes [☒] No [☐]

Financial Information

Item 1. Quarterly Financial Statements attached.

FAR EASTERN UNIVERSITY, INCORPORATED


ROSANNA E. SALCEDO
Chief Finance Officer
and Treasurer

Manila
13 October 2025

Management's Discussion and Analysis

The Far Eastern University, Incorporated (FEU) and its subsidiaries (the Group, or FEU Group of Schools) reported improved operating results for the first quarter, driven by increased student enrollment and the earlier start of Basic Education classes compared to the same period last year. The increase in enrollment was driven by stronger retention across undergraduate programs, recovery in freshman intake, and sustained demand for the University's academic offerings across its campuses and affiliate schools.

Management remains focused on strengthening academic quality, investing in digital and physical learning infrastructure, and enhancing student experience to sustain growth and ensure the long-term viability of the Group in a competitive education environment.

Consolidated Financial Position

As of August 31, 2025, the Group maintained a solid and stable consolidated financial position. This stability was achieved through prudent expense management, efficient resource utilization, and consistent revenue contributions from its affiliated schools and subsidiaries, while actively pursuing strategic opportunities for expansion.

Over the years, the Group has consistently demonstrated growth in total assets, supported by responsible management of liabilities. This approach has led to a steady increase in stockholders' equity, reinforcing the Group's ability to deliver long-term value to its shareholders.

<i>(Amounts in millions)</i>	August 31, 2025	May 31, 2025	Increase/ (Decrease)	Variance (%)
Total Assets	₱ 21,630.6	₱ 19,284.1	₱ 2,346.5	12%
Total Liabilities	5,416.4	3,291.4	2,125.0	65%
Equity	16,214.2	15,992.7	221.5	1%

As of August 31, 2025, the Group's consolidated total assets increased by P2,346.5 million or 12%, reaching P21,630.6 million, compared to P19,284.1 million as of May 31, 2025. This growth was primarily driven by a significant increase in current assets, particularly student receivables and short-term placements, in line with the enrollment cycle for the first semester of academic year 2025–2026.

Total liabilities rose by P2,125.0 million or 65%, amounting to P5,416.4 million from P3,291.4 million. The increase was mainly attributable to deferred revenues recognized from tuition and other school fees collected in advance, which will be realized as income over the course of the semester. Additionally, trade and other payables increased due to the normal cut-off and timing of payments to suppliers and service providers.

Total equity grew modestly by P221.5 million or 1%, reaching P16,214.2 million from P15,992.7 million. The increase was primarily due to the consolidation of Higher Academia Inc. with brand name FEU Pampanga as a subsidiary, previously accounted for as an investment in associates. This reflects the Group's continued expansion and investment in affiliated educational institutions.

Overall, the Group's financial position remains stable and adequately capitalized, supported by regular increases in receivables and cash flows from student enrollments, along with continued efforts toward steady growth.

Significant changes in real accounts as of August 31, 2025 compared to May 31, 2025 are described below.

Cash and Cash Equivalents increased, supported by positive cash flows from operating activities during the period.

Trade and Other Receivables rose in line with tuition fee assessments from student enrollments for the first semester of SY 2025–2026.

Other Current Assets expanded due to additional short-term investment placements made during the period.

Deferred revenues represent the assessed tuition fees which will be realized as income over the course of the school year. The balance as of May 31, 2025 consists of the advance payments by incoming freshmen who enrolled early or paid in full, for the incoming 1st term, SY 2025-2026.

Trade and Other Payables increased due to the usual timing of accruals and payments to suppliers and service providers.

Interest-Bearing Loans declined following scheduled repayments of principal obligations.

The growth in student population translated to higher revenues from tuition and other educational income. Coupled with disciplined cost management and continued implementation of efficiency measures, the Group achieved a stable financial position during the period.

Consolidated Results of Operation

<i>(Amounts in millions)</i>	2025	2024	Increase/ (Decrease)	Change (%)
Revenues	₱ 670.4	₱ 616.1	₱ 54.3	9%
Operating expenses	824.8	753.5	71.3	9%
Operating loss	(154.4)	(137.4)	(17.0)	12%
Other income -net	69.6	58.6	11.0	19%
Loss before tax	(84.8)	(78.8)	(6.0)	8%
Net loss	(90.0)	(97.5)	7.5	8%

Revenue for the quarter increased by P54.3 million or 9% from P616.1 million to P670.4 million in the same period last year, primarily due to the higher number of enrolled students. The improvement was consistent across major subsidiaries, with FEU Manila, FEU Institute of Technology, FEU Cavite, and FEU Roosevelt contributing the most to the consolidated revenue growth.

Operating expenses increased by 9% to P824.8 million in the current period from P753.5 million in the prior year. This rise primarily reflects the Group's continued investment in key operational areas, including faculty and staff compensation, infrastructure improvements, and technology adoption, all aimed at supporting the schools' commitment to academic excellence and enhanced student services.

The FEU Group posted a net loss of P90.0 million for the three-month period ended August 31, 2025, a slight improvement of 8% compared to the P97.5 million net loss recorded during the same period in 2024. This was largely driven by the increase in revenues earlier stated and the non-academic income from auxiliary and other services, as well as the earlier start of classes for Basic Education and Senior High School (BED/SHS), which began in July 2025, one month earlier than

the prior year (August 2024). First quarter net loss is a normal occurrence pattern as revenue although collected, is recognized upon delivery of service, with start of first semester classes usually by August.

Below are the main operating expenses with significant changes during the three months ending August 31, 2025 and 2024.

Salaries and Employee Benefits increased due to a rise in the number of teaching and non-teaching personnel to support growing enrollment, along with wage adjustments both mandated by statutory wage orders and merit increases and performance appraisal adjustments.

Depreciation and Amortization recorded a higher depreciation expense resulting from the completion and capitalization of new buildings and facilities, which include recent renovations and infrastructure upgrades across campuses.

Licenses and Subscriptions costs rose due to the acquisition of new learning and administrative platforms such as Canvas, Edusuite, Envoy, and IDP's new English proficiency test. These investments help the Group improve its digital tools and support its goal of providing better service to students.

Repairs and Maintenance increase was driven by maintenance and improvement works undertaken across various school buildings on all campuses.

Others included in operating expenses is the donation to FEU Public Policy Center Foundation, Inc.

The period was marked by strategic investments in digital learning infrastructure, faculty development, and student experience enhancement initiatives, aligning with FEU's long-term vision of nurturing globally competitive graduates. Despite the evolving education landscape and competitive pressures within the higher education sector, FEU maintained its strong financial position and reaffirmed its role as a leading institution in Philippine tertiary education.

Key Performance Indicators (KPIs)

Financial Indicators

Shown below and on the next page are the top financial KPIs after only 3 months of operation and used to measure the operating performance of the Group:

Indicators	Formula	2025 (1st Quarter)	2024 (Full Year)	2023 (Full Year)
PROFITABILITY RATIOS				
Return on assets	Net Income / Average Total Assets	-0.11%	11%	11%
Return on equity	Net Income / Average Total Equity	-0.14%	13%	14%
Earnings per share	Net Income / Average Outstanding Shares	(₱ 3.64)	₱ 85.94	₱ 81.13
LIQUIDITY RATIOS				
Current ratio or Working capital ratio	Total Current Assets / Total Current Liabilities	1.70 : 1	2.44 : 1	1.88 : 1

Acid test ratio or Quick ratio	Cash and cash equivalents + Trade and Other Receivables + Investments in Financial Assets (Current) / Total Current Liabilities	1.48 : 1	2.28 : 1	1.79 : 1
SOLVENCY/FINANCIAL LEVERAGE RATIOS				
Debt-to-asset ratio	Total Liabilities / Total Assets	25%	17%	21%
Equity-to-asset ratio	Total Stockholders' Equity / Total Assets	75%	83%	79%
Debt-to-equity ratio	Total Liabilities / Total Stockholders' Equity	33%	21%	26%
Asset-to-equity ratio	Total Assets / Total Stockholders' Equity	133%	121%	126%
Interest coverage ratio	Earnings Before Interest and Taxes (EBIT) / Interest Charges	4.01	27.90	21.04

Non-Financial Indicators

The Group also looks at certain non-financial KPIs to measure its performance:

Service Standards

In the area of quality assurance, the FEU Group of Schools remains steadfast in its commitment to academic excellence. The Group continues to strengthen the competitiveness and industry relevance of its academic programs by securing appropriate program accreditations from government regulators as well as from reputable local and international accrediting organizations.

