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Company Information

SEC Registration No.: PW00000538
Company Name: FAR EASTERN UNIVERSITY, INCORPORATED DOING BUSINESS UNDER THE NAME AND STYLE OF FAR EASTERN UNIVERSITY
Industry Classification: M81490
Company Type: Stock Corporation

Document Information

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

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 28, 2026
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
   0288494000
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

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 28, 2026
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Feb 28, 2026	May 31, 2025
Current Assets	7,810,937,106	6,273,602,554
Total Assets	21,474,090,245	19,284,137,714
Current Liabilities	4,199,624,470	2,574,900,925
Total Liabilities	4,585,200,437	3,291,408,247
Retained Earnings/(Deficit)	11,292,281,738	10,762,782,561
Stockholders' Equity	16,888,889,808	15,992,729,467
Stockholders' Equity - Parent	13,577,052,372	13,009,567,470
Book Value per Share	563.52	540.81

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,716,352,141	1,604,316,875	4,235,537,738	3,942,176,085
Gross Expense	1,085,818,544	862,997,994	3,067,040,445	2,642,389,671
Non-Operating Income	135,433,895	53,929,054	341,363,356	304,887,179
Non-Operating Expense	18,213,451	39,468,061	54,583,261	109,461,778
Income/(Loss) Before Tax	747,754,041	755,779,874	1,455,277,388	1,495,211,815
Income Tax Expense	73,730,043	98,165,363	146,218,284	186,210,576
Net Income/(Loss) After Tax	674,023,998	657,614,511	1,309,059,104	1,309,001,239
Net Income Attributable to Parent Equity Holder	634,052,811	647,490,433	1,248,696,115	1,277,313,772
Earnings/(Loss) Per Share (Basic)	26.53	27.09	52.24	53.43
Earnings/(Loss) Per Share (Diluted)	26.53	27.09	52.24	53.43

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	84.75	79.68
Earnings/(Loss) Per Share (Diluted)	84.75	79.68

Other Relevant Information
Please see attached FEU Quarterly Report for 3nd quarter ending 28 February 2026.

Filed on behalf by:

Name	Anthony Raymond Goquingco
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

P W 0 0 0 0 0 5 3 8

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

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

Atty. Anthony Raymond A. Goquingco	**8 849-4000**
Contact Person	Company Telephone Number

0 5	**3 1**	**SEC Form 17- Q Quarterly Report Ending February 28, 2026**	1 0	1 8
Month	Day	FORM TYPE	Month	Day
Calandar year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended articles Number/Section

Total Number of Barrowings

1,532		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personel concerned

File Number

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FAR EASTERN UNIVERSITY

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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

1.	For the Quarter period ended	**February 28, 2026**
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**
	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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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 [**x**] No [ ]

    b) Sections 26 and 141 of the Corporation Code of the Philippines

    Yes [**x**] No [ ]

Financial Information

Item 1. Quarterly Financial Statements attached.

FAR EASTERN UNIVERSITY, INCORPORATED

Rosanna Salcedo

ROSANNA E. SALCEDO
Chief Finance Officer
and Treasurer

Manila
13 April 2026

Management's Discussion and Analysis

The Far Eastern University, Incorporated (FEU) and its subsidiaries (the Group, or the FEU Group of Schools) recognize education as a fundamental pillar of nation-building and underscore its importance in providing students with access to quality instruction, meaningful research opportunities, and community engagement.

For the nine-month period of School Year (SY) 2025–2026, the Group's results continued to reflect the benefits of increased student enrollment and the effective implementation of cost management initiatives. These factors contributed to the Group's sustained operational performance during the period.

Consolidated Financial Position

As of February 28, 2026, the Group maintained a stable consolidated financial position, supported by steady revenue growth and contributions from its affiliated schools and subsidiaries.

(Amounts in millions)	February 28, 2026	May 31, 2025	Increase/ (Decrease)	Variance (%)
Total Assets	₱ 21,474.1	₱ 19,284.1	₱ 2,190.0	11%
Total Liabilities	4,585.2	3,291.4	1,293.8	39%
Equity	16,888.9	15,992.7	896.2	6%

As of February 28, 2026, the Group's consolidated total assets increased by P2,190.0 million, or 11%, to P21,474.1 million as of May 31, 2025. The growth was primarily driven by a significant increase in current assets, particularly student receivables, consistent with the enrollment cycle for School Year 2025–2026, and short-term placements.

Consolidated total liabilities rose by P1,293.8 million, or 39%, to P4,585.2 million. The increase was largely attributable to a 63% rise in total current liabilities, which reached P4,199.6 million from P2,574.9 million, mainly due to higher deferred tuition revenues, recognized upon enrollment for School year 2025-2026. Meanwhile, total non-current liabilities declined by P330.9 million, or 46%, to P385.6 million, as a result of the repayment of loan obligations.

Higher student receivables arose from the normal cycle of student enrollments. Correspondingly, deferred tuition revenue increased as it is associated with the same enrollment cycle. Both student receivables and deferred tuition revenue are expected to decrease by the end of the school year as tuition payments are collected, and instructional services are delivered.

Consolidated total equity grew by P896.2 million or 5%, reaching P16,888.9 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.

The Board of Directors declared a cash dividend per share of P16 in September 2025 and P14 in February 2026 totaling P721.7 million. The dividend was funded by operating cash flows and reflects the Company's strong liquidity position and stable financial performance. Management believes the dividend is appropriate and consistent with the Company's capital management strategy.

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 February 28, 2026 compared to May 31, 2025 are described below.

Cash and Cash Equivalents decreased, mainly because of dividend payments to shareholders and placements of additional investments, partially offset by cash generated from operating activities.

