

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Feb 29, 2024
2. SEC Identification Number
PW538
3. BIR Tax Identification No.
000-225-442
4. Exact name of issuer as specified in its charter
FAR EASTERN UNIVERSITY, INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
Nicanor Reyes Street, Sampaloc, Manila
Postal Code
1015
8. Issuer's telephone number, including area code
0287358686
9. Former name or former address, and former fiscal year, if changed since last report
Not applicable
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	24,055,763

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange, Inc.
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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 ninety (90) days

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Far Eastern University, Incorporated FEU

PSE Disclosure Form 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Feb 29, 2024
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Feb 29, 2024	May 31, 2023
Current Assets	6,581,799,831	5,090,975,379
Total Assets	19,164,216,509	17,264,575,204
Current Liabilities	3,921,600,404	2,265,445,983
Total Liabilities	5,089,672,350	3,740,311,600
Retained Earnings/(Deficit)	8,843,596,666	8,298,139,822
Stockholders' Equity	14,074,544,159	13,524,263,604
Stockholders' Equity - Parent	11,088,027,258	10,559,295,545
Book Value per Share	463.76	440.77

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,549,839,732	1,466,810,095	3,726,707,496	3,357,663,310
Gross Expense	907,160,778	821,336,677	2,445,435,625	2,232,591,147
Non-Operating Income	181,401,737	10,104,501	316,646,489	208,008,274
Non-Operating Expense	20,834,935	30,970,597	107,704,371	63,241,533
Income/(Loss) Before Tax	803,245,756	624,607,322	1,490,213,989	1,269,838,904
Income Tax Expense	72,155,454	17,267,470	150,520,770	34,282,849
Net Income/(Loss) After Tax	731,090,302	607,339,852	1,339,693,219	1,235,556,055
Net Income Attributable to Parent Equity Holder	721,273,443	599,306,126	1,312,896,700	1,212,668,291
Earnings/(Loss) Per Share (Basic)	30.16	25.02	54.89	50.62
Earnings/(Loss) Per Share (Diluted)	30.16	25.02	54.89	50.62

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	82.23	68.11
Earnings/(Loss) Per Share (Diluted)	82.23	68.11

Other Relevant Information

Please see attached FEU Quarterly Report for 3rd quarter ending 29 February 2024.

Filed on behalf by:

Name	Anthony Raymond Goqingco
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

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S.E.C. Registration Number

F A R E A S T E R N U N I V E R S I T Y ,
I N C O R P O R A T E D

(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. Goqingco

Contact Person

8 735-8686

Company Telephone Number

SEC Form 17- Q Quarterly Report

Ending February 29, 2024

FORM TYPE

0 5

Month

3 1

Day

Calendar year

1 0

Month

2 1

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended articles Number/Section

Total Number of Barrowings

1,523

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personel concerned

File Number

LCU

Documnet I. D.

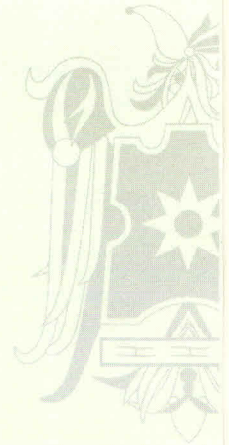
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FAR EASTERN UNIVERSITY



**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 **February 29, 2024**
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.

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 (SEC use only)
8. Address of Principal Office **Nicanor Reyes Street,
Sampaloc, Manila**
Postal Code **1015**
9. Registrant's Telephone Number including Area Code **(632) 8-849-4000**
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


KRISTINE ANNE B. ESTABLE
Chief Accountant


ROSANNA E. SALCEDO
Chief Finance Officer
and Treasurer

Manila
12 April 2024

Management’s Discussion and Analysis

The Far Eastern University, Incorporated (FEU) and its subsidiaries (the Group, or FEU Group of Schools) continued the trend of fostering a vibrant in-campus community experience as it commenced the school year 2023-2024. All academic, cultural, and sports activities are carried out in person. The Group maintained and enhanced its online administrative services, which have long been a hallmark of FEU's commitment to convenience and efficiency even before the pandemic.

The Group’s nine-month results remain strong, as its strong core operation is sustained with a stable student population base and effective cost management initiatives.

The FEU Group will reach its 100th year milestone in five years. It remains steadfast in its conviction that education serves as a fundamental pillar in nation-building and upholds the significance of providing students with quality education, research, and community integration.

Consolidated Financial Position

As of February 29, 2024, the Group’s consolidated financial position remained strong, with its liquidity and solvency positions consistently sound.

		February 29, 2024	May 31, 2023
Current ratio	Total Current Assets / Total Current Liabilities	1.68 : 1	2.25 : 1
Debt-to-equity ratio	Total Liabilities / Total Stockholders’ Equity	36%	28%
Equity-to-asset ratio	Stockholders Equity / Total Assets	73%	78%

The consolidated total assets of the Group increased by 11% or P1,899.64 million as it reached P19,164.22 million as of the report date. Current assets grew by 29% to P6,581.80 million, driven by the increase in student receivables and investments, while non-current assets went up by 3% to P12,582.42 million mainly due to the additional investment in an associate.

Consolidated total liabilities went up by P1,349.36 million to P5,089.67 million, as current liabilities grew by P1,656.15 million. The growth in Current liabilities is primarily attributable to deferred revenues, which increased by P1,245.92 million from P72.54 million at the beginning of the year. Meanwhile, noncurrent liabilities were reduced by P306.79 million mainly due to a loan repayment.

The accumulation of student receivables and deferred tuition revenues is due to the normal cycle of student enrollment, currently for the second semester which started last January 2024 for the tertiary schools. Both are expected to decline towards the end of the semester.

The Group’s consolidated total equity reached P14,074.54 million, with a steady growth of P550.28 million from its balance of P13,524.26 million at the beginning of the year.

The accounts below had the most significant changes as of February 29, 2024 compared to May 31, 2023:

	February 29, 2024	May 31, 2023	Increase (Decrease)	%
Trade and other receivables – net	P 2,005,116,220	P 1,034,276,359	P 970,839,861	94%
Financial assets at fair value through other comprehensive income (FVOCI)	2,829,500,045	2,190,551,315	638,948,730	29%
Investment in associates	439,113,293	160,010,728	279,102,565	174%
Deferred revenues	1,318,465,991	72,544,582	1,245,921,409	1717%
Trade and other payables	2,086,868,699	1,742,085,805	344,782,894	20%
Interest-bearing loans	1,489,961,212	1,811,598,640	(321,637,428)	-18%

Trade and other receivables increased resulting from intake of enrollment for the second semester. Of the amount, P1,824.79 pertains to tuition and other school fees that are collectible from students.