While the Group's principal mission is to broaden access to quality education, FEU also places significant emphasis on the research contributions of its faculty members. These scholarly outputs not only reflect the depth of expertise and breadth of interests of the teaching staff but also enrich the academic environment, ensuring that knowledge generated is effectively shared with and benefits the student community.

Service standard is measured by the number of program accreditations and research publications. Specific details of current year program accreditations and other academic recognitions and affiliations are presented in *Part I – Business and General Information* section of this report. Shown below is the comparison of the number of program accreditations and research publications during each period:

Indicators	August 31, 2025	May 31, 2025	May 31, 2024
Major Local Accreditations			
CHED University Status			
Far Eastern University, Inc.	Autonomous	Autonomous	Autonomous
FEU Institute of Technology	Autonomous	Autonomous	Autonomous
No. of programs cited as CHED COE and COD	2	2	2

No. of programs accredited by the PACUCOA*	16	16	23
No. of programs accredited by the PAASCU*	21	21	8
Major International Accreditations			
AUN-QA Institutional Certification	Achieved	Achieved	-
No. of programs assessed by the AUN-QA	18	18	18
Research Publications			
No. of published research submissions	162	162	154
International Ranking			
Quacquarelli Symonds (QS) World University - Asia ranking	681 st – 700 th	681 st – 700 th	701 st – 750 th
World University rankings for innovation (World Universities with Real Impact or WURI) – FEU Institute of Technology	157 th	157 th	72 nd

* Seven programs were transferred from PACUCOA to PAASCU.

In February 2025, FEU received institutional accreditation from the ASEAN University Network (AUN), affirming its commitment to academic excellence and aligning its standards with leading universities in the region. This institutional recognition complements the Group's existing 18 program-level AUN-QA accreditations, which affirm the competitiveness of its core academic offerings and opens doors for wider international collaborations.

Performance in regulatory board examinations are also a service indicator. FEU's aim is two-fold; to both to score high and have greatest number of passers. In the September 2025 Psychometrician exams, FEU achieved a 94% passing rate with 496 passers, 1.5 times more than the second largest school. For the same test, FEU had 7 topnotchers.

Market Acceptability

The number of students under the management of the FEU Group of schools continues to grow, reflecting good market acceptability and its performance and organic growth and partnerships.

Enrollment growth has been supported by a number of strategic initiatives. The FEU Group now offers 150 varied academic programs, including recently introduced courses or specializations in healthcare, business and artificial intelligence, which are aligned with emerging industry demands. Continuous enhancement of the University's curriculum to address the skills gap in the Philippine workforce will ensure that FEU graduates remain competitive in a rapidly evolving labor market. Accessibility and affordability are part of FEU's mission and hence, for SY 2025 – 2026 no tuition fee increase was implemented.

A Look At What Lies Ahead

The Philippine economy is forecasted to deliver resilient growth in 2026, with gross domestic product (GDP) expansion forecasted between 5.8% to 6.0%, supported by low interest rates on account of controlled inflation. External risks however abound, such as global trade slowdowns, and locally, the ongoing corruption investigations both of which are resulting in social and political polarization.

Government has committed support to education as reflected in the over ₱1 trillion allocation for the sector in the 2025 national budget. However there are already signs of hardship as enrollment in basic education has declined by 7.8% from 27 million learners to 24.9 million for 2025. Comparatively FEU's basic education increased by 4% reflecting resilience and preference in our educational system. The new Senior High School (SHS) curriculum in the Philippines, set to be

piloted in SY 2025–2026, officially referred to as the “Strengthened Senior High School Curriculum, aims to streamline and modernize the SHS experience to better prepare students for higher education, employment, or entrepreneurship. FEU Roosevelt and FEU Pampanga have been selected to implement the new SHS curriculum, and are fully prepared to embrace this challenge.

The higher education landscape is also being reshaped by rapid digitalization. Government initiatives and private sector investments have contributed largely to enhanced connectivity and digital infrastructure. This digital expansion has allowed learners even in remote regions to participate in virtual classrooms and access online learning platforms. In addition, an increasing number of working professionals and adult learners are seeking flexible online education options, driven by the rapidly evolving labor market and the need for continuous upskilling. The Philippine online education market is expected to grow significantly, offering new opportunities for flexible and technology-enabled learning. These developments highlight both the challenges and opportunities for institutions that can adapt and innovate.

Far Eastern University enters fiscal year 2026 with a strong position built on its reputation for academic excellence, prudent financial management, and continued investments in innovation. The University is well-prepared to respond to sector-wide challenges and to take advantage of new opportunities through the following strengths:

- **Established Brand and Academic Reputation** - For nearly a century, FEU has been recognized for delivering quality education that balances academic rigor with industry relevance. This reputation continues to attract students and strengthen the University’s standing as one of the country’s leading private institutions.
- **Strong Enrollment Base and Network of Campuses** - FEU’s diverse network of campuses across Metro Manila and the regions ensures accessibility and growth opportunities, supporting a stable enrollment base even amid a competitive environment.
- **Strategic Investment in Digital and Blended Learning** - FEU has steadily expanded its digital platforms and is prepared to scale further in response to the rapid growth of online education. This positions the University to reach new student segments, including working professionals and learners outside traditional urban centers.
- **Financial Stability and Operational Resilience** - Through disciplined financial management, FEU maintains a solid financial position and sustainable revenue streams. This financial resilience provides the capacity to fund infrastructure development, support academic innovations, and strengthen institutional capabilities.

Moving closer to its 100th year, FEU expects to operate in an environment marked by modest if not steady economic expansion, government will to support education and accelerating digital transformation in the industry. These conditions present both opportunities and challenges, but FEU’s long-standing reputation, financial strength, and forward-looking strategy provide a strong foundation for continued growth.

Beyond academics, FEU remains focused on providing a holistic student experience. Investments in campus modernization, student services, and faculty development reinforce its commitment to shaping graduates who embody competence, integrity, and leadership.

By building on its core strengths and pursuing innovation in curriculum, delivery, and partnerships, FEU is well-positioned to sustain its growth trajectory and reinforce its role as a premier institution of higher learning in the Philippines.

Other Items

1. During the reporting period, material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons have been disclosed in the financial statements.
2. There are no known events that would result in any default or acceleration of an obligation.
3. Other than those disclosed in the financial statements, there are no other known events that will trigger direct or contingent financial obligation that may be material to the Group.
4. The Group does not foresee any cash flow or liquidity problem in the next 12 months immediately following the report date. The Group and each of the component entities can easily meet all its commitments with its present reserves and expected earnings.
5. There are no significant elements of income or loss from continuing operations, and there are no sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction, other than those disclosed in the financial statements.
6. Seasonal aspects that have material effect on the financial statements:

For the University, and the tertiary levels of FEU Cavite, and RCI, there are three school terms within a fiscal year: Midyear Term (June to July), First Semester (August to December) and Second Semester (January to May).

The first semester has the highest number of students enrolled. For the second semester, the enrollment is approximately 90% of the first semester's enrollment, while the midyear term is the lowest at an approximate of 33%.

For the tertiary levels of FEU Tech and FEU Alabang, there are three regular terms in a fiscal year: First Term (August to November), Second Term (November to March) and Third Term (March to June).

