



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: PW00000538

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
May 31, 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
0287777338
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. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☒ Yes ☐ No

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

None

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☒ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

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



Far Eastern University, Incorporated FEU

PSE Disclosure Form 17-1 - Annual Report *References: SRC Rule 17 and Section 17.2 and 17.8 of the Revised Disclosure Rules*

For the fiscal year ended	May 31, 2026
Currency	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	May 31, 2026	May 31, 2025
Current Assets	7,016,301,332	6,273,602,554
Total Assets	20,838,558,685	19,284,137,714
Current Liabilities	2,856,779,711	2,574,900,925
Total Liabilities	3,340,681,535	3,291,408,247
Retained Earnings/(Deficit)	11,968,133,263	10,762,782,561
Stockholders' Equity	17,497,877,150	15,992,729,467
Stockholders' Equity - Parent	14,211,346,515	13,009,567,470
Book Value Per Share	590.77	540.81

Income Statement

	Year Ending	Previous Year Ending
	May 31, 2026	May 31, 2025
Gross Revenue	6,034,005,663	5,794,653,648
Gross Expense	4,491,834,150	3,985,118,645
Non-Operating Income	800,329,807	631,980,424
Non-Operating Expense	69,964,930	110,415,180
Income/(Loss) Before Tax	2,272,536,390	2,331,100,247

Income Tax Expense	274,964,784	240,544,260
Net Income/(Loss) After Tax	1,997,571,606	2,090,555,987
Net Income/(Loss) Attributable to Parent Equity Holder	1,922,363,654	2,054,318,021
Earnings/(Loss) Per Share (Basic)	80.43	85.94
Earnings/(Loss) Per Share (Diluted)	80.43	85.94

Financial Ratios

	Formula	Fiscal Year Ended May 31, 2026	Previous Fiscal Year May 31, 2025
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	2.46	2.44
; ; Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	2.33	2.31
; ; Solvency Ratio	Total Assets / Total Liabilities	6.24	5.86
Financial Leverage Ratios			
; ; Debt Ratio	Total Debt/Total Assets	0.16	0.17
; ; Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.19	0.21
; ; Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	42.48	28.44
; ; Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.19	1.21
Profitability Ratios			
; ; Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.26	0.32
; ; Net Profit Margin	Net Profit / Sales	0.34	0.36
; ; Return on Assets	Net Income / Total Assets	0.1	0.11
; ; Return on Equity	Net Income / Total Stockholders' Equity	0.12	0.14
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	9.95	9.31

Other Relevant Information

In compliance with SEC Memorandum Circular No. 04, Series of 2019, included in this Annual Report is the FEU, Inc. Sustainability Report FY 2025-2026.

Pursuant to SEC Memorandum Circular No. 18, Series of 2024, the Company needs to include a Supplemental Schedule of Audit Fees

Filed on behalf by:

Name	Anthony Raymond Goquingco
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

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S.E.C. Registration Number

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																	I	N	C	O	R	P	O	R	A	T	E	D				

(Company's Full Name)

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

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

Atty. Anthony Raymond A. Goquingco

Contact Person

8 7777-338

Company Telephone Number

0	5	3	1
Month		Day	
Calendar year			

SEC Form 17- A
Annual Report 2025-2026
FORM TYPE

1	0	1	7
Month		