Financial assets at FVOCI additions came from the reinvestment of finance income earned and the repositioning of investments to this investment class (from previous investments classified as Financial assets at FVTPL).

Investment in associates increased due to an investment in a new associate, Higher Academia, Inc.

Deferred revenues represent the assessed tuition fees which will be realized as income upon delivery of instruction for the remaining period of the second semester. The balance as of May 31, 2023, consists only of the advance payments by incoming freshmen who enrolled early for the incoming SY 2023-2024.

Trade and other payables increase mainly due to dividends payable arising from the cash dividend declaration in February 2024, which is payable in March 2024.

Interest-bearing loans balance was reduced as principal repayments were made in July and October 2023 and in January 2024.

Consolidated Results of Operation

The Group shows a sustained growth in its operations during the nine months ended February 29, 2024, as its consolidated net income grew by 8% to P1,339.69 million.

The strong financial results were backed by a strong core operation which resulted in an operating income of P1,281.27 million, or a 14% increase from that of the same period last year. Educational revenue streams were sustained during the second semester, with an increase of 10% compared with that of the same period last year, driven by a 6% increase in group-wide student population and a modest tuition fee increase at the start of the school year.

Operating expenses were well-handled with a manageable increase of 10%.

Non-core operations also contributed to the operating results with a 44% improvement compared to that of last year. Investment income, particularly interest and fair value gains, improved by a greater proportion, compared with the increase in finance costs due to higher interest rates.

Income tax expense surged as the tax rate reverted to 10%. The tax relief of a lower tax rate of 1% granted to educational institutions under the CREATE law was effective from July 2021 to June 2023.

Below are the main profit or loss accounts with significant changes during the nine months ended February 29, 2024, and February 28, 2023.

	2024	2023	Increase (Decrease)	%
REVENUE				
Educational revenues	P 3,652,523,991	P 3,322,911,278	P 329,612,713	10%
Finance income	255,456,119	119,417,910	136,038,209	114%
EXPENSES				
Salaries and employee benefits	1,260,481,268	1,114,555,691	145,925,577	13%
Outside services	143,846,985	117,731,069	26,115,916	22%
Professional fees	98,735,095	76,069,765	22,683,330	30%
Finance cost	107,704,371	63,241,533	44,462,838	70%

Educational revenue growth resulted from an increase in student population coupled with a modest increase in tuition fees.

Finance income showed an improvement as fair value changes on investments went favorable, and previously recognized forex losses were reversed as the US dollar strengthened during the quarter.

Salaries and employee benefits expense increased due to higher faculty headcount as well as the upward salary rate adjustments that took effect at the start of the current year.

Outside services expense increased mainly on account of increased service utilization of janitorial and security services.

Professional fees are higher mainly due to honoraria and other professional fees incurred for various academic-related services (e.g. nursing preceptors).

Finance costs surged resulting from higher interest rates on bank loans.

A Look at What Lies Ahead

The Group is optimistic that it will sustain its strong financial position and have sound operating results for its annual operations for SY 2023-2024, mainly due to its stable group-wide enrollment. Operational efficiency through cost monitoring will remain to be the norm, but all academic excellence initiatives will continuously be prioritized.

With respect to the risk and returns on its investments in financial assets, the Group maintains a conservative outlook on the overall economy, particularly on the developments and events affecting the financial markets.

In academics, the Group is committed to continuously strengthen the FEU brand of quality education in various aspects – international ranking and recognitions, research, an up-to-date curriculum, delivery of instruction – in-campus or digitized, student placement and responsiveness to industry needs and an overall excellent support services to students and their parents, among others.

FEU continues to be strategic in maximizing its current partnerships and in assessing potential partnerships and ventures in the future.

The management will continue to be prudent in the implementation of its operations, investment, and business continuity plans, both at the corporate and the academic levels, to mitigate any foreseen negative impacts on the overall operations.

Top Five (5) Financial Soundness Indicators/Key Performance Measures

I. Test of Liquidity

The Group's financial position shows its capacity to meet obligations maturing currently.

II. Test of Solvency

The Group's financial position also presents its ability to pay off its long-term obligations to creditors. Moreover, the Group's assets are still mainly attributable to its shareholders, while maintaining a balanced leverage on creditor-provided financing.

III. Test of Asset Utilization and Profitability

There were no indications that may cast a doubt on the Group's earning capacity or profitability.

IV. Product/Service Standard

Teaching performance is constantly being monitored to maintain superior level of quality in all FEU Schools. Moreover, the performance of the graduates of the different FEU Schools in their respective professional licensure examinations continues to deliver results that are above the national passing rates.

The University's quality education continues to be recognized by the Commission on Higher Education (CHED) and local accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU).

Foreign accreditations include those from the ASEAN University Network (AUN), Association to Advance Collegiate Schools of Business (AACSB) and the Asia-Pacific Institute for Events Management (APIEM). FEU received two awards from the CHED during the Internationalization Champions of Nation-Building and Sustainability (ICONS) in 2023 – first, in recognition for having 14 programs assessed by the AUN Quality Assurance; second, for being the 1st Runner-up in the Outstanding International Education Program Awards (Private Higher Education Institution category).

Recently, FEU had two additional programs certified, making it a total of 16 programs which are certified by the AUN.

In 2023, FEU Institute of Technology ranked 77th among the Top 100 Innovative Universities in the world by World's Universities with Real Impact (WURI).

In line with academics, FEU continues to nurture sports, arts and culture as part of the overall development of its students. As a member-school of the University Athletic Association of the Philippines (UAAP), FEU continues to maintain its position among the top universities for collegiate sports in the country. Meanwhile, the FEU Center for the Arts (FCA) hosts numerous cultural events and activities throughout the year, offering students opportunities to join artistic groups and to engage in various performances.

FEU's efforts in cultural heritage conservation have earned it the UNESCO Asia-Pacific Honorable Mention Heritage Award, which designates five of its buildings as heritage structures. The FEU Manila campus is home to various notable works of art made by national artists. Recently, six buildings and six artworks within the FEU Manila Campus have been recognized as National Cultural Treasures (through Museum Declaration 1-2018) by the National Commission for Culture and the Arts (NCCA).