7. The Group's segment information is disclosed in Note 4 of the Consolidated Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 2,541,957,643	2,457,067,903
Trade and other receivables	2,010,309,807	1,048,376,426
Financial assets at fair value through profit or loss	1,806,110,960	1,656,817,152
Financial assets at fair value through other comprehensive income	729,319,935	654,696,399
Investment securities at amortized cost	19,402,408	17,145,386
Other current assets	<u>1,078,747,361</u>	<u>439,499,288</u>
Total Current Assets	<u>8,185,848,114</u>	<u>6,273,602,554</u>
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income	2,132,198,475	2,177,793,892
Investment securities at amortized cost	401,026,124	401,026,124
Investment in associates and joint venture	152,562,696	440,794,645
Property and equipment	9,594,321,824	9,065,930,751
Investment properties	217,870,817	225,197,892
Goodwill	186,487,019	186,487,019
Deferred tax assets - net	27,408,887	18,172,441
Other non-current assets	<u>732,891,052</u>	<u>495,132,396</u>
Total Non-current Assets	<u>13,444,766,894</u>	<u>13,010,535,160</u>
TOTAL ASSETS	<u>P 21,630,615,008</u>	<u>19,284,137,714</u>

Forward

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 1,848,223,046	1,825,819,197
Interest-bearing loans	526,258,503	526,258,503
Deferred revenues	2,336,436,588	131,258,176
Provisions	23,533,738	23,533,738
Income tax payable	68,538,769	68,031,311
	<u>4,802,990,644</u>	<u>2,574,900,925</u>
Total Current Liabilities		
NON-CURRENT LIABILITIES		
Lease liabilities	12,297,718	12,297,718
Interest-bearing loans	526,258,503	632,823,129
Post-employment benefit obligation	62,544,676	62,544,676
Deferred tax liabilities - net	-	71,883
Other non-current liabilities	12,315,323	8,769,916
	<u>613,416,220</u>	<u>716,507,322</u>
Total Non-current Liabilities		
Total Liabilities	<u>5,416,406,864</u>	<u>3,291,408,247</u>
EQUITY		
Equity attributable to owners of the parent company		
Capital stock	2,406,799,300	2,406,799,300
Treasury shares, including shares held by a subsidiary	(117,623,662)	(117,623,662)
Revaluation reserves	42,134,469	15,394,723
Other reserves	(57,785,452)	(57,785,452)
Retained earnings		
Appropriated	1,187,733,100	1,187,733,100
Unappropriated	9,488,123,349	9,575,049,461
	<u>12,949,381,104</u>	<u>13,009,567,470</u>
Total equity attributable to owners of parent company		
Non-controlling interests	3,264,827,040	2,983,161,997
	<u>16,214,208,144</u>	<u>15,992,729,467</u>
Total Equity		
TOTAL LIABILITIES AND EQUITY	P 21,630,615,008	19,284,137,714

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025 AND 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>2025</u>	<u>2024</u>
REVENUES		
Educational		
Tuition fees - net	P 620,200,239	P 570,711,796
Other school fees	<u>33,994,870</u>	<u>34,476,152</u>
	654,195,109	605,187,948
Rental	<u>11,125,107</u>	<u>3,206,023</u>
	665,320,216	608,393,971
IMPAIRMENT LOSS		
ON FINANCIAL ASSETS	(1,514,029)	(1,876,002)
OPERATING EXPENSES	(823,246,658)	(751,668,619)
OTHER OPERATING INCOME	<u>5,069,950</u>	<u>7,708,387</u>
OPERATING INCOME	(154,370,521)	(137,442,263)
FINANCE INCOME	87,562,256	110,672,635
FINANCE COSTS	(16,919,818)	(68,242,684)
OTHER INCOME	<u>(1,022,364)</u>	<u>16,217,885</u>
INCOME BEFORE TAX	(84,750,447)	(78,794,427)
TAX EXPENSE	(<u>5,226,646</u>)	(<u>18,658,057</u>)
NET INCOME	(<u>P 89,977,093</u>)	(<u>P 97,452,484</u>)
Net Income Attributable to:		
Owners of the parent company	(P 86,926,112)	(P 99,760,773)
Non-controlling interests	<u>(3,050,981)</u>	<u>2,308,289</u>
	<u>(89,977,093)</u>	(<u>P 97,452,484</u>)
Earnings Per Share		
Basic and Diluted	(<u>P 3.64</u>)	(<u>P 4.17</u>)

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025 AND 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	(P 84,750,447)	(P 78,794,427)
Adjustments for:		
Depreciation and amortization	146,184,292	132,716,044
Interest income	(29,895,989)	(31,869,681)
Interest expense	84,946,527	29,620,807
Other investment income from financial assets at fair value through profit or loss (FVTPL) and other comprehensive income (FVOCI) - net	(6,004,616)	(34,330,401)
Impairment loss on receivables	1,514,029	1,876,002
Fair value loss from financial assets at FVTPL	(18,131,669)	(44,472,553)
Unrealized foreign exchange (gains) losses - net	(33,529,982)	38,621,877
Operating income before working capital changes	60,332,145	13,367,668
Increase in trade and other receivables	(1,233,770,344)	(928,061,786)
Decrease (increase) in other assets	(1,039,295,391)	45,749,485
Increase in trade and other payables	8,894,693	84,844,473
Increase in deferred revenues	2,205,178,412	2,020,929,247
Increase in post-employment benefit obligation	-	1,344,687
Increase (decrease) in other non-current liabilities	3,545,407	(3,468,667)
Cash generated from operations	4,884,922	1,234,705,107
Income taxes paid	(4,719,188)	(21,705,697)
Net Cash From Operating Activities	<u>165,734</u>	<u>1,212,999,410</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals and maturities of investment securities:		
Financial assets at FVTPL	2,396,207,407	-
Financial assets at FVOCI	2,155,870,404	38,227,155
Acquisition of investment securities:		
Financial assets at FVTPL	(2,478,067,839)	(88,412,394)
Financial assets at FVOCI	(1,821,600,863)	-
Investment securities at amortized cost	(2,257,022)	(6,213,096)
Acquisition of property and equipment	(649,371,407)	(163,908,208)
Interest received	35,900,606	66,200,082
Decrease (increase) in advances to suppliers and developers	152,980,333	(10,432,572)
Acquisition of investment properties	(3,876,482)	-
Decrease (increase) in advances to related parties	(21,431,543)	-
Investment in associates and joint venture	288,231,949	-
Proceeds from disposal of property and equipment	-	(3,196,009)
Net Cash Used in Investing Activities	<u>52,585,543</u>	(167,735,042)
<i>Balance carried forward</i>	<u>P 52,751,277</u>	<u>P 1,045,264,368</u>

	<u>2025</u>	<u>2024</u>
<i>Balance brought forward</i>	P 52,751,277	P 1,045,264,368
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(8,522,055)
Repayments of interest-bearing loans	(106,564,626)	(107,102,247)
Interest paid	(85,437,772)	(16,042,731)
Acquisition of treasury shares	<u>-</u>	<u>(2,713,100)</u>
Net Cash Used in Financing Activities	(<u>192,002,398</u>)	(<u>134,380,133</u>)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(<u>60,575,163</u>)	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(199,826,284)	910,884,235
NET INCREASE IN CASH DUE TO CONSOLIDATION OF A NEW SUBSIARY	284,716,024	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,457,067,903</u>	<u>1,713,413,164</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	P <u>2,541,957,643</u>	P <u>2,624,297,399</u>