Trade and Other Receivables rose in line with tuition assessments from student enrollments for the 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.

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.

In summary, the Group's consolidated financial position remains sound, characterized by sustained asset growth, manageable liabilities, and a solid equity base. The movements in working capital accounts reflect the normal seasonality of the academic cycle, while the reduction in interest-bearing obligations and continued dividend distributions demonstrate prudent financial management. Overall, the Group is well-positioned to support its ongoing operations and strategic expansion initiatives.

<u>Consolidated Results of Operation</u>

The Group posted steady revenue growth driven by higher student enrollment; however, operating expenses increased at a faster rate, putting pressure on margins. Despite this, overall profitability remained stable, supported by higher other income and ongoing cost-efficiency initiatives.

(Amounts in millions)	**February 28, 2026**	**February 28, 2025**	**Increase/ (Decrease)**	**Change (%)**
Revenues	₱ 4,235.5	₱ 3,942.2	₱ 293.3	7%
Operating expenses	3,067.0	2,642.4	424.6	16%
Operating income	1,168.5	1,299.8	(131.3)	(10%)
Other income	286.8	195.4	91.4	47%
Income before tax	1,455.3	1,495.2	(39.9)	(3%)
Net income	1,309.1	1,309.0	0.1	0%

For the nine months period ending February 28, 2026, the Group recorded revenues of P4,235.5 million, representing an increase of P293.3 million or 7% compared with P3,942.2 million in the prior year. The increase in revenues was primarily attributable to the higher number of enrolled students and a modest tuition rate adjustments across key academic units. The improvement was broadly supported by the Group's major subsidiaries, with continued enrollment growth driving the overall topline expansion.

Despite the growth in revenues, operating expenses increased by P424.6 million or 16%, to P3,067.0 million in 2026. The faster growth in operating expenses relative to revenues was mainly due to strategic investments for the future in the form of recruitment and higher personnel costs, innovative academic delivery expenses including AI, campus development particularly at subsidiary and growing sites, and general inflationary pressures. As a result, operating income declined by P131.3 million or 10%, to P1,168.5 million.

Other income increased significantly by P91.4 million or 47%, to P286.8 million, partially offsetting the decline in operating income. The increase was a result of the strong financial position of the company, primarily higher investment income and lower interest expense, following the Company's quarterly installment payments on its term loans.

As a result of decline in the operating income, income before tax decreased by P39.9 million or 3%, to P1,455.3 million in 2026.

After accounting for taxes, net income remained relatively flat at P1,309.1 million. While the Group achieved steady revenue growth and benefited from higher other income, the significant increase in operating expenses, mainly strategic in nature, continued to exert pressure on overall profitability. Management remains focused on strengthening cost management initiatives and improving operational efficiencies to sustain earnings growth in future periods.

Below are the main operating expenses with significant changes during the nine months ending February 28, 2026 and 2025.

Salaries and Employee Benefits increased due to a rise in the number of teaching and non-teaching personnel to support planned enrollment growth, key experience and skills needed for strategic direction taken, merit increases and performance appraisal adjustments, along with wage adjustments both mandated by statutory wage orders.

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 subscription and acquisition of existing and new learning and administrative platforms such as Canvas, Edusuite, Envoy, LinkedIn Learning, Mcgraw Hill 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 continued investments in digital learning infrastructure, faculty development, and initiatives to enhance the overall student experience, in line with the Group's mission of inclusive admission, of helping all rather than a few, find meaningful careers and lives. While these investments, together with rising operating costs, contributed to pressure on operating margins, the Group achieved sustained revenue growth and maintained stable net income, supported by higher other income. Despite an increasingly competitive higher education environment, the Group remained financially resilient and continues to strengthen its position 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 six months of operation and used to measure the operating performance of the Group:

Indicators	Formula	February 28, 2026 *(Nine Months)*	May 31, 2025 *(One Year)*	May 31, 2024 *(One Year)*
PROFITABILITY RATIOS				
Return on assets	Net Income / Average Total Assets	6.42%	11%	11%
Return on equity	Net Income / Average Total Equity	7.96%	13%	14%
Earnings per share	Net Income / Average Outstanding Shares	₱ 52.24	₱ 85.94	₱ 81.13
LIQUIDITY RATIOS				
Current ratio or Working capital ratio	Total Current Assets / Total Current Liabilities	1.86 : 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	1.41 : 1	2.28 : 1	1.79 : 1
SOLVENCY/FINANCIAL LEVERAGE RATIOS				
Debt-to-asset ratio	Total Liabilities / Total Assets	21%	17%	21%
Equity-to-asset ratio	Total Stockholders' Equity / Total Assets	79%	83%	79%
Debt-to-equity ratio	Total Liabilities / Total Stockholders' Equity	27%	21%	26%
Asset-to-equity ratio	Total Assets / Total Stockholders' Equity	127%	121%	126%
Interest coverage ratio	Earnings Before Interest and Taxes (EBIT) / Interest Charges	31.90	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. These efforts ensure that the University's academic offerings remain aligned with evolving industry standards and global benchmarks.

From the academic front, Far Eastern University continued to demonstrate strong performance and institutional excellence across its campuses. FEU Manila and FEU Tech sustained their strong standing in the QS Asia University Rankings, while both campuses maintained AUN Institutional Accreditation, reflecting the University's sustained commitment to academic quality, regional recognition, and global competitiveness.

The University's academic programs also opened in 2026 with notable achievements in professional licensure examinations. In the February Nursing Licensure Examination, FEU recorded an impressive 86.49% passing rate, significantly surpassing national benchmarks and producing two topnotchers. Meanwhile, in the January Licensure Examination for Architects, FEU ranked 7th among the Top Performing Schools in the category with 50 or more examinees, posting a strong passing rate of 87.65%. These results underscore the University's consistent ability to produce highly competent graduates who perform well in national professional examinations.