V. Market Acceptability

The FEU Group of Schools remains to be a top choice in its target market. The educational revenues earned during the past ten years, along with the enrollment numbers, show excellent and sustainable growth. The revenue stream has remained stable due to the consistent market acceptance of the FEU-brand of quality education, despite the challenges posed by the K-12 program, particularly in 2018 when there were no freshmen and sophomore students, as well as the impact of the COVID-19 pandemic from 2020 to 2022.

FEU is consistent with its commitment to provide scholarships and financial assistance to its students and is continuously working to increase the coverage of its student population.

Other Items

1. The current economic condition remains stable but certain economic factors bear watching as they may affect the Group's educational income from operations.
2. There are no known events that would result in any default or acceleration of an obligation.
3. There are no known events that will trigger direct or contingent financial obligation that may be material to the Group.
4. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons which are created during the reporting period.
5. 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.
6. There are no significant elements of income or loss from continuing operations.
7. There are no Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FEBRUARY 29, 2024 AND MAY 31, 2023
(Amounts in Philippine Pesos)

	February 29, 2024	May 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 1,797,474,794	P 1,698,352,823
Trade and other receivables - net	2,005,116,220	1,034,276,359
Financial assets at fair value through profit or loss	1,660,733,249	1,834,217,950
Financial assets at fair value through other comprehensive income	659,122,740	173,575,124
Investment securities at amortized cost	100,323,751	86,521,531
Other current assets - net	<u>359,029,077</u>	<u>264,031,592</u>
 Total Current Assets	 <u>6,581,799,831</u>	 <u>5,090,975,379</u>
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income	2,170,377,305	2,016,976,191
Investment securities at amortized cost	469,592,092	469,112,054
Investment in associates	439,113,293	160,010,728
Property and equipment - net	8,852,994,232	8,906,955,473
Investment properties - net	177,979,543	203,091,499
Goodwill	186,487,019	186,487,019
Deferred tax assets - net	13,530,579	2,266,468
Other non-current assets	<u>272,342,615</u>	<u>228,700,393</u>
 Total Non-current Assets	 <u>12,582,416,678</u>	 <u>12,173,599,825</u>
 TOTAL ASSETS	 <u>P 19,164,216,509</u>	 <u>P 17,264,575,204</u>

Forward

- 2 -

	February 29, 2024 <u>(Unaudited)</u>	May 31, 2023 <u>(Audited)</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 2,086,868,699	P 1,742,085,805
Interest-bearing loans	426,258,503	426,258,503
Deferred revenues	1,318,465,991	72,544,582
Provisions	18,647,254	18,647,254
Income tax payable	<u>71,359,957</u>	<u>5,909,839</u>
Total Current Liabilities	<u>3,921,600,404</u>	<u>2,265,445,983</u>
NON-CURRENT LIABILITIES		
Lease liabilities	846,769	846,769
Interest-bearing loans	1,063,702,709	1,385,340,137
Post-employment benefit obligation	64,021,744	63,116,118
Deferred tax liabilities - net	18,621,493	19,170,165
Other non-current liabilities	<u>20,879,231</u>	<u>6,392,428</u>
Total Non-current Liabilities	<u>1,168,071,946</u>	<u>1,474,865,617</u>
Total Liabilities	<u>5,089,672,350</u>	<u>3,740,311,600</u>
EQUITY		
Equity attributable to owners of the parent company		
Capital stock	2,406,799,300	2,406,799,300
Treasury stock - at cost	(109,956,338)	(78,632,436)
Revaluation reserves	5,373,082	(9,225,689)
Other reserves	(57,785,452)	(57,785,452)
Retained earnings		
Appropriated	1,463,733,100	1,463,733,100
Unappropriated	<u>7,379,863,566</u>	<u>6,834,406,722</u>
Total equity attributable to owners of parent company	11,088,027,258	10,559,295,545
Non-controlling interests	<u>2,986,516,901</u>	<u>2,964,968,059</u>
Total Equity	<u>14,074,544,159</u>	<u>13,524,263,604</u>
TOTAL LIABILITIES AND EQUITY	<u>P 19,164,216,509</u>	<u>P 17,264,575,204</u>

See Notes to Condensed Consolidated Financial Statements.

SEC Form 17-Q
February 29, 2024

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>For the Quarter</u>		<u>Year-to-Date</u>	
	<u>December 1, 2023 - February 29, 2024</u>	<u>December 1, 2022 - February 28, 2023</u>	<u>June 1, 2023 - February 29, 2024</u>	<u>June 1, 2022 - February 28, 2023</u>
REVENUES				
Educational				
Tuition fees - net	P 1,385,783,742	P 1,397,602,498	P 3,466,132,097	P 3,210,283,457
Other school fees	<u>128,176,854</u>	<u>51,759,132</u>	<u>186,391,894</u>	<u>112,627,821</u>
	1,513,960,596	1,449,361,630	3,652,523,991	3,322,911,278
Rental	<u>8,340,445</u>	<u>7,534,559</u>	<u>28,723,427</u>	<u>18,702,178</u>
	1,522,301,041	1,456,896,189	3,681,247,418	3,341,613,456
OPERATING EXPENSES	(907,160,778)	(821,336,677)	(2,445,435,625)	(2,232,591,147)
OTHER OPERATING INCOME	<u>27,538,691</u>	<u>9,913,906</u>	<u>45,460,078</u>	<u>16,049,854</u>
OPERATING INCOME	642,678,954	645,473,418	1,281,271,871	1,125,072,163
FINANCE INCOME (LOSS)	153,663,874	(23,673,422)	255,456,119	119,417,910
FINANCE COSTS	(20,834,935)	(30,970,597)	(107,704,371)	(63,241,533)
OTHER INCOME	<u>27,737,863</u>	<u>33,777,923</u>	<u>61,190,370</u>	<u>88,590,364</u>
INCOME BEFORE TAX	803,245,756	624,607,322	1,490,213,989	1,269,838,904
TAX EXPENSE	(<u>72,155,454</u>)	(<u>17,267,470</u>)	(<u>150,520,770</u>)	(<u>34,282,849</u>)
NET INCOME	<u>P 731,090,302</u>	<u>P 607,339,852</u>	<u>P 1,339,693,219</u>	<u>P 1,235,556,055</u>
Net Income Attributable to:				
Owners of the parent company	P 721,273,443	P 599,306,126	P 1,312,896,700	P 1,212,668,291
Non-controlling interests	<u>9,816,859</u>	<u>8,033,726</u>	<u>26,796,519</u>	<u>22,887,764</u>
	<u>P 731,090,302</u>	<u>P 607,339,852</u>	<u>P 1,339,693,219</u>	<u>P 1,235,556,055</u>
Earnings Per Share				
Basic and Diluted	<u>P 30.16</u>	<u>P 25.02</u>	<u>P 54.89</u>	<u>P 50.62</u>