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED AUGUST 31, 2025 AND 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company										Non-controlling Interests	Total Equity
	Capital Stock	Treasury Shares, including shares held by a subsidiary	Revaluation Reserves	Other Reserves	Retained Earnings			Total				
					Appropriated	Unappropriated	Total					
Balance at June 1, 2025	P 2,406,799,300	(P 117,623,662)	P 15,394,723	(P 57,785,452)	P 1,187,733,100	P 9,575,049,461	P 10,762,782,561	P 13,009,567,470	P 2,983,161,997	P 15,992,729,467		
Transactions with owners												
Investment of non-controlling interest in a new subsidiary	-	-	-	-	-	-	-	-	284,716,024	284,716,024		
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-		
Cash dividends	-	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	284,716,024	284,716,024		
Appropriations of retained earnings												
Appropriation during the year	-	-	-	-	-	-	-	-	-	-		
Reversal of appropriations during the year	-	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income												
Net income for the year	-	-	-	-	-	(86,926,112)	(86,926,112)	(86,926,112)	(3,050,981)	(89,977,093)		
Other comprehensive income	-	-	26,739,746	-	-	26,739,746	-	26,739,746	-	26,739,746		
	-	-	26,739,746	-	-	(86,926,112)	(86,926,112)	60,186,366	(3,050,981)	(63,237,347)		
Balance at August 31, 2025	P 2,406,799,300	(P 117,623,662)	P 42,134,469	(P 57,785,452)	P 1,187,733,100	P 9,488,123,349	P 10,675,856,449	P 12,949,381,104	P 3,264,827,040	P 16,214,208,144		
	-	-	-	-	-	-	-	-	-	-		
Balance at June 1, 2024	P 2,406,799,300	(P 111,711,721)	P 5,228,665	(P 57,785,452)	P 2,172,733,100	P 7,300,650,896	P 9,473,383,996	P 11,715,914,788	P 2,965,442,175	P 14,681,356,963		
Transactions with owners												
Acquisition of treasury stock	-	(2,713,100)	-	-	-	-	-	(2,713,100)	-	(2,713,100)		
	-	(2,713,100)	-	-	-	-	-	(2,713,100)	-	(2,713,100)		
Total comprehensive income												
Net income for the year	-	-	-	-	-	(99,760,773)	(99,760,773)	(99,760,773)	2,308,289	(97,452,484)		
Other comprehensive income	-	-	42,349,244	-	-	-	-	42,349,244	-	42,349,244		
	-	-	42,349,244	-	-	(99,760,773)	(99,760,773)	57,411,529	2,308,289	55,103,240		
Balance at August 31, 2024	P 2,406,799,300	(P 114,424,821)	P 47,577,909	(P 57,785,452)	P 2,172,733,100	P 7,200,890,123	P 9,373,623,223	P 11,655,790,159	P 2,967,750,464	P 14,623,540,623		

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED SCHEDULE OF AGING OF NON-TRADE RECEIVABLES
AUGUST 31, 2025
(Amounts in Philippine Pesos)
(UNAUDITED)

	Current			Past Due	Total
	One to Six Months	Seven Months to One Year	More than One Year		
Advances to Employees - Official and Personal	P 68,137,867	P -	P -	P -	P 68,137,867
Accrued interest income	8,465,392	-	-	-	8,465,392
Receivables from:					
FEU Public Policy Center Foundation	2,341,879	2,423,032	32,050,069	-	36,814,980
Nicanor Reyes Memorial Foundation	50,340	50	3,708,800	-	3,759,190
FEU Health, Welfare and Retirement Fund Plan	386,708	809,756	-	-	1,196,464
Nicanor Reyes Educational Foundation, Inc.	34,105	-	-	-	34,105
Others	<u>47,741,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,741,886</u>
TOTALS	P 127,158,177	P 3,232,838	P 35,758,869	P -	P 166,149,884

**FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025
(With Comparative Figures as of May 31, 2025)
(Amounts in Philippine Pesos)
(UNAUDITED)**

1. CORPORATE INFORMATION

The Far Eastern University, Incorporated (the University or FEU or Parent Company) is a 97-year-old Philippine-based proprietary educational institution founded in June 1928. FEU registered with the Securities and Exchange Commission (SEC) on October 27, 1933 and became a publicly-listed corporation with the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a nonsectarian institution of learning, embracing equal opportunity, inclusivity and diversity. FEU is comprised of seven institutes as follows, each handling distinct courses and programs of study:

- Institute of Accounts, Business and Finance;
- Institute of Architecture and Fine Arts;
- Institute of Arts and Sciences;
- Institute of Education;
- Institute of Health Sciences and Nursing;
- Institute of Law; and,
- Institute of Tourism and Hotel Management

FEU has been designated an Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012. In September 2024 the CHED confirmed that the University has retained its Autonomous Status for the years 2024 to 2027. Among the University's flagship programs are the Teacher Education and Business Administration which are recognized by the CHED as Center of Excellence and Center of Development, respectively.

On top of existing highly accredited programs of local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation and the Philippine Accrediting Association of Schools, Colleges and Universities, parallel international certifications by the ASEAN University Network – Quality Assurance were also granted for 18 programs of FEU.

As at August 31 and May 31, 2025, the University holds interest in subsidiaries, associates and a joint venture presented below.

Company Name	Percentage of Effective Ownership	
	August 31, 2025	May 31, 2025
Subsidiaries:		
East Asia Computer Center, Inc. (EACCI)	100.00%	100.00%
Far Eastern College – Silang, Inc. (FECSE)	100.00%	100.00%
FEU Alabang, Inc. (FEUAI)*	100.00%	100.00%
FEU High School, Inc. (FEU High)	100.00%	100.00%
Roosevelt College, Inc. (RCI)	97.70%	97.70%
Roosevelt College Educational Enterprises (RCEE)**	97.70%	97.70%
Edustria, Inc. (Edustria)	51.00%	51.00%
Fern Realty Corporation (FRC)	38.20%	38.20%
Joint Venture – Higher Academia, Inc. (HAI)***	51.00%	50.00%
Associates:		
JPMC College of Health Sciences SDN BHD (JCHS)	40.00%	40.00%
Good Samaritan Colleges, Inc. (GSC)	34.00%	34.00%

**In 2024 and 2023, the University held 100% ownership of FEUAI. In 2025, EACCI acquired shares in FEUAI representing 50% of FEUAI's total shares. The University retains control over FEUAI through its 50% direct ownership and 50% indirect ownership via its interest in EACCI. As of May 31, 2025, the University's effective ownership in FEUAI remains at 100%.*

*** Indirectly through the University's ownership of RCI which holds 100% ownership interest in RCEE*

**** On June 17, 2025, the University's BOT approved an additional equity investment that resulted to total ownership of 51%*

All the subsidiaries and GSC were incorporated and are operating in the Philippines, while JCHS was incorporated and is operating in Brunei Darussalam.

The Parent Company and its subsidiaries are collectively referred to herein as the Group.

Except FRC, which is a real estate company leasing most of its investment properties to the University and other related parties, all other directly owned subsidiaries, associates and joint venture are operating as educational institutions offering basic education, senior high school and/or tertiary and postgraduate courses of study. RCEE, prior to the cessation of its operations in 2017, was engaged in selling educational school supplies and food items in campuses of RCI.

2. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These Condensed Consolidated Financial Statements (CCFS) have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS) and should be read in conjunction with the Group's audited consolidated financial statements (ACFS) as of and for the fiscal year ended May 31, 2025.

The CCFS has been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense.

3. CHANGES TO ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments and improvements to existing standards effective in fiscal year 2025 that are relevant to the Group. The Group has not adopted early any standards, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new pronouncements did not have any significant impact on the Group's financial performance or position.

3.1 *Effective in Fiscal Year 2025 that are Relevant to the Group*

The Group adopted the following amendments and improvements to existing standards, which are mandatorily effective for annual periods beginning on or after June 1, 2025:

PAS 1 (Amendments)	: Presentation of Financial Statements, Classification of Liabilities as Current or Non-current
PFRS 16 (Amendments)	: Leases, Lease Liability in a Sale and Leaseback
PAS 7 and PFRS 7 (Amendments)	: Statement of Cash Flows, and Financial Instruments: Disclosures – Supplier Finance Arrangements

3.2 *Effective Subsequent to Fiscal Year 2025 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to fiscal year 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions.