Further strengthening its academic portfolio, eighteen students from the FEU Institute of Tourism and Hotel Management obtained certification from the Worldchefs Academy for Sustainability Education for Culinary Professionals. This international certification equips Bachelor of Science in Hotel and Restaurant Management students with competencies in ethical sourcing, waste reduction, and farm-to-table practices, reinforcing FEU's commitment to sustainability and preparing graduates to become responsible leaders in the global hospitality industry.

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 reflect the depth of expertise and breadth of interests of the teaching staff and enrich the academic environment, ensuring that knowledge generated through research is effectively shared with and benefits the student community.

FEU Tech likewise continued to advance its global standing in engineering education, having been recognized as a Tier 1 Engineering Institution by the Philippine Technological Council–ACBET, a signatory to the Washington Accord. This recognition grants worldwide degree recognition to five of its engineering programs, further enhancing the global mobility and professional opportunities available to its graduates.

Beyond academics, the University also achieved notable success in arts and culture. The FEU Drumline earned several podium finishes at the Marching Arts Asia Championships 2026, competing against marching ensembles from across the region. The group secured top placements across multiple individual and group categories, including a first-place finish in the Snare Solo category and strong performances in the Solo Tenor and Snare–Tenor Duo competitions. The team likewise excelled in ensemble divisions, winning first place in both the Bassline Ensemble and Cymbal Line Ensemble categories, underscoring the University's continued excellence in cultural and performing arts.

The University's reputation as an employer of choice also continued to gain recognition. FEU was named a finalist in the Learning Champion category of the LinkedIn Talent Awards, which recognizes organizations that make a strong impact on talent development, learning culture, and the future of work. Winners are scheduled to be announced during the awards ceremony in Manila in April 2026.

Collectively, these achievements reflect the FEU Group of Schools' sustained progress in strengthening academic quality, professional outcomes, research contributions, and global recognition, further reinforcing its position as one of the country's leading higher education institutions.

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 over 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

All previous national economic forecasts declared are out the window so to speak as a result of the ongoing Iran war which at this time, seems to be worsening as opposed to abating. The destruction of oil and gas production facilities indicate a prolonged economic difficulty period beyond a simple opening of the Strait of Hormuz.

Many FEU students are reliant on constant family income streams and the interruptions from work over the wider Middle East area as a result of the war and here at home as a result of inflationary pressures are anticipated to affect the next enrolment intakes. Those who are able to enroll are anticipated to need more time to pay.

FEU remains steadfast in its mission and role to support all students. The FEU group of schools with its distinct educational system are located in various areas, with many offerings and at different price points to afford students choice. A third of its current population are in Basic Education, a strategic area to help provide better education foundation for the young.

We expect government support for education to remain robust, as reflected in the over ₱1 trillion allocation for the sector in the 2026 national budget, underscoring education's continued priority in national development. Despite this significant funding commitment, early indicators point to sector-wide challenges, particularly in basic education.

Looking ahead, the education landscape continues to evolve. The Strengthened Senior High School (SHS) Curriculum, currently in the pilot implementation year School Year 2025–2026, and for which more than half of FEU Basic Education schools participated in, will be fully implemented for School Year 2026 – 2027. This represents a major reform initiative aimed at streamlining and modernizing the SHS program to better prepare graduates for higher education, employment, and entrepreneurship.

With respect to tertiary programs, FEU will be launching new Health Care Sciences offerings as well as full online programs which apart from the original intent to serve the geographically distant or working student, now appears even more relevant given the very high fuel cost burden at this time.

On March 9, 2026, Far Eastern University (FEU) entered into a Memorandum of Agreement with Bataan Peninsula Educational Institution Inc. (BPEII), doing business under the name University of Nueva Caceres – Bataan, and the shareholders of BPEII. Under the agreement, and subject to the completion of certain conditions precedent to closing, FEU will acquire 76.92% of the land on which BPEII operates and will subscribe to BPEII shares.

Following the completion of these transactions, FEU and the other landowners will subsequently transfer the land to BPEII in exchange for additional shares in the institution. This strategic investment is expected to strengthen FEU's presence and participation in the development of higher education in the Bataan area, while supporting the continued growth and expansion of the academic operations of University of Nueva Caceres – Bataan.

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.

As FEU approaches its centennial, it expects to operate in an environment of modest but steady economic growth, with continued government support for education and accelerated digital transformation in the sector. While challenges remain, FEU's strong reputation, financial stability, and forward-looking strategy position it well for sustained growth.

The University continues to invest in campus modernization, student services, and faculty development to deliver a holistic student experience and develop graduates with competence, integrity, and leadership. By building on its core strengths and pursuing innovation in curriculum, delivery, and partnerships, FEU is well-positioned to reinforce its role as a leading higher education institution in the Philippines.

Other Items

1. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons which are created during the reporting period.