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		Year-to-Date	
	December 1, 2023 - February 29, 2024	December 1, 2022 - February 28, 2023	June 1, 2023 - February 29, 2024	June 1, 2022 - February 28, 2023
NET INCOME	P 731,090,302	P 607,339,852	P 1,339,693,219	P 1,235,556,055
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value gains (losses) on debt securities classified as financial assets at fair value through other comprehensive income	7,336,426	51,033,033	14,850,246	(1,033,464)
Item that will not be reclassified subsequently to profit or loss				
Net fair value gains (losses) on equity securities classified as financial assets at fair value through other comprehensive income	(2,842,436)	1,649,414	(6,630,682)	(226,128)
Gain (loss) on remeasurement of post-employment benefit plan	-	241,234	1,131,530	(3,859,793)
	<u>(2,842,436)</u>	<u>1,890,648</u>	<u>(5,499,152)</u>	<u>(4,085,921)</u>
Other Comprehensive Income (Loss)	4,493,990	52,923,681	9,351,094	(5,119,385)
TOTAL COMPREHENSIVE INCOME	P 735,584,292	P 660,263,533	P 1,349,044,313	P 1,230,436,670
Total Comprehensive Income Attributable to:				
Owners of the parent company	P 727,685,679	P 652,124,411	P 1,327,495,471	P 1,207,548,906
Non-controlling interests	<u>7,898,613</u>	<u>8,139,122</u>	<u>21,548,842</u>	<u>22,887,764</u>
	P 735,584,292	P 660,263,533	P 1,349,044,313	P 1,230,436,670

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company							Total	Non-controlling Interests	Total Equity
	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Retained Earnings				
						Unappropriated				
Balance at June 1, 2023	P 2,406,799,300	(P 78,632,436)	(P 9,225,689)	(P 57,785,452)	P 1,463,733,100	P 6,834,406,722	P 8,298,139,822	P 10,559,295,545	P 2,964,968,059	P 13,524,263,604
Transactions with owners										
Acquisition of treasury stock	-	(31,323,902)	-	-	-	-	-	(31,323,902)	-	(31,323,902)
Cash dividends	-	(-)	-	-	-	(767,439,856)	(767,439,856)	(767,439,856)	-	(767,439,856)
	-	(31,323,902)	-	-	-	(767,439,856)	(767,439,856)	(798,763,758)	-	(798,763,758)
Total comprehensive income (loss)										
Net income for the period	-	-	-	-	-	1,312,896,700	1,312,896,700	1,312,896,700	26,796,519	1,339,693,219
Other comprehensive income (loss)	-	-	14,598,771	-	-	-	-	14,598,771	(5,247,677)	9,351,094
	-	-	14,598,771	-	-	1,312,896,700	1,312,896,700	1,327,495,471	21,548,842	1,349,044,313
Balance at February 29, 2024	P 2,406,799,300	(P 109,956,338)	P 5,373,082	(P 57,785,452)	P 1,463,733,100	P 7,379,863,566	P 8,843,596,666	P 11,088,027,258	P 2,986,516,901	P 14,074,544,159
Balance at June 1, 2022	P 2,406,799,300	(P 76,660,836)	(P 5,358,290)	(P 57,785,452)	P 1,184,853,389	P 5,917,341,539	P 7,102,194,928	P 9,369,189,650	P 2,914,656,711	P 12,283,846,361
Transactions with owners										
Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	73,500,000	73,500,000
Acquisition of treasury stock	-	(954,439)	-	-	-	-	-	(954,439)	-	(954,439)
Cash dividends	-	(-)	-	-	-	(672,187,753)	(672,187,753)	(672,187,753)	-	(672,187,753)
	-	(954,439)	-	-	-	(672,187,753)	(672,187,753)	(673,142,192)	73,500,000	(599,642,192)
Total comprehensive income (loss)										
Net income for the period	-	-	-	-	-	1,212,668,291	1,212,668,291	1,212,668,291	22,887,764	1,235,556,055
Other comprehensive loss	-	-	(4,489,509)	-	-	-	-	(4,489,509)	(629,876)	(5,119,385)
	-	-	(4,489,509)	-	-	1,212,668,291	1,212,668,291	1,208,178,782	22,257,888	1,230,436,670
Balance at February 28, 2023	P 2,406,799,300	(P 77,615,275)	(P 9,847,799)	(P 57,785,452)	P 1,184,853,389	P 6,457,822,077	P 7,642,675,466	P 9,904,226,240	P 3,010,414,599	P 12,914,640,839

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 1,490,213,989	P 1,269,838,904
Adjustments for:		
Depreciation and amortization	409,958,396	390,348,854
Interest income	(128,912,519)	(48,311,074)
Interest expense and other finance cost	107,704,371	63,241,533
Fair value losses (gains) from financial assets at fair value through profit or loss (FVTPL)	(80,930,596)	32,426,009
Other investment income from financial assets at FVTPL and other comprehensive income (FVOCI) - net	(44,171,756)	(68,074,040)
Impairment loss on receivables	39,037,943	36,743,065
Gain on sale of real property	(18,116,748)	-
Unrealized foreign exchange gains - net	(1,441,248)	(35,458,805)
Operating income before working capital changes	1,773,341,832	1,640,754,446
Increase in trade and other receivables	(1,009,965,870)	(832,918,000)
Increase in other assets	(142,435,250)	(51,358,795)
Decrease in trade and other payables	(2,494,185)	(165,765,989)
Increase in deferred revenues	1,245,921,409	1,206,276,687
Increase (decrease) in post-employment benefit obligation	2,037,156	(484,793)
Decrease in provisions	-	(10,000)
Increase in other non-current liabilities	14,486,803	3,271,238
Cash generated from operations	1,880,891,895	1,799,764,794
Income taxes paid	(53,235,879)	(29,151,461)
Net Cash From Operating Activities	<u>1,827,656,016</u>	<u>1,770,613,333</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisition of financial assets at FVOCI	(628,668,375)	(472,582,022)
Acquisition of property and equipment	(324,997,894)	(219,011,390)
Investment in an associate	(280,000,000)	(160,669,794)
Net disposal of financial assets at FVTPL	253,817,121	195,039,512
Interest and other finance income received	173,084,275	116,385,114
Increase in advances to suppliers and developers	(39,852,013)	(123,553,418)
Proceeds from disposal of investment property	35,325,954	-
Acquisition of investment securities at amortized cost	(28,502,528)	(52,108,776)
Additions to investment properties	(23,096,511)	(8,702,530)
Proceeds from maturities of investment securities at amortized cost	14,286,969	66,651,840
Dividends received from associate	897,435	-
Net Cash Used in Investing Activities	(847,705,567)	(658,551,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(435,824,240)	(282,999,885)
Repayments of interest-bearing loans	(321,637,428)	(366,598,640)
Interest paid	(92,042,908)	(46,047,758)
Acquisition of treasury shares	(31,323,902)	(954,439)
Additional investment of NCI in a subsidiary	-	73,500,000
Net Cash Used in Financing Activities	(880,828,478)	(623,100,722)
NET INCREASE IN CASH AND CASH EQUIVALENTS	99,121,971	488,961,147
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,698,352,823</u>	<u>1,600,121,325</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>P 1,797,474,794</u>	<u>P 2,089,082,472</u>