- (i) PAS 21 (Amendments), The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments (effective from January 1, 2026)
- (iii) PFRS 18, Presentation and Disclosure in Financial Statements (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

- (iv) PFRS 10 and PAS 28 (Amendments), Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred indefinitely)

None of these are expected to have a significant impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

4.1. Business Segments

The Group is organized into different business units based on separate entities' operational significance and timing of academic operations for purposes of management assessment of each segment. In identifying its operating segments, management generally assesses each FEU school's contribution to the Group's operations, and groups these entities. The Group's main reportable operating segments are as follows:

- (a) *FEU Main* – principally refers to the academic operations of the Parent Company, being the largest semestral entity;
- (b) *Trimestral Schools* – subsidiary schools that primarily offer engineering and information technology programs, and which operate on a trimestral academic calendar. This includes EACCI and FEUAI; and,
- (c) *Other Schools* – subsidiary schools with significant operations in senior high school and basic education programs, which is composed of FECSI, FEU High, RCI and Edustria.

This is the basis of the Group in its decision-making as reported to its strategic steering committee.

The Group also reports on geographical segments, based on two major geographical areas where FEU schools are located, i.e., within the National Capital Region (NCR) and Outside NCR.

4.2. Segment Assets and Liabilities

Segment assets are allocated based on their direct association with a specific segment.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position.

4.3. Intersegment Transactions

Segment revenues, expenses and performance include revenues and purchases between business and geographic segments. Such services and purchases are eliminated in consolidation.

4.4. Analysis of Segment Information

The Group's business segments analyzed based on operational significance and timing of academic operations, for the three months ended August 31, 2025 and 2024, and as of August 31 and May 31, 2025 are presented in the following page (in thousands).

	<u>FEU Main</u>	<u>Trimestral Schools</u>	<u>Other Schools</u>	<u>Total</u>
<u>August 31, 2025 (Unaudited)</u>				
Segment revenues				
From external customers	P 486,581	P 36,972	P 141,565	P 665,118
Intersegment revenues	<u>19,140</u>	<u>-</u>	<u>-</u>	<u>19,140</u>
Total revenues	505,721	36,972	141,565	684,258
Operating expenses excluding depreciation and amortization, and impairment loss	(448,462)	(107,644)	(159,747)	(715,853)
	57,259	(70,672)	(18,182)	(31,595)
Depreciation and amortization	(67,035)	(35,462)	(37,892)	(140,389)
Impairment loss	-	(1,061)	(453)	(1,514)
Finance income	59,199	25,407	2,605	87,211
Finance cost	(10,813)	(263)	(5,884)	(16,920)
Other income – net	(2,679)	-	145	(2,534)
Income (loss) before tax	35,931	(82,051)	(59,621)	(105,741)
Tax expense	(104)	(2,122)	(13)	(2,239)
Segment net income (loss)	<u>P 35,827</u>	<u>(P 84,173)</u>	<u>(P 59,634)</u>	<u>(P 107,980)</u>
Segment assets	<u>P 10,845,822</u>	<u>P 9,403,811</u>	<u>P 5,263,423</u>	<u>P 25,513,056</u>
Segment liabilities	<u>P 3,411,071</u>	<u>P 1,792,128</u>	<u>P 1,822,283</u>	<u>P 7,025,482</u>
	<u>FEU Main</u>	<u>Trimestral Schools</u>	<u>Other Schools</u>	<u>Total</u>
<u>August 31, 2024 (Unaudited)</u>				
Segment revenues				
From external customers	P 502,360	P 12,626	P 100,908	P 615,894
Intersegment revenues	<u>10,087</u>	<u>-</u>	<u>-</u>	<u>10,087</u>
Total revenues	512,447	12,626	100,908	625,981
Operating expenses excluding depreciation and amortization, and impairment loss	(427,177)	(89,506)	(132,019)	(648,702)
	85,270	(76,880)	(31,111)	(22,721)
Depreciation and amortization	(65,199)	(34,714)	(27,641)	(127,554)
Impairment loss	(1,263)	-	(613)	(1,876)
Finance income	81,060	27,348	21	108,429
Finance cost	(62,359)	(1)	(5,883)	(68,243)
Other income – net	<u>11,954</u>	<u>140</u>	<u>4,779</u>	<u>16,873</u>
Income (loss) before tax	49,463	(84,107)	(60,448)	(95,092)
Tax expense	(12,471)	(1,464)	(4)	(13,939)
Segment net income (loss)	<u>P 36,992</u>	<u>(P 85,571)</u>	<u>(P 60,452)</u>	<u>(P 109,031)</u>

Segment assets	P 11,703,108	P 7,246,055	P 4,910,170	P 23,859,333
Segment liabilities	P 4,439,378	P 1,033,660	P 2,114,438	P 7,587,476
<u>May 31, 2025 (Audited)</u>				
Segment assets	P 9,996,742	P 8,425,956	P 4,040,826	P 22,463,524
Segment liabilities	P 2,604,689	P 1,493,876	P 1,076,789	P 5,175,354

The Group's geographical segment, which is based on the location of all the Group's school campuses, for the three months ended August 31, 2025 and 2024, and as of August 31 and May 31, 2025 follows (in thousands):

	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
<u>August 31, 2025 (Unaudited)</u>			
Segment revenues			
From external customers	P 545,816	P 119,302	P 665,118
Intersegment revenues	19,140	-	19,140
Total revenues	564,956	119,302	684,258
Operating expenses excluding depreciation and amortization, and impairment loss	(599,083)	(116,770)	(715,853)
	(34,127)	2,532	(31,595)
Depreciation and amortization	(105,475)	(34,914)	(140,389)
Impairment loss	(1,395)	(119)	(1,514)
Finance income	87,068	143	87,211
Finance cost	(11,076)	(5,844)	(16,920)
Other income – net	(2,679)	145	(2,534)
Loss before tax	(67,684)	(38,057)	(105,741)
Tax expense	(2,226)	(13)	(2,239)
Segment net loss	(P 69,910)	(P 38,070)	(P 107,980)
Segment assets	P 20,752,325	P 4,760,731	P 25,513,056
Segment liabilities	P 5,491,849	P 1,533,633	P 7,025,482

	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
<u>August 31, 2024 (Unaudited)</u>			
Segment revenues			
From external customers	P 540,201	P 75,693	P 615,894
Intersegment revenues	<u>10,087</u>	<u>-</u>	<u>10,087</u>
Total revenues	550,288	75,693	625,981
Operating expenses excluding depreciation and amortization, and impairment loss	(561,604)	(87,098)	(648,702)
	(11,316)	(11,405)	(22,721)
Depreciation and amortization	(102,188)	(25,366)	(127,554)
Impairment loss	(1,634)	(242)	(1,876)
Finance income	108,408	21	108,429
Finance cost	(62,362)	(5,881)	(68,243)
Other income – net	<u>15,167</u>	<u>1,706</u>	<u>16,873</u>
Loss before tax	(59,925)	(41,167)	(95,092)
Tax expense	(13,935)	(4)	(13,939)
Segment net loss	(P 67,860)	(P 41,171)	(P 109,031)
Segment assets	<u>P 19,498,139</u>	<u>P 4,361,194</u>	<u>P 23,859,333</u>
Segment liabilities	<u>P 5,834,147</u>	<u>P 1,753,329</u>	<u>P 7,587,476</u>
<u>May 31, 2025 (Audited)</u>			
Segment assets	<u>P 18,749,032</u>	<u>P 3,714,492</u>	<u>P 22,463,524</u>
Segment liabilities	<u>P 4,182,281</u>	<u>P 993,073</u>	<u>P 5,175,354</u>

4.5. Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its CCFS (in thousands).