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. 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
FEBRUARY 28, 2026 AND MAY 31, 2025
(Amounts in Philippine Pesos)

		February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	P	**1,536,156,872**	2,457,067,903
Trade and other receivables		**2,109,131,599**	1,048,376,426
Financial assets at fair value through profit or loss		**1,595,499,110**	1,656,817,152
Financial assets at fair value through other comprehensive income		**619,447,344**	654,696,399
Investment securities at amortized cost		**65,177,339**	17,145,386
Other current assets		**1,885,524,842**	439,499,288
Total Current Assets		**7,810,937,106**	6,273,602,554
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income		**2,458,579,669**	2,177,793,892
Investment securities at amortized cost		**260,438,164**	401,026,124
Investment in associates and joint venture		**135,045,210**	440,794,645
Property and equipment		**9,902,884,398**	9,065,930,751
Investment properties		**219,010,928**	225,197,892
Goodwill		**186,487,019**	186,487,019
Deferred tax assets - net		**24,440,157**	18,172,441
Other non-current assets		**476,267,594**	495,132,396
Total Non-current Assets		**13,663,153,139**	13,010,535,160
TOTAL ASSETS	**P**	**21,474,090,245**	19,284,137,714

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FEBRUARY 28, 2026 AND MAY 31, 2025
(Amounts in Philippine Pesos)

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 2,136,615,893	1,825,819,197
Interest-bearing loans	526,258,503	526,258,503
Deferred revenues	1,435,906,487	131,258,176
Provisions	23,533,738	23,533,738
Income tax payable	77,309,849	68,031,311
Total Current Liabilities	4,199,624,470	2,574,900,925
NON-CURRENT LIABILITIES		
Lease liabilities	12,297,718	12,297,718
Interest-bearing loans	303,129,252	632,823,129
Post-employment benefit obligation	62,544,676	62,544,676
Deferred tax liabilities - net	-	71,883
Other non-current liabilities	7,604,321	8,769,916
Total Non-current Liabilities	385,575,967	716,507,322
Total Liabilities	4,585,200,437	3,291,408,247
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	(118,638,071)	(117,623,662)
Revaluation reserves	54,394,857	15,394,723
Other reserves	(57,785,452)	(57,785,452)
Retained earnings		
Appropriated	1,187,733,100	1,187,733,100
Unappropriated	10,104,548,638	9,575,049,461
Total equity attributable to owners of parent company	13,577,052,372	13,009,567,470
Non-controlling interests	3,311,837,436	2,983,161,997
Total Equity	16,888,889,808	15,992,729,467
TOTAL LIABILITIES AND EQUITY	P 21,474,090,245	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 NINE MONTHS ENDED FEBRUARY 28, 2026 AND 2025
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		Year-to-Date	
	December 1, 2025 - February 28, 2026	December 1, 2024 - February 28, 2025	**June 1, 2025 - February 28, 2026**	June 1, 2024 - February 28, 2025
REVENUES				
Educational				
Tuition fees - net	**P 1,541,393,741**	P 1,521,710,629	**P 3,908,514,879**	P 3,741,446,660
Other school fees	**75,696,810**	70,628,160	**187,996,354**	149,908,372
	1,617,090,551	1,592,338,789	**4,096,511,233**	3,891,355,032
Rental	**30,788,047**	4,070,753	**52,733,903**	32,071,825
	1,647,878,598	1,596,409,542	**4,149,245,136**	3,923,426,857
IMPAIRMENT LOSS ON FINANCIAL ASSETS	**887,987**	(10,884,824)	**(15,881,806)**	(29,368,928)
OPERATING EXPENSES	**(1,086,706,531)**	(852,113,170)	**(3,051,158,639)**	(2,613,020,743)
OTHER OPERATING INCOME	**68,473,543**	7,907,333	**86,292,602**	18,749,228
OPERATING INCOME	**630,533,597**	741,318,881	**1,168,497,293**	1,299,786,414
FINANCE INCOME	**109,317,756**	9,746,121	**299,352,188**	232,789,985
FINANCE COSTS	**(18,213,451)**	(39,468,061)	**(54,583,261)**	(109,461,778)
OTHER INCOME	**26,116,139**	44,182,933	**42,011,168**	72,097,194
INCOME BEFORE TAX	**747,754,041**	755,779,874	**1,455,277,388**	1,495,211,815
TAX EXPENSE	**(73,730,043)**	(98,165,363)	**(146,218,284)**	(186,210,576)
NET INCOME	**P 674,023,998**	P 657,614,511	**P 1,309,059,104**	P 1,309,001,239
Net Income Attributable to:				
Owners of the parent company	**P 634,052,811**	P 647,490,433	**P 1,248,696,115**	P 1,277,313,772
Non-controlling interests	**39,971,187**	10,124,078	**60,362,989**	31,687,467
	674,023,998	P 657,614,511	**1,309,059,104**	P 1,309,001,239
Earnings Per Share				
Basic and Diluted	**P 26.53**	P 27.09	**P 52.24**	P 53.43

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2026 AND 2025
(Amounts in Philippine Pesos)
(Unaudited)

	For the Quarter		Year-to-Date	
	December 1, 2025 - February 28, 2026	December 1, 2024 - February 28, 2025	**June 1, 2025 - February 28, 2026**	June 1, 2024 - February 28, 2025
NET INCOME	**P 674,023,998**	P 657,614,511	**P 1,309,059,104**	P 1,309,001,239
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value losses (gains) reclassified to profit or loss on debt securities classified as financial assets at fair value through other comprehensive income	**(8,934,787)**	(13,127,722)	**33,009,774**	36,622,338
	(8,934,787)	(13,127,722)	**33,009,774**	36,622,338
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	**3,665,067**	9,800,995	**5,990,360**	13,892,477
Gain (loss) on remeasurement of post-employment benefit plan	**-**	-	**-**	(417,264)
	3,665,067	9,800,995	**5,990,360**	13,475,213
Other Comprehensive Income (Loss) - net of tax	**(5,269,720)**	(3,326,727)	**39,000,134**	50,097,551
TOTAL COMPREHENSIVE INCOME	**P 668,754,278**	P 654,287,784	**P 1,348,059,238**	P 1,359,098,790
Total Comprehensive Income Attributable to:				
Owners of the parent company	**P 628,783,091**	P 644,163,664	**P 1,287,696,249**	P 1,321,904,214
Non-controlling interests	**39,971,187**	10,124,120	**60,362,989**	37,194,576
	P 668,754,278	P 654,287,784	**P 1,348,059,238**	P 1,359,098,790