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED SCHEDULE OF AGING OF NON-TRADE RECEIVABLES
FEBRUARY 29, 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>Current</u>				<u>Past Due</u>	<u>Total</u>
	<u>One to Six Months</u>	<u>Seven Months to One Year</u>	<u>More than One Year</u>			
Advances to employees - official and personal	P 59,456,573	P -	P -	P -	P -	P 59,456,573
Accrued interest income	14,926,922	-	-	-	-	14,926,922
Receivables from:						
FEU Public Policy Center Foundation, Inc.	4,877,350	4,305,800	26,865,167	-	-	36,048,317
Nicanor Reyes Educational Foundation, Inc.	46,827	-	29,516,970	-	-	29,563,797
Nicanor Reyes Memorial Foundation, Inc.	4,847,220	195,400	4,031,125	-	-	9,073,745
FEU Health, Welfare and Retirement Fund Plan	967,556	1,257,158	2,189,712	-	-	4,414,426
Others	<u>187,502,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,502,368</u>
TOTALS	<u>P 272,624,816</u>	<u>P 5,758,358</u>	<u>P 62,602,974</u>	<u>P -</u>	<u>P -</u>	<u>P 340,986,148</u>

**FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 29, 2024
(With Comparative Figures as of May 31, 2023)
(Amounts in Philippine Pesos)
(UNAUDITED)**

1. CORPORATE INFORMATION

The Far Eastern University, Incorporated (the University or FEU or Parent Company) is a 94-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 was granted the Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012, with extended validity until May 31, 2023. The University is awaiting the result of its renewal application for its Autonomous Status. 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 granted for 16 programs of FEU.

As of February 29, 2024 and May 31, 2023, the University holds interest in subsidiaries and associates presented below.

Company Name	Percentage of Effective Ownership	
	February 29, 2024	May 31, 2023
Subsidiaries:		
East Asia Computer Center, Inc. (EACCI)	100%	100%
Far Eastern College – Silang, Inc. (FECSI)	100%	100%
FEU Alabang, Inc. (FEUAI)	100%	100%
FEU High School, Inc. (FEU High)	100%	100%
Roosevelt College, Inc. (RCI)	97.65%	97.43%
Roosevelt College Educational Enterprises (RCEE)*	97.65%	97.43%
Edustria, Incorporated (Edustria)	51%	51%
Fern Realty Corporation (FRC)	38.18%	38.18%
Associates:		
Higher Academia, Inc. (HAI)	50%	-
JPMC College of Health Sciences SDN BHD (JCHS)	40%	40%
Good Samaritan Colleges, Inc. (GSC)	34%	34%

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

All the subsidiaries, HAI 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, a real estate company leasing most of its investment properties to the University and other related parties, all other directly owned subsidiaries are operating as educational institutions offering basic education, junior and senior high school and/or tertiary and post graduate courses of study. RCEE, prior to the cessation of its operations, was engaged in selling educational school supplies and food items in several 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, 2023.

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

3.1 *Effective in Fiscal Year 2024 that are Relevant to the Group*

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to existing standards effective in fiscal year 2024 that are relevant to the Group. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

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

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Accounting Estimates – Definition of Accounting Estimates
PAS 12 (Amendments)	:	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

3.2 *Effective Subsequent to Fiscal Year 2024 but not Adopted Early*

The effective date of the amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture is deferred indefinitely. The amendments are not expected to have significant impact on the Group's CCFS.

4. 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 *Application of PFRS*

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 ended May 31, 2023.

There are new PFRS, annual improvements and interpretations to the existing standards that are effective for periods subsequent to 2023 but were not early adopted in the preparation of the CCFS. The CCFS, therefore, do not reflect the impact of any adoption of these new PFRS, annual improvements and interpretations to existing standards effective for periods subsequent to 2023.

5.2 *Presentation of the Condensed Consolidated Financial Statements*

The presentation of the CCFS is consistent with the most recent ACFS presentation. Regrouping of 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>Report Date</u>
FRC	March 31
RCEE	March 31
FECSI	May 31
FEU High	May 31
RCI	May 31
Edustria	May 31
EACCI	June 30
FEUAI	June 30

As allowed by PFRS, 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.

5.3 *Fair Value Hierarchy*

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

Presented in the succeeding page are how the fair values of the Group's classes of financial assets and financial liabilities are determined.

a) *Equity Securities*

The fair values of listed common and preferred shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, the fair values of investments in UITF are generally measured based on the net asset value of the Group's investment, computed, and determined at the end of each reporting period based on the closing market and trade prices of the securities comprising the fund's portfolio. This valuation approach takes into the account the period end performance of the funds including all trades made within the funds and the related income and expenses arising therefrom.

b) *Golf Club Shares*

The fair value of the Group's golf club shares is derived from market which is not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

c) *Debt Securities*

The fair value of the Group's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period.

5.4 Offsetting of Financial Assets and Financial Liabilities

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e., related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT (Board of Trustees) or BOD. As such, the Group's outstanding receivables from and payables to the same related parties, if any, can potentially be offset to the extent of their corresponding outstanding balances.

6. SEGMENT INFORMATION

6.1 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 segment 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.

6.2 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.