	<u>August 31, 2025 (Unaudited)</u>	<u>August 31, 2024 (Unaudited)</u>
Revenues		
Segment revenues	P 684,258	P 625,981
Elimination of intersegment revenues	(19,140)	(10,087)
Unallocated corporate revenues	<u>5,272</u>	<u>208</u>
Revenues as reported in condensed consolidated statements of profit or loss	<u>P 670,390</u>	<u>P 616,102</u>
Profit or loss		
Segment net loss	(P 107,980)	(P 109,031)
Unallocated corporate net income	10,094	11,951
Elimination of intersegment transactions	<u>7,909</u>	<u>(372)</u>
Net income as reported in condensed consolidated statements of profit or loss	<u>(P 89,977)</u>	<u>(P 97,452)</u>

	August 31, 2025 <u>(Unaudited)</u>	May 31, 2025 <u>(Audited)</u>
Assets		
Segment assets	P 25,513,056	P 22,463,524
Elimination of intercompany accounts	(5,897,809)	(5,191,532)
Unallocated corporate assets	1,828,881	1,825,659
Goodwill	<u>186,487</u>	<u>186,487</u>
Total assets reported in condensed consolidated statements of financial position	<u>P 21,630,615</u>	<u>P 19,284,138</u>
Liabilities		
Segment liabilities	P 7,025,482	P 5,175,354
Elimination of intercompany accounts	(1,742,965)	(2,001,255)
Unallocated corporate accounts	<u>133,890</u>	<u>117,309</u>
Total liabilities reported in condensed consolidated statements of financial position	<u>P 5,416,407</u>	<u>P 3,291,408</u>

5. FINANCIAL ASSETS AND LIABILITIES

5.1. Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of financial assets and financial liabilities measured at fair value and an investment carried at amortized cost but whose fair value is required to be disclosed are shown below.

	<u>August 31, 2025 (Unaudited)</u>		<u>May 31, 2025 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial assets				
At FVOCI –				
Debt and equity securities	P 2,861,518,410	P 2,861,518,410	P 2,832,490,291	P 2,832,490,291
At FVTPL –				
Equity securities and UITF	1,806,110,960	1,806,110,960	1,656,817,152	1,656,817,152
At amortized cost –				
Debt securities	<u>420,428,532</u>	<u>417,999,469</u>	<u>418,171,510</u>	<u>464,898,784</u>
	<u>P 5,088,057,902</u>	<u>P 5,085,628,839</u>	<u>P 4,907,478,953</u>	<u>P 4,954,206,227</u>
Financial liabilities				
At amortized cost –				
Interest-bearing loans	<u>P 1,052,517,006</u>	<u>P 923,792,191</u>	<u>P 1,159,081,632</u>	<u>P 1,166,537,860</u>

Except for the financial assets and financial liabilities presented above, cash and cash equivalents, short-term investments, long-term investments, trade and other payables and refundable deposit, the Group has no other financial assets and/or financial liabilities that are carried at fair value or that are not carried at fair value but are required to be disclosed at fair value (see Note 5.3).

Management has determined that the carrying amounts of the other financial instruments are equal to or approximate their fair values; hence, no further comparison between their carrying amounts and fair values is presented.

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 10.

5.2. Financial Instruments Measurement at Fair Value

The foregoing tables show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>August 31, 2025 (Unaudited)</u>				
Financial assets at FVOCI –				
Debt and equity securities	P2,857,818,410	P 3,700,000	P -	P 2,861,518,410
Financial assets at FVTPL –				
Equity securities and UITF	904,581,450	932,804,581	-	1,806,110,960
Investment securities at amortized cost –				
Debt securities	<u>417,999,469</u>	<u>-</u>	<u>-</u>	<u>417,999,469</u>
	<u>P4,180,399,329</u>	<u>P 905,229,510</u>	<u>P -</u>	<u>P 5,085,628,839</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>May 31, 2025 (Audited)</u>				
Financial assets at FVOCI –				
Debt and equity securities	P2,828,790,291	P 3,700,000	P -	P 2,832,490,291
Financial assets at FVTPL –				
Equity securities and UITF	822,557,664	834,259,488	-	1,656,817,152
Investment securities at amortized cost –				
Debt securities	<u>418,171,510</u>	<u>-</u>	<u>-</u>	<u>418,171,510</u>
	<u>P2,828,790,291</u>	<u>P 837,959,488</u>	<u>P -</u>	<u>P 4,907,478,953</u>

There were neither transfers between levels nor changes in levels of classification of instruments in all the periods presented.

5.3. Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

As of August 31 and May 31, 2025, the fair value of debt securities categorized as investments at amortized cost amounted to P418.0 million and P418.2 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 5.2).

For interest-bearing loans with more than one year of maturity, its estimated fair value represents the discounted amount of the future cash flows expected to be paid which are discounted at current market rates. The fair values of the Group's interest-bearing loans are classified under Level 3 of the fair value hierarchy.

Other than the investment securities at amortized cost and interest-bearing loans, management has determined that due to the short-term duration of the other financial assets and financial liabilities measured at amortized costs of the Group, their fair values as at August 31 and May 31, 2025, equal or approximate their carrying amounts. Accordingly, the Group did not present a comparison of their fair values with their carrying amounts and correspondingly, their level in the fair value hierarchy.

Nevertheless, if presented in the hierarchy, only cash and cash equivalents and short-term investments would fall under Level 1 and the rest would be under Level 3.

6. INVESTMENT PROPERTIES

The Group's investment property includes a parcel of land, and buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation and amortization of investment property as of August 31 and May 31, 2025, are shown below.

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
Cost	P 668,100,590	P 664,224,108
Accumulated depreciation and amortization	(450,229,773)	(439,026,216)
Net carrying amount	<u>P 217,870,817</u>	<u>P 225,197,892</u>

A reconciliation of the carrying amounts of investment property at the beginning and end of three months ended August 31, 2025 and the year ended May 31, 2025 is shown below.

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	P 225,197,892	P 245,492,935
Additions	3,876,482	6,700,600
Disposals	-	(1,665,002)
Reclassifications	-	17,188,815
Depreciation and amortization charges for the period	(11,203,557)	(42,519,456)
Balance at end of period net of accumulated depreciation and amortization	<u>P 217,870,817</u>	<u>P 225,197,892</u>

6.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P11.1 million and P3.2 million for the three months ended August 31, 2025 and 2024, respectively. The direct operating expenses, which include depreciation and amortization, insurance and real property taxes incurred by the Group relating to investment properties, are presented as part of Depreciation and amortization, Property

insurance, and Taxes and licenses under Costs and Operating Expenses in the consolidated statements of profit or loss.

6.2 Fair Value Measurement of Investment Properties

The fair values (which is at Level 3) of the Group's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in July 2024 and cover the period ended August 31, 2025 and the year ended May 31, 2025.

The valuation process was conducted by the appraiser, with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations, to some extent in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location with an average of 5% to 10% adjustment.

	<u>August 31, 2025</u>		<u>May 31, 2025</u>
Land	P 607,742,993	P	604,611,170
Building and improvements	<u>144,504,019</u>		<u>143,759,360</u>
	<u>P 752,247,012</u>	P	<u>748,370,530</u>

There were no known events that may have devalued the properties from its most recent appraisal.

7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of August 31 and May 31, 2025, are shown below.

	<u>August 31, 2025</u> <u>(Unaudited)</u>		<u>May 31, 2025</u> <u>(Audited)</u>
Cost	P 15,214,233,248	P	14,550,861,440
Impairment loss	(2,804,402)	(	2,804,402)
Accumulated depreciation and amortization	<u>(5,617,107,022)</u>		<u>(5,482,126,287)</u>
Net carrying amount	<u>P 9,594,321,824</u>	P	<u>9,065,930,751</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of the three months ended August 31, 2025 and the year ended May 31, 2025 is shown below.

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	P 9,065,930,751	P 9,029,081,852
Additions	663,371,808	1,054,030,678
Disposals	-	(4,267,340)
Reclassifications	-	(459,215,208)
Depreciation and amortization charges for the period	(134,980,735)	(553,699,231)
Balance at end of period net of accumulated depreciation and amortization	<u>P 9,594,321,824</u>	<u>P 9,065,930,751</u>

8. LEASES

The Group has leases for certain school buildings, transportation equipment and event venues.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. Some leases contain an extension of the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leased offices, the Group must keep those properties in a good state of repair and return the properties in good condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The remaining current portion of lease liabilities is presented in the consolidated statement of financial position as part of Trade and other payables amounting to P12.3 million as of August 31 and May 31, 2025.