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2026 AND 2025
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company									
					Retained Earnings					
	Capital Stock	**Treasury Shares, including shares held by a subsidiary**	**Revaluation Reserves**	**Other Reserves**	**Appropriated**	**Unappropriated**	**Total**	**Total**	**Non-controlling Interests**	**Total Equity**
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	-	-	-	-	-	-	-	-	291,861,200	291,861,200
Acquisition of treasury stock	-	(1,014,409)	-	-	-	-	-	(1,014,409)	(38,650)	(1,053,059)
Cash dividends	-	-	-	-	-	(719,196,938)	(719,196,938)	(719,196,938)	(23,510,100)	(742,707,038)
	-	(1,014,409)	-	-	-	(719,196,938)	(719,196,938)	(720,211,347)	268,312,450	(451,898,897)
Appropriations of retained earnings										
Appropriation during the year	-	-	-	-	-	-	-	-	-	-
Reversal of appropriations during the year	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total comprehensive income										
Net income for the year	-	-	-	-	-	1,248,696,115	1,248,696,115	1,248,696,115	60,362,989	1,309,059,104
Other comprehensive income	-	-	39,000,134	-	-	-	-	39,000,134	-	39,000,134
	-	-	39,000,134	-	-	1,248,696,115	1,248,696,115	1,287,696,249	60,362,989	1,348,059,238
Balance at February 28, 2026	**P 2,406,799,300**	**(P 118,638,071)**	**P 54,394,857**	**(P 57,785,452)**	**P 1,187,733,100**	**P 10,104,548,638**	**P 11,292,281,738**	**P 13,577,052,372**	**P 3,311,837,436**	**P 16,888,889,808**
	-	-	-	-	-	-			-	-
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										
Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	24,500,000	24,500,000
Acquisition of treasury stock	-	(4,932,879)	-	-	-	-	-	(4,932,879)	-	(4,932,879)
Cash Dividends	-	-	-	-	-	(767,372,496)	(767,372,496)	(767,372,496)	-	(767,372,496)
	-	(4,932,879)	-	-	-	(767,372,496)	(767,372,496)	(772,305,375)	24,500,000	(747,805,375)
Total comprehensive income										
Net income for the year	-	-	-	-	-	1,277,313,772	1,277,313,772	1,277,313,772	31,687,467	1,309,001,239
Other comprehensive income	-	-	44,590,442	-	-	-	-	44,590,442	5,507,109	50,097,551
	-	-	44,590,442	-	-	1,277,313,772	1,277,313,772	1,321,904,214	37,194,576	1,359,098,790
Balance at February 28, 2025	**P 2,406,799,300**	**(P 116,644,600)**	**P 49,819,107**	**(P 57,785,452)**	**P 2,172,733,100**	**P 7,810,592,172**	**P 9,983,325,272**	**P 12,265,513,627**	**P 3,027,136,751**	**P 15,292,650,378**

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRURY 28, 2026 AND 2025
(Amounts in Philippine Pesos)
(UNAUDITED)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 1,455,277,388	P 1,495,211,815
Adjustments for:		
Depreciation and amortization	475,309,435	425,782,063
Interest income	(53,070,942)	(171,794,338)
Interest expense	7,532,924	90,544,163
Other investment income from financial assets at fair value through profit or loss (FVTPL) and other comprehensive income (FVOCI) - net	(151,820,233)	(60,392,116)
Impairment loss on receivables	15,881,806	29,368,928
Fair value loss from financial assets at FVTPL	(42,393,928)	(603,531)
Unrealized foreign exchange (gains) losses - net	(52,067,085)	18,917,615
Share in net loss of associates and joint venture	15,521,162	35,609,947
Operating income before working capital changes	1,670,170,527	1,862,644,546
Increase in trade and other receivables	(1,253,648,714)	(978,836,080)
Decrease (increase) in other assets	(1,445,177,050)	27,992,729
Decrease (increase) in trade and other payables	307,030,234	(282,400,440)
Increase in deferred revenues	1,304,648,311	1,393,006,456
Increase in post-employment benefit obligation	-	(12,677,605)
Increase (decrease) in other non-current liabilities	(1,165,595)	4,513,644
Cash generated from operations	581,857,713	2,014,243,250
Income taxes paid	(148,461,212)	(154,487,801)
Net Cash From Operating Activities	433,396,501	1,859,755,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of financial assets at FVTPL	142,143,749	(416,589,611)
Net disposal (acquisition) of financial assets at FVOCI	(101,145,970)	234,514,020
Proceeds from maturity of investment securities at amortized cost	103,160,218	16,809,000
Acquisition of investment securities at amortized cost	(3,100,000)	(2,974,366)
Acquisition of property and equipment	(1,278,047,055)	(459,601,824)
Interest received	204,891,176	232,186,454
Increase (decrease) in advances to suppliers and developers	24,808,824	(271,151,599)
Acquisition of investment properties	(28,029,063)	(11,599,312)
Decrease (increase) in advances to related parties	611,284	-
Dividends received from an associate	-	2,769,218
Investment in associates and joint venture	283,455,887	-
Net Cash Used in Investing Activities	(644,478,564)	(675,638,020)
Balance carried forward	(P 211,082,063)	P 1,184,117,429

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRURY 28, 2026 AND 2025
(Amounts in Philippine Pesos)
(UNAUDITED)