6.3 Intersegment Transactions

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

6.4 Analysis of Segment Information

The Group's business segments, analyzed based on operational significance and timing of academic operations, for the nine months ended February 29, 2024 and February 28, 2023, and as of February 29, 2024 and May 31, 2023 are presented below and in the following page (in thousands).

	<u>FEU Main</u>	<u>Trimestral Schools</u>	<u>Other Schools</u>	<u>Total</u>
<u>February 29, 2024 (Unaudited)</u>				
Segment revenues				
From external customers	P 2,105,578	P 971,902	P 614,845	P 3,692,325
Intersegment revenues	<u>32,224</u>	<u>-</u>	<u>-</u>	<u>32,224</u>
Total revenues	2,137,802	971,902	614,845	3,724,549
Operating expenses excluding depreciation and amortization, and impairment loss	(1,239,889) 897,913	(457,149) 514,753	(411,992) 202,853	(2,109,030) 1,615,519
Depreciation and amortization	(187,445)	(136,075)	(72,433)	(395,953)
Impairment loss	(12,441)	(15,739)	(10,858)	(39,038)
Finance income	166,080	116,444	3,795	286,319
Finance cost	(82,921)	(7)	(26,373)	(109,301)
Other income – net	<u>14,367</u>	<u>51,452</u>	<u>1,153</u>	<u>66,972</u>
Income before tax	795,553	530,828	98,137	1,424,518
Tax expense	(67,391)	(48,153)	(16,125)	(131,669)
Segment net income	<u>P 728,162</u>	<u>P 482,675</u>	<u>P 82,012</u>	<u>P 1,292,849</u>
Segment assets	<u>P 11,472,124</u>	<u>P 6,727,009</u>	<u>P 4,114,924</u>	<u>P 22,314,057</u>
Segment liabilities	<u>P 4,587,035</u>	<u>P 832,561</u>	<u>P 1,807,101</u>	<u>P 7,226,697</u>

	<u>FEU Main</u>	<u>Trimestral Schools</u>	<u>Other Schools</u>	<u>Total</u>
<u>February 28, 2023 (Unaudited)</u>				
Segment revenues				
From external customers	P 2,034,070	P 816,353	P 495,706	P 3,346,129
Intersegment revenues	<u>31,832</u>	<u>-</u>	<u>-</u>	<u>31,832</u>
Total revenues	2,065,902	816,353	495,796	3,377,961
Operating expenses excluding depreciation and amortization, and impairment loss	(1,158,389)	(395,887)	(351,504)	(1,905,780)
	907,513	420,466	144,202	1,472,181
Depreciation and amortization	(175,423)	(139,453)	(64,292)	(379,168)
Impairment loss	(1,403)	(21,703)	(13,637)	(36,743)
Finance income	72,106	65,520	2,164	139,790
Finance cost	(49,523)	(3,307)	(13,626)	(66,456)
Other income – net	<u>22,101</u>	<u>52,165</u>	<u>1,808</u>	<u>76,074</u>
Income before tax	775,371	373,688	56,619	1,205,678
Tax expense	(11,253)	(5,879)	(1,046)	(18,178)
Segment net income	<u>P 764,118</u>	<u>P 367,809</u>	<u>P 55,573</u>	<u>P 1,187,500</u>
<u>May 31, 2023 (Audited)</u>				
Segment assets	<u>P 10,598,100</u>	<u>P 6,011,224</u>	<u>P 3,826,685</u>	<u>P 20,436,009</u>
Segment liabilities	<u>P 3,665,249</u>	<u>P 628,968</u>	<u>P 1,585,465</u>	<u>P 5,879,682</u>

The Group's geographical segments, which are based on the location of all the Group's school campuses, for the nine months ended February 29, 2024 and February 28, 2023, and as of February 29, 2024 and May 31, 2023 follow (in thousands):

	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
<u>February 29, 2024 (Unaudited)</u>			
Segment revenues			
From external customers	P 3,246,258	P 446,067	P 3,692,325
Intersegment revenues	<u>32,224</u>	<u>-</u>	<u>32,224</u>
Total revenues	3,278,482	446,067	3,724,549
Operating expenses excluding depreciation and amortization, and impairment loss	(1,821,552)	(287,478)	(2,109,030)
	1,456,930	158,589	1,615,519
Depreciation and amortization	(329,964)	(65,989)	(395,953)
Impairment loss	(30,048)	(8,990)	(39,038)
Finance income	285,828	491	286,319
Finance cost	(82,937)	(26,364)	(109,301)
Other income – net	<u>65,819</u>	<u>1,153</u>	<u>66,972</u>
Income before tax	1,365,628	58,890	1,424,518
Tax expense	(119,469)	(12,200)	(131,669)
Segment net income	<u>P 1,246,159</u>	<u>P 46,690</u>	<u>P 1,292,849</u>
Segment assets	<u>P 18,696,962</u>	<u>P 3,617,095</u>	<u>P 22,314,057</u>
Segment liabilities	<u>P 5,678,652</u>	<u>P 1,548,045</u>	<u>P 7,226,697</u>

	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
<u>February 28, 2023 (Unaudited)</u>			
Segment revenues			
From external customers	P 2,988,963	P 357,166	P 3,346,129
Intersegment revenues	<u>31,832</u>	<u>-</u>	<u>31,832</u>
Total revenues	3,020,795	357,166	3,377,961
Operating expenses excluding depreciation and amortization, and impairment loss	(<u>1,660,934</u>)	(<u>244,846</u>)	(<u>1,905,780</u>)
	1,359,861	112,320	1,472,181
Depreciation and amortization	(318,898)	(60,270)	(379,168)
Impairment loss	(27,278)	(9,465)	(36,743)
Finance income	137,626	2,164	139,790
Finance cost	(52,850)	(13,606)	(66,456)
Other income – net	<u>74,641</u>	<u>1,433</u>	<u>76,074</u>
Income before tax	1,173,102	32,576	1,205,678
Tax expense	(<u>17,487</u>)	(<u>691</u>)	(<u>18,178</u>)
Segment net income	<u>P 1,155,615</u>	<u>P 31,885</u>	<u>P 1,187,500</u>
<u>May 31, 2023 (Audited)</u>			
Segment assets	<u>P 1,700,935</u>	<u>P 3,435,074</u>	<u>P 20,436,009</u>
Segment liabilities	<u>P 4,461,600</u>	<u>P 1,418,082</u>	<u>P 5,879,682</u>