9. INTEREST-BEARING LOANS

The composition of the Group's outstanding loans is shown below.

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
Current	P 526,258,503	P 526,258,503
Non-current	<u>526,258,503</u>	<u>632,823,129</u>
	<u>P 1,052,517,006</u>	<u>P 1,159,081,632</u>

The movement of the Group's outstanding loans are shown below.

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
Balance at beginning of period	P 1,159,081,632	P 1,385,340,136
Payments	(106,564,626)	(P 226,258,504)
Balance at end of period	<u>P 1,052,517,006</u>	<u>P 1,159,081,632</u>

The total interest incurred by the Group on all of these loans, amounting to P13.6 million and P25.1 million for the three months ended August 31, 2025 and 2024, respectively, are presented as part of Finance Costs in the condensed consolidated statements of profit or loss, while any outstanding interest payable is recognized as part of Trade and Other Payables in the condensed consolidated statements of financial position.

As of August 31 and May 31, 2025, there are no assets used and/or required as collaterals for the Group's interest-bearing loans and borrowings.

Loans obtained from a local commercial bank are subject to loan covenants effective for the periods ended August 31 and May 31, 2025, which require the Group to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of August 31 and May 31, 2025, the Group has complied with its loan covenants.

10. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. Its main purpose for its dealings in financial instruments is to fund operational and capital expenditures. The BOT has overall responsibility for the establishment and oversight of the Group's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the Group's policies, which address risk management areas.

Management is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of these policies in relation to the risks faced by the Group.

The Group does not engage in trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

10.1 Market Risk

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange risk arise from certain cash and cash equivalents, financial assets at FVOCI and investment securities at amortized cost which are denominated in United States dollars (USD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored and kept at a reasonable level to needs.

(b) Interest Rate Risk

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures arising from interest-bearing financial instruments which are subject to variable interest rates. These include a portion of the cash and cash equivalents, financial assets at FVOCI, short-term investments, long-term investments and interest-bearing loans.

All other financial assets and financial liabilities have fixed interest rates.

The Group manages its interest risk by leveraging the fixed interest rate financial instruments over the floating interest rate financial instruments.

(c) Other Price Risk

The Group's exposure to price risk arises from its investments in equity securities, which are classified as part of the Financial Assets at FVTPL and Financial Assets at FVOCI accounts in the consolidated statements of financial position. These consist of publicly listed equity securities which are carried at fair value.

The Group manages exposures to price risk by monitoring the changes in the market price of the investments and to some extent, diversifying the investment portfolio in accordance with the limit set by management.

Except for those that are held for trading and managed by trustee-banks, the investments in listed equity securities are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored; to ensure that returns of these equity instruments are timely utilized or reinvested and voting rights arising from these equity instruments are in the Group's favor.

10.2 Credit Risk

Credit risk represents the loss that the Group would incur if the counterparty failed to perform its contractual obligations. The credit risk for cash and cash equivalents, short-term investments (presented as part of Other Current Assets), financial assets at FVOCI and investment securities at amortized cost is considered negligible, since the counterparties are reputable financial institutions and private companies with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements.

The Group's exposure to credit risk on its receivables related primarily to the inability of the debtors, majority of which are students, to fully settle the unpaid balance of tuition fees and other charges which are owed to the Group based on installment payment schemes. The Group has established controls and procedures to minimize risks of non-collection. Moreover, the Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

The Group has no significant exposure to any individual counterparty, nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties. Also, none of the Group's financial assets are secured by collateral or other credit enhancements.

With respect to credit risk arising from its financial assets, the Group's maximum exposure is equal to the carrying amount of these instruments. Other than the exposure to credit risk on the Group's receivables from students, the risk is minimal as these financial assets and investments are with reputable corporations, financial institutions and/or with related parties.

The Group has no past due but unimpaired financial assets at end of each period.

The Group's management considers that all its financial assets are not impaired and of good credit quality, except those provided with allowance for impairment at the end of the reporting periods.

10.3 Liquidity Risk

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and ensures that future cash collections are sufficient to meet them in accordance with internal policies. The Group invests in short-term placements when excess cash is obtained from operations.

11. EQUITY

11.1 Capital Stock

The University's authorized capital stock was 50,000,000 shares as of August 31 and May 31, 2025, of which 24,055,763 were issued and with par value of P100 per share.

Below is the ownership structure of the University's outstanding shares as of August 31 and May 31, 2025.

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
Number of shares held by related parties	15,243,974	15,243,974
Number of shares held by the public	8,811,789	8,811,789
Total shares issued and outstanding	<u>24,055,763</u>	<u>24,055,763</u>

As of August 31 and May 31, 2025, the public owns 36.63% of the University's listed shares.

As of August 31 and May 31, 2025, there are 1,458 and 1,455 holders, respectively, of the listed common shares owning at least one board lot.

All shares of the University are listed on the PSE. There had been no follow-on listing since the initial listing in 1986 at an offer price of P100. The closing price of the University's listed shares was P820.0 and P840.0 per share as of August 31 and May 31, 2025, respectively.

11.2 Treasury Stock

This account includes the University's common shares acquired by FRC on various dates and held as of August 31 and May 31, 2025. The changes in the market values of these shares, which are recognized as fair value gains or losses by FRC, were eliminated in full and not recognized in the consolidated financial statements. The Group's treasury stocks amounted to P117.6 million as of August 31 and May 31, 2025.

A portion of the University's retained earnings is restricted from dividend declaration up to the cost of treasury stocks, excluding the amount acquired and held by FRC as this is considered as a crossholding as of the end of the reporting period.

11.3 Retained Earnings

Significant transactions affecting Retained Earnings, which is also legally restricted at an amount equivalent to the cost of the University's treasury stock of P3.7 million, are presented below.

(a) Appropriation of Retained Earnings

As of August 31 and May 31, 2025, the University's Appropriated Retained Earnings consists of appropriations for:

Property and investment acquisition	P	740,000,000
Purchase of equipment and improvements		354,000,000
Contingencies		90,000,000
Treasury shares		<u>3,733,100</u>
	P	<u>1,187,733,100</u>

As projects and capital expenditures are annually revisited and would involve several projects, timeline with level of exactness is not defined, instead are recalibrated year on year. No appropriation or reversal of appropriation has been made for the period ended August 31, 2025.

(b) Dividend Declaration

During the year ended May 31, 2025, the BOT approved cash dividend declarations with a total amount of P764.9 million. No dividends were declared during the period ended August 31, 2025.

11.4 Subsidiaries with Material Non-controlling Interest

(a) FRC

Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC.

(b) EACCI and FEUAI

Both non-controlling interests in EACCI and FEUAI relate to non-voting preferred shares. As of August 31 and May 31, 2025, the total cost of preferred shares issued and outstanding of EACCI and FEUAI amounts to P1.2 billion and P750.0 million, respectively.

(c) Edustria Incorporated

Upon incorporation of Edustria, the Parent Company subscribed to 255.0 million shares at P1.0 par value, representing 51% of the 500.0 million total issued and outstanding shares of Edustria, of which 70% was settled. In 2023, the remaining 30% of the total subscribed shares of Edustria, amounting to P150.0 million, was paid by the Parent Company and NCI, according to their respective percentage shares.

The NCI of Edustria amounting to P107.8 million is presented as part of Non-controlling Interest account in the condensed consolidated statements of financial position.

(d) Higher Academia Inc.

The parent company owns 51% of Higher Academia, Inc. (HAI), which has been established with Unilab Education to operate a basic education and tertiary facility in San Fernando, Pampanga.

The NCI of HAI amounting to P284.8 million is presented as part of Non-controlling Interest account in the condensed consolidated statements of financial position.

12. LOSS PER SHARE

Loss per share amounts for the three months ended August 31, 2025 and 2024 were computed as follows:

	August 31, 2025 (Unaudited)	August 31, 2024 (Unaudited)
Net loss attributable to owners of the parent company	(P P 86,926,112)	(P 99,760,773)
Divided by weighted average number of shares outstanding, net of treasury stock	<u>23,903,861</u>	<u>23,906,409</u>
Basic and diluted loss per share	<u>(P P 3.64)</u>	<u>(P P 4.17)</u>

The University has no dilutive potential common shares as of August 31, 2025 and 2024; the diluted loss per share and the basic loss per share is the same.

13. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group aims to provide returns on equity to shareholders while managing operational and strategic objectives. The Group manages its capital structure and adjusts it, in consonance with changes in economic conditions. To maintain or adjust capital structure,

the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtain debt financing.

The Group defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for the monitoring of capital in proportion to risks.

The Group monitors capital based on debt-to-equity ratio, which is calculated as total adjusted liabilities i.e., excluding deferred revenues divided by total adjusted equity (comprised of capital stock, stock dividends distributable and retained earnings) attributable to owners of the parent company. Capital for the reporting periods is summarized below.

	August 31, 2025 (Unaudited)	May 31, 2025 (Audited)
Total adjusted liabilities	P 3,079,970,276	P 3,160,150,071
Total adjusted equity attributable to owners of the parent company	<u>13,082,655,749</u>	<u>13,169,581,862</u>
Debt-to-equity ratio	<u>0.235 : 1.00</u>	<u>0.24 : 1.00</u>

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00 : 1.00. This is in line with the Group's bank covenants related to its borrowings, which require the Group to maintain debt-to-equity ratio of not more than 2.00: 1.00 and debt service coverage ratio of at least 1.2x.

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio and debt service coverage ratio for all the periods presented.

There was no significant change in the Group's approach to capital management during the most recent period presented.

14. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies and methods of computation used in the preparation of these CCFS are consistent with those applied in the ACFS as of and for the fiscal year, unless otherwise stated.

14.1 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the University and its subsidiaries as enumerated in Note 1.1, after the elimination of intercompany transactions.

The presentation of the CCFS is consistent with the most recent ACFS presentation. Regrouping certain accounts in the comparative prior period presented was made to conform to the current period's presentation so that comparability is not impaired.

The Group presents the consolidated statement of comprehensive income separately from the consolidated statement of profit or loss in its annual financial statements. It also uses this format for this CCFS.

The following subsidiaries prepare their financial statements for their respective reporting periods using consistent accounting principles as that of the University:

<u>Subsidiaries:</u>	<u>Reporting Period*</u>
FRC	March 31, 2025
RCEE	March 31, 2025
FECSI	May 31, 2025
FEU High	May 31, 2025
RCI	May 31, 2025
HAI	May 31, 2025
Edustria	May 31, 2025
EACCI	June 30, 2025*
FEUAI	June 30, 2025*

**included in the Group's May 31, 2025 consolidated balances*

These subsidiaries follow their respective school years (i.e., trimestral and semestral), hence, the use of different reporting dates (non-coterminous year-ends) as compared with that of the University.

These CCFS are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the CCFS are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

14.2 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

The University recognized goodwill arising from the acquisition of RCI in May 2016. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, except for lease liabilities which are measured based on the present value of the remaining lease payments as if the acquired lease were a new lease at acquisition date and right-of-use assets which are measured at an amount equal to the recognized lease liability, adjusted to reflect favorable or unfavorable lease terms compared with market terms. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

14.3 Segment Reporting

In identifying its operating segments, management generally follows the Group's service lines as disclosed in Note 4, which represents the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

14.4 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss.

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (SPPI). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 15.1(e)]. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial Assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL. The Group has designated certain equity instruments as at FVOCI on initial recognition.

Financial Assets at FVTPL

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

(ii) Impairment of Financial Assets

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all tuition and other school fee

receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset. In such case, a lifetime ECL for a Purchased or Originated Credit Impaired (POCI) asset is recognized, and the allowance for credit losses is based on the change in the ECL over the life of the asset. The Group recognized a loss allowance for such losses at each reporting date.

The Group's definition of credit risk and information on how credit risk is mitigated by the Group are disclosed in.

(b) Financial Liabilities

Financial liabilities, which includes interest-bearing loans, trade and other payables (except tax-related liabilities, Deposits payable and NSTP trust fund), and Refundable deposits (presented under Other Non-current Liabilities) are recognized when the Group becomes a party to the contractual terms of the instrument.

15. USE OF ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the CCFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

There were no changes in estimates of amounts reported in prior financial periods that had a material effect in the current interim period.

16. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

16.1 Capital Commitments

As of August 31, and May 31, 2025, FRC has commitments of about P445.1 million for the condominium units acquired at pre-selling stage that are currently under construction.

16.2 Operating Lease Commitments

(a) Group as Lessor

FRC is a lessor under various operating lease agreements with several non-related parties for a period of one to 30 years. FRC also receives customer and security

deposits relevant to its leasing activities as a lessor which is recognized under Other Non-current Liabilities in the consolidated statements of financial position.

Future minimum rental receivables which are collectible within one year, excluding contingent rental, under these operating leases amounts to P46.0 million, as of August 31 and May 31, 2025, respectively.

(b) Group as Lessee

The Group is a lessee under operating lease agreements covering rentals of event venues, transportation vehicles and small items of equipment used for various students' and employees' activities. The terms of the lease vary but do not exceed one year.

16.3 Construction Commitments

The Group enters into commitments for its ongoing construction of certain school buildings and other facilities. As of August 31, and May 31, 2025, the unfulfilled portion of these commitments amounted to P570.1 million.

16.4 Others

As of August 31, 2025, the Group has no record of any litigation not being contested or any that the Group has accepted any liability in relation to labor cases and other civil cases.

There are other contingencies that arise in the normal course of business that are not recognized in the Group's consolidated financial statements. Though Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, the University opted to appropriate portion of its retained earnings to cover for such contingencies.

The Group has entered into transactions which resulted to obligations that will probably result to an outflow of economic resources. Accordingly, the management has recognized the probable losses as Provisions in its consolidated statements of financial position. However, as allowed by relevant Accounting Standards, the Group did not disclose the nature and details of its provisions because it may prejudice the interest and position currently being taken by the Group.

17. SEASONALITY OF OPERATIONS

Tuition fee revenue is subject to seasonal fluctuations. Revenue for a particular school year (SY) is earned only starting in August, based on the current academic calendar.

For the University and FECSI (FEU Cavite), there are three school terms within a fiscal year: Midyear term (June to July); First semester (August to December); and Second semester (January to May).

The first semester has the highest number of students enrolled. The second semester enrollment is approximately at least 90% of the first semester's enrollment, while the midyear term is the lowest at an approximate at least of 30%. The maximum load, in terms of subject units, of a student during the midyear term is only nine units compared to the 21 to 24 units during the first and second semesters.

For EACCI (FEU Tech) and FEUAI (FEU Alabang), there are three regular terms in a fiscal year: First term (August to November), Second term (December to March) and Third term (April to June).

The tuition fee increase, if any, usually takes effect during the first semester/trimester of a particular SY. Thus, old rates are followed during the midyear term/third trimester of the previous SY, while new rates are applied during the first semester/trimester and succeeding terms of the current SY.

18. APPROVAL FOR THE ISSUANCE OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The CCFS of the Group for the three months ended August 31, 2025 (including the comparatives for the three months ended August 31, 2024) were authorized for issue by the Audit Committee of the BOT on October 9, 2025.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

On September 16, 2025, the BOT approved a cash dividend declaration of P16 per share, or a total amount of P384.9 million, to all stockholders of record as of September 30, 2025, which is payable on October 16, 2025.

FEU finalized on 10 October 2025, the shareholder's agreement with Unilab Education, resulting in FEU's ownership of 51% of its authorized capital stock and thus, becoming majority owner of Higher Academia Inc. (HAI).