	2026	2025
Balance brought forward	(P 211,082,063)	P 1,184,117,429
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(742,707,038)	(372,826,426)
Repayments of interest-bearing loans	(429,693,877)	(380,900,249)
Proceeds from interest-bearing loans	100,000,000	100,000,000
Additional investment of NCI in subsidiary	-	24,500,000
Interest paid	(3,766,462)	(64,673,187)
Acquisition of treasury shares	(1,053,059)	(4,932,879)
Net Cash Used in Financing Activities	(1,077,220,436)	(698,832,741)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	75,530,268	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,212,772,231)	485,284,688
NET INCREASE IN CASH DUE TO CONSOLIDATION OF A NEW SUBSIARY	291,861,200	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,457,067,903	1,713,413,164
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 1,536,156,872	P 2,198,697,852

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED SCHEDULE OF AGING OF NON-TRADE RECEIVABLES
FEBRUARY 28,2026
(Amounts in Philippine Pesos)
(UNAUDITED)

	Current				
	One to Six Months	**Seven Months to One Year**	**More than One Year**	**Past Due**	**Total**
Advances to Employees - Official and Personal	P 69,391,708	P -	P -	P -	P 69,391,708
Accrued interest income	7,674,226	-	-	-	7,674,226
Receivables from:					
FEU Public Policy Center Foundation	-	2,341,879	34,473,101	-	36,814,980
Nicanor Reyes Memorial Foundation	55,577	50,390	3,708,800	-	3,814,767
FEU Health, Welfare and Retirement Fund Plan	285,593	-	-	-	285,593
Nicanor Reyes Educational Foundation, Inc.	8,922,876	-	-	-	8,922,876
Others	171,724,674	-	-	-	171,724,674
TOTALS	**P 258,054,654**	**P 2,392,269**	**P 38,181,901**	**P -**	**P 298,628,824**

FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2026
(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 98-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 Heath 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, FEU has also earned institutional certification from the ASEAN University Network – Quality Assurance, alongside parallel international certifications granted for 18 programs of FEU.

As at February 28, 2026 and May 31, 2025, the University holds interest in subsidiaries, associates and a joint venture presented below.

Company Name	Percentage of Effective Ownership February 28, 2025	May 31, 2025
Subsidiaries:		
East Asia Computer Center, Inc. (EACCI)	**100.00%**	100.00%
Far Eastern College – Silang, Inc. (FECSI)	**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 on 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 2026 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 2026 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 2026 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, Edustria and HAI.

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 nine months ended February 28, 2026 and 2025, and as of February 28, 2026 and May 31, 2025 are presented in the following page (in thousands).

	FEU Main	Trimestral Schools	Other Schools	Total
February 28, 2026 (Unaudited)				
Segment revenues				
From external customers	P 2,069,710	P 1,222,574	P 850,882	P 4,143,166
Intersegment revenues	33,714	-	-	33,714
Total revenues	2,103,424	1,222,574	850,882	4,176,880
Operating expenses excluding depreciation and amortization, and impairment loss	(1,514,410)	(590,562)	(577,373)	(2,682,345)
	589,014	632,012	273,509	1,494,535
Depreciation and amortization	(209,881)	(143,756)	(104,417)	(458,054)
Impairment loss	13,300	(11,209)	(17,973)	(15,882)
Finance income	170,065	128,790	7,042	305,897
Finance cost	(40,895)	(2,345)	(11,336)	(54,576)
Other income (charges)– net	(7,109)	47,907	1,213	42,011
Income before tax	514,494	651,399	148,038	1,313,931
Tax expense	(44,830)	(58,029)	(20,579)	(123,438)
Segment net income	**P 469,664**	**P 593,370**	**P 127,459**	**P 1,190,493**
Segment assets	**P 10,732,778**	**P 9,708,167**	**P 4,919,712**	**P 25,360,657**
Segment liabilities	**P 3,579,917**	**P 1,409,857**	**P 1,303,150**	**P 6,292,924**

	FEU Main	Trimestral Schools	Other Schools	Total
February 28, 2025 (Unaudited)				
Segment revenues				
From external customers	P 2,124,690	P 1,109,524	P 688,097	P 3,922,311
Intersegment revenues	31,455	-	-	31,455
Total revenues	2,156,145	1,109,524	688,097	3,953,766

Operating expenses excluding depreciation and amortization, and impairment loss	(1,318,207)	(514,916)	(471,026)	(2,304,149)
	837,938	594,608	217,071	1,649,617
Depreciation and amortization	(201,902)	(138,456)	(69,941)	(410,299)
Impairment loss	(3,564)	(11,189)	(14,617)	(29,370)
Finance income	109,068	109,966	4,510	223,544
Finance cost	(71,998)	(19,672)	(17,790)	(109,460)
Other income – net	66,535	43,503	12,001	122,039
Income before tax	736,077	578,760	131,234	1,446,071
Tax expense	(89,109)	(58,490)	(18,540)	(166,139)
Segment net income	P 646,968	P 520,270	P 112,694	P 1,279,932
Segment assets	P 11,761,685	P 7,672,236	P 4,607,074	P 24,040,995
Segment liabilities	P 4,658,443	P 861,930	P 1,639,090	P 7,159,463
May 31, 2025 (Audited)				
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 nine months ended February 28, 2026 and 2025, and as of February 28, 2026 and May 31, 2025 follows (in thousands):

	NCR	Outside NCR	Total
February 28, 2026 (Unaudited)			
Segment revenues			
From external customers	P 3,452,760	P 690,406	P 4,143,166
Intersegment revenues	33,714	-	33,714
Total revenues	3,486,474	690,406	4,176,880
Operating expenses excluding depreciation and amortization, and impairment loss	(2,245,474)	(436,871)	(2,682,345)
	1,241,000	253,535	1,494,535
Depreciation and amortization	(361,869)	(96,185)	(458,054)
Impairment loss	(686)	(15,196)	(15,882)
Finance income	303,768	2,129	305,897
Finance cost	(43,250)	(11,326)	(54,576)
Other income – net	40,798	1,213	42,011
Income before tax	1,179,761	134,170	1,313,931
Tax expense	(105,218)	(18,220)	(123,438)
Segment net income	**P 1,074,543**	**P 115,950**	**P 1,190,493**
Segment assets	**P 20,823,521**	**P 4,537,136**	**P 25,360,657**
Segment liabilities	**P 5,145,233**	**P 1,349,321**	**P 6,292,924**

	NCR	Outside NCR	Total
February 28, 2025 (Unaudited)			
Segment revenues			
From external customers	P 3,400,096	P 522,215	P 3,922,311
Intersegment revenues	31,455	-	31,455
Total revenues	3,431,551	522,215	3,953,766
Operating expenses excluding depreciation and amortization, and impairment loss	(1,975,711)	(328,438)	(2,304,149)
	1,455,840	193,777	1,649,617
Depreciation and amortization	(348,168)	(62,131)	(410,299)
Impairment loss	(17,360)	(12,010)	(29,370)
Finance income	222,349	1,195	223,544
Finance cost	(91,677)	(17,783)	(109,460)
Other income – net	121,226	813	122,039
Income before tax	1,342,210	103,861	1,446,071
Tax expense	(150,337)	(15,802)	(166,139)
Segment net income	P 1,191,873	P 88,059	P 1,279,932
Segment assets	P 19,865,375	P 4,175,620	P 24,040,995
Segment liabilities	P 5,720,519	P 1,438,944	P 7,159,463
May 31, 2025 (Audited)			
Segment assets	P 18,749,032	P 3,714,492	P 22,463,524
Segment liabilities	P 4,182,281	P 993,073	P 5,175,354

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).

	February 28, 2026 (Unaudited)	February 28, 2025 (Unaudited)
Revenues		
Segment revenues	**P 4,176,880**	P 3,953,766
Elimination of intersegment revenues	**(33,714)**	(31,455)
Unallocated corporate revenues	**92,372**	19,865
Revenues as reported in condensed consolidated statements of profit or loss	**P 4,235,538**	P 3,942,176
Profit or loss		
Segment net income	**P 1,190,493**	P 1,279,932
Unallocated corporate net income	**114,880**	67,639
Elimination of intersegment transactions	**3,686**	(38,570)
Net income as reported in condensed consolidated statements of profit or loss	**P 1,309,059**	P 1,309,001

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Assets		
Segment assets	**P 25,360,657**	P 22,463,524
Elimination of intercompany accounts	**(6,011,089)**	(5,191,532)
Unallocated corporate assets	**1,938,035**	1,825,659
Goodwill	**186,487**	186,487
Total assets reported in condensed consolidated statements of financial position	**P 21,474,090**	P 19,284,138
Liabilities		
Segment liabilities	**P 6,292,924**	P 5,175,354
Elimination of intercompany accounts	**(1,847,092)**	(2,001,255)
Unallocated corporate accounts	**139,368**	117,309
Total liabilities reported in condensed consolidated statements of financial position	**P 4,585,200**	P 3,291,408

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.

	February 28, 2026 (Unaudited)		May 31, 2025 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
At FVOCI –				
Debt and equity securities	**P 3,078,027,013**	**P 3,078,027,013**	P 2,832,490,291	P 2,832,490,291
At FVTPL –				
Equity securities and UITF	**1,595,499,110**	**1,595,499,110**	1,656,817,152	1,656,817,152
At amortized cost –				
Debt securities	**325,615,503**	**323,421,084**	418,171,510	464,898,784
	P 4,999,141,626	**P 4,996,947,207**	P 4,907,478,953	P 4,954,206,227
Financial liabilities				
At amortized cost –				
Interest-bearing loans	**P 829,387,755**	**P 752,084,249**	P 1,159,081,632	P 1,166,537,860

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:

	Level 1	**Level 2**	**Level 3**	**Total**
February 28, 2026 (Unaudited)				
Financial assets at FVOCI –				
Debt and equity securities	P3,074,327,013	P 3,700,000	P -	P 3,078,027,013
Financial assets at FVTPL –				
Equity securities and UITF	853,252,010	742,247,100	-	1,595,499,110
Investment securities at amortized cost –				
Debt securities	323,421,084	-	-	323,421,084
	P4,251,000,107	**P 745,947,100**	**P -**	**P 4,996,947,207**

	Level 1	**Level 2**	**Level 3**	**Total**
May 31, 2025 (Audited)				
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	418,171,510	-	-	418,171,510
	P 4,069,519,465	P 837,959,488	P -	P 4,907,478,953

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 February 28, 2026 and May 31, 2025, the fair value of debt securities categorized as investments at amortized cost amounted to P323.4 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 of February 28, 2026 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 February 28, 2026 and May 31, 2025, are shown below.

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Cost	**P 692,253,171**	P 664,224,108
Accumulated depreciation and amortization	**(473,242,243)**	(439,026,216)
Net carrying amount	**P 219,010,928**	P 225,197,892

A reconciliation of the carrying amounts of investment property at the beginning and end of nine months ended February 28, 2026 and the year ended May 31, 2025 is shown below.

	February 28, 2026 (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	**28,098,063**	6,700,600
Disposals	**-**	(1,665,002)
Reclassifications	-	17,188,815
Depreciation and amortization charges for the period	**(34,216,027)**	(42,519,456)
Balance at end of period net of accumulated depreciation and amortization	**P 219,010,928**	P 225,197,892

6.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P52.7 million and P32.1 million for the nine months ended February 28, 2026 and 2025, 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 February 28, 2026 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.

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Land	**P 627,255,948**	P 604,611,170
Building and improvements	**149,143,645**	143,759,360
	P 776,399,593	P 748,370,530

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 February 28, 2026 and May 31, 2025, are shown below.

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Cost	**P 15,828,908,495**	P 14,550,861,440
Impairment loss	**(2,804,402)**	(2,804,402)
Accumulated depreciation and amortization	**(5,923,219,695)**	(5,482,126,287)
Net carrying amount	**P 9,902,884,398**	P 9,065,930,751

A reconciliation of the carrying amounts of property and equipment at the beginning and end of the nine months ended February 28, 2026 and the year ended May 31, 2025 is shown below.

	February 28, 2026 (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	**1,278,047,055**	1,054,030,678
Disposals	**-**	(4,267,340)
Reclassifications	**-**	(459,215,208)
Depreciation and amortization charges for the period	**(441,093,408)**	(553,699,231)
Balance at end of period net of accumulated depreciation and amortization	**P 9,902,884,398**	P 9,065,930,751

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 ensure 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 February 28, 2026 and May 31, 2025.

9. INTEREST-BEARING LOANS

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

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Current	**P 526,258,503**	P 526,258,503
Non-current	**303,129,252**	632,823,129
	P 829,387,755	P 1,159,081,632

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

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Balance at beginning of period	**P 1,159,081,632**	P 1,385,340,136
Payments	**(329,693,877)**	(P 226,258,504)
Balance at end of period	**P 829,387,755**	P 1,159,081,632

The total interest incurred by the Group on all of these loans, amounting to P44.3 million and P75.0 million for the nine months ended February 28, 2026 and February 28, 2025, 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 28, 2026 and May 31, 2025, there are no assets used and/or required as collateral 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 28, 2026 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 February 28, 2026 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 financial assets for speculative purposes, nor does it write out options. The most significant financial risks to which the Group is exposed 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 out at fair value.

The Group manages exposure 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 is 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 February 28, 2026 and May 31, 2025, of which 23,899,464 were issued and with par value of P100 per share.

Below is the ownership structure of the University's outstanding shares as of February 28, 2026 and May 31, 2025.

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Number of shares held by related parties	**15,359,947**	15,243,974
Number of shares held by the public	**8,695,816**	8,811,789
Total shares issued and outstanding	**24,055,763**	24,055,763

As of February 28, 2026 and May 31, 2025, the public owns 36.15% and 36.63% respectively, of the University's listed shares.

As of February 28, 2026 and May 31, 2025, there are 1,455 holders 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 P832.5 and P840.0 per share as of February 28, 2026 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 February 28, 2026 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 P118.6 million and P117.6 million as of February 28, 2026 and May 31, 2025, 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.

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 February 28, 2026 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		3,733,100
	P	1,187,733,100

As projects and capital expenditures are annually revisited and would involve several projects, timeline with level of exactness is not defined, instead they are recalibrated year on year. No appropriation or reversal of appropriation has been made for the period ended February 28, 2026.

(b) Dividend Declaration

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

	Date of			
	Declaration	**Record**	**Payment/Issuance**	**Amount**
February 28, 2026				
Cash dividend of P16 per share	September 16, 2025	September 30, 2025	October 16, 2025	P 384,892,208
Cash dividend of P14 per share	February 24, 2026	March 10, 2026	March 24, 2026	336,780,682
				P 721,672,890

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 February 28, 2026 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. EARNINGS PER SHARE

Earnings per share amounts for the nine months ended February 28, 2026 and 2025 were computed as follows:

	February 28, 2026 (Unaudited)	February 28, 2025 (Unaudited)
Net income attributable to owners of the parent company	**P 1,248,696,115**	P 1,277,313,772
Divided by weighted average number of shares outstanding, net of treasury stock	**23,901,262**	23,904,530
Basic and diluted loss per share	**P 52.24**	P 53.43

The University has no dilutive potential common shares as of February 28, 2026 and 2025; the diluted earnings per share and the basic earnings per share are 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.

	February 28, 2026 (Unaudited)	May 31, 2025 (Audited)
Total adjusted liabilities	**P 3,149,293,950**	P 3,160,150,071
Total adjusted equity attributable to owners of the parent company	**13,699,081,038**	13,169,581,862
Debt-to-equity ratio	**0.23 : 1.00**	0.24 : 1.00

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:

Subsidiaries:	Reporting Period*
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 February 28, 2026, 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 February 28, 2026 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 February 28, 2026, and May 31, 2025, the unfulfilled portion of these commitments amounted to P570.1 million.

16.4. *Others*

As of February 28, 2026, 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 nine months ended February 28, 2026 (including the comparatives for the nine months ended February 28, 2025) were authorized for issue by the Audit Committee of the BOT on April 10, 2026.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

On March 9, 2026 the Far Eastern University entered into a Memorandum of Agreement with the Bataan Peninsula Educational Institution Inc. ("BPEII"), doing business under the name University of Nueva Caceres – Bataan, and BPEII's shareholders whereby, upon completion of certain conditions to closing, FEU will purchase 76.92% of the land on which BPEII operates, at a purchase price of Fifty Million Pesos (P50,000,000.00) and FEU will subscribe to 39,500 shares in BPEII at a subscription price of One Hundred Six Million Pesos (P106,000,000.00). FEU and the other landowners will subsequently transfer the land in exchange for additional shares in BPEII.