6.5 Reconciliation

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

	February 29, 2024 <u>(Unaudited)</u>	February 28, 2023 <u>(Unaudited)</u>
Revenues		
Segment revenues	P 3,724,549	P 3,377,961
Elimination of intersegment revenues	(32,224)	(31,832)
Unallocated corporate revenues	<u>34,382</u>	<u>11,534</u>
Revenues as reported in condensed consolidated statements of profit or loss	<u>P 3,726,707</u>	<u>P 3,357,663</u>
Profit or loss		
Segment net income	P 1,292,849	P 1,187,500
Unallocated corporate net income	62,850	55,398
Elimination of intersegment transactions	(<u>16,006</u>)	(<u>7,342</u>)
Net income as reported in condensed consolidated statements of profit or loss	<u>P 1,339,693</u>	<u>P 1,235,556</u>

	February 29, 2024	May 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Assets		
Segment assets	P 23,314,057	P 20,436,009
Elimination of intercompany accounts	(5,023,975)	(4,973,264)
Other unallocated corporate assets	1,687,648	1,615,343
Goodwill	<u>186,487</u>	<u>186,487</u>
 Total assets reported in condensed consolidated statements of financial position	 <u>P 19,164,217</u>	 <u>P 17,264,575</u>
Liabilities		
Segment liabilities	P 7,226,697	P 5,879,682
Elimination of intercompany accounts	(2,250,571)	(2,220,205)
Unallocated corporate accounts	<u>113,546</u>	<u>80,835</u>
 Total liabilities reported in condensed consolidated statements of financial position	 <u>P 5,089,672</u>	 <u>P 3,740,312</u>

7. FINANCIAL ASSETS AND LIABILITIES

7.1 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>February 29, 2024 (Unaudited)</u>		<u>May 31, 2023 (Audited)</u>	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
At FVOCI –				
Debt and equity securities	P 2,829,500,045	P 2,829,500,045	P 2,190,551,315	P 2,190,551,315
At FVTPL –				
Equity securities and UITF	1,660,733,249	1,660,733,249	1,834,217,950	1,834,217,950
At amortized cost –				
Debt securities	<u>569,915,843</u>	<u>567,284,338</u>	<u>555,633,585</u>	<u>552,843,346</u>
	<u>P 5,060,149,137</u>	<u>P 5,057,517,632</u>	<u>P 4,580,402,850</u>	<u>P 4,577,612,611</u>
Financial liabilities				
At amortized cost –				
Interest-bearing loans	<u>P 1,489,961,212</u>	<u>P 1,169,900,064</u>	<u>P 1,811,598,640</u>	<u>P 1,455,329,950</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 12.

7.2 *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>February 29, 2024 (Unaudited)</u>				
Financial assets at FVOCI –				
Debt and equity securities	P2,827,050,045	P 2,450,000	P -	P 2,829,500,045
Financial assets at FVTPL –				
Equity securities and UITF	891,386,702	769,346,547	-	1,660,733,249
Investment securities at amortized cost –				
Debt securities	<u>567,284,338</u>	<u>-</u>	<u>-</u>	<u>567,284,338</u>
	<u>P4,285,721,085</u>	<u>P 771,796,547</u>	<u>P -</u>	<u>P 5,057,517,632</u>
 <u>May 31, 2023 (Audited)</u>				
Financial assets at FVOCI –				
Debt and equity securities	P2,187,101,315	P 3,450,000	P -	P 2,190,551,315
Financial assets at FVTPL –				
Equity securities and UITF	881,728,143	952,489,807	-	1,834,217,950
Investment securities at amortized cost –				
Debt securities	<u>552,843,346</u>	<u>-</u>	<u>-</u>	<u>552,843,346</u>
	<u>P3,621,672,804</u>	<u>P 955,939,807</u>	<u>P -</u>	<u>P 4,577,612,611</u>

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

7.3 *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

As of February 29, 2024 and May 31, 2023, the fair value of debt securities categorized as investments at amortized cost amounted to P567.3 million and P552.8 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 7.2).

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 February 29, 2024 and May 31, 2023, 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.

8. 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 February 29, 2024 and May 31, 2023, are shown below.

	February 29, 2024 (Unaudited)	May 31, 2023 (Audited)
Cost	P 570,882,490	P 564,995,185
Accumulated depreciation and amortization	(392,902,947)	(361,903,686)
Net carrying amount	<u>P 177,979,543</u>	<u>P 203,091,499</u>

A reconciliation of the carrying amounts of investment property at the beginning and end of nine months ended February 29, 2024 and the year ended May 31, 2023 is shown below.

	February 29, 2024 (Unaudited)	May 31, 2023 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	P 203,091,499	P 220,098,346
Additions	23,096,511	37,544,781
Disposals	(17,209,206)	(11,666,493)
Reclassifications	-	(3,188,941)
Depreciation and amortization charges for the period	(30,999,261)	(39,696,194)
Balance at end of period net of accumulated depreciation and amortization	<u>P 177,979,543</u>	<u>P 203,091,499</u>

8.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P28.7 million and P18.7 million for the nine months ended February 29, 2024 and February 28, 2023, 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.

8.2 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 2022 and cover the period ended February 29, 2024 and the year ended May 31, 2023.

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>February 29, 2024</u>	<u>May 31, 2023</u>
Land	P 553,262,103	P 553,262,103
Building and improvements	<u>216,576,955</u>	<u>210,689,650</u>
	<u>P 769,839,058</u>	<u>P 763,951,753</u>

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

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of February 29, 2024 and May 31, 2023, are shown below.

	<u>February 29, 2024 (Unaudited)</u>	<u>May 31, 2023 (Audited)</u>
Cost	P 13,303,212,037	P 12,978,214,143
Impairment loss	(2,804,402)	(2,804,402)
Accumulated depreciation and amortization	<u>(4,447,413,403)</u>	<u>(4,068,454,268)</u>
Net carrying amount	<u>P 8,852,994,232</u>	<u>P 8,906,955,473</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of the nine months ended February 29, 2024 and the year ended May 31, 2023 is shown below.

	February 29, 2024	May 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of period net of accumulated depreciation and amortization	P 8,906,955,473	P 8,605,591,276
Additions	324,997,894	817,113,812
Reclassifications	-	3,230,219
Depreciation and amortization charges for the period	(378,959,135)	(518,979,834)
Balance at end of period net of accumulated depreciation and amortization	<u>P 8,852,994,232</u>	<u>P 8,906,955,473</u>

Right-of-use asset, amounting to P10.2 million, was recognized as part of Property and Equipment in the consolidated statements of financial position.

10. 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 current portion of lease liabilities is presented in the consolidated statement of financial position as part of Trade and other payables amounting to P13.0 million as of February 29, 2024 and May 31, 2023. The non-current portion amounting to P0.8 million is presented separately in the consolidated statement of financial position as of February 29, 2024 and May 31, 2023.

11. INTEREST-BEARING LOANS

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

	February 29, 2024 (Unaudited)	May 31, 2023 (Audited)
Current	P 426,258,503	P 426,258,503
Non-current	<u>1,063,702,709</u>	<u>1,385,340,137</u>
	<u>P 1,489,961,212</u>	<u>P 1,811,598,640</u>

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

	February 29, 2024 (Unaudited)	May 31, 2023 (Audited)
Balance at beginning of period	P 1,811,598,640	P 2,284,761,905
Payments	(<u>321,637,428</u>)	(<u>473,163,265</u>)
Balance at end of period	<u>P 1,489,961,212</u>	<u>P 1,811,598,640</u>

The total interest incurred by the Group on all of these loans, amounting to P96.9 million and P55.5 million for the nine months ended February 29, 2024 and February 28, 2023, 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 February 29, 2024 and May 31, 2023, 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 February 29, 2024 and May 31, 2023, 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 February 29, 2024 and May 31, 2023, the Group has complied with its loan covenants.

12. 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.

12.1 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.

12.2 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.

12.3 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.

13. EQUITY

13.1 Capital Stock

The University's authorized capital stock was 50,000,000 shares as of February 29, 2024 and May 31, 2023, of which 24,093,094 were issued and with par value of P100 per share.

Below is the ownership structure of the University's outstanding shares as of February 29, 2024 and May 31, 2023.

	February 29, 2024 (Unaudited)	May 31, 2023 (Audited)
Number of shares held by related parties	15,080,760	15,103,494
Number of shares held by the public	<u>8,828,432</u>	<u>8,852,870</u>
Total shares issued and outstanding	<u><u>23,909,192</u></u>	<u><u>23,956,364</u></u>

As of February 29, 2024 and May 31, 2023, the public owns 36.92% and 36.95%, respectively, of the University's listed shares.

As of February 29, 2024 and May 31, 2023, there are 1,460 and 1,252 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 P598 and P533 per share as of February 29, 2024 and May 31, 2023, respectively.

13.2 Treasury Stock

This account includes the University's common shares acquired by FRC on various dates and held as of February 29, 2024 and May 31, 2023. 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 P110.0 million and P78.6 million as of February 29, 2024 and May 31, 2023, respectively.

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.

13.3 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 and in the following page.

(a) Appropriation of Retained Earnings

As of February 29, 2024 and May 31, 2023, the University's Appropriated Retained Earnings consists of appropriations for:

Purchase of equipment and improvements	P 803,000,000
Property and investment acquisition	567,000,000
Contingencies	90,000,000
Treasury shares	<u>3,733,100</u>
	<u>P 1,463,733,100</u>

Appropriations are annually assessed and updated. During the year ended May 31, 2023, the University made an appropriation amounting to P360.4 million for the purchase of equipment and improvements, while it reversed appropriations amounting to P81.5 million previously appropriated for property and investment acquisition. No appropriation or reversal of appropriation has been made for the period ended February 29, 2024.

(b) Dividend Declaration

The University's BOT approved the following dividend declarations during the periods ended:

	<u>Declaration</u>	<u>Date of Record</u>	<u>Payment/Issuance</u>	<u>Amount</u>
<u>February 29, 2024</u>				
Cash dividend of P16 per share	September 19, 2023	October 3, 2023	October 18, 2023	P 383,719,928
Cash dividend of P16 per share	February 20, 2024	March 5, 2024	March 20, 2024	<u>383,719,928</u>
				<u>P 767,439,856</u>
<u>May 31, 2023</u>				
Cash dividend of P14 per share	September 20, 2022	October 4, 2022	October 14, 2022	P 335,398,084
Cash dividend of P14 per share	February 21, 2023	March 7, 2023	March 21, 2023	<u>335,398,084</u>
				<u>P 670,796,168</u>

13.4 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 (see Note 1).

(b) EACCI and FEUAI

Both non-controlling interests in EACCI and FEUAI relate to non-voting preferred shares. As of February 29, 2024 and May 31, 2023, 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 P153.1 million is presented as part of Non-controlling Interest account in the condensed consolidated statements of financial position.

14. EARNINGS PER SHARE

Earnings per share amounts for the nine months ended February 29, 2024 and February 28, 2023 were computed as follows:

	February 29, 2024 (Unaudited)	February 28, 2023 (Unaudited)
Net income attributable to owners of the parent company	P 1,312,896,700	P 1,212,668,291
Divided by weighted average number of shares outstanding, net of treasury stock	<u>23,919,340</u>	<u>23,957,092</u>
Basic and diluted earnings per share	<u>P 54.89</u>	<u>P 50.62</u>

The University has no dilutive potential common shares as of February 29, 2024 and February 28, 2023; the diluted earnings per share and the basic earnings per share is the same.

15. 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.

	February 29, 2024 (Unaudited)	May 31, 2023 (Audited)
Total adjusted liabilities	P 3,771,206,359	P 3,667,767,018
Total adjusted equity attributable to owners of the parent company	<u>11,250,395,966</u>	<u>10,704,939,122</u>
Debt-to-equity ratio	<u>0.34 : 1.00</u>	<u>0.34 : 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.

16. COMMITMENTS AND CONTINGENCIES

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

16.1 Capital Commitments

As of February 29, 2024 and May 31, 2023, FRC has commitments of about P36.3 million for the condominium units acquired at pre-selling stage that are currently under construction.

16.2 Operating Lease Commitments as Lessor

FRC leases out certain buildings to EAEF and NREF for varying periods. FRC also leases out certain land and building to several non-related parties for a period of one to ten years. FRC receives customer and security deposits relevant to its leasing activities as lessor which are recognized under Other Non-current Liabilities in the consolidated statements of financial position.

Future minimum rental receivables, excluding contingent rental, arising from these operating leases which are receivable within one year, amounts to P1.7 million and P6.8 million as of February 29, 2024 and May 31, 2023, respectively.

16.3 Other Contingencies

There are other contingencies that arise in the normal course of business that are not recognized in the Group's financial statements. 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.

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 nine months ended February 29, 2024 (including the comparatives for the nine months ended February 28, 2023) were authorized for issue by the Audit Committee of the BOT on April 11, 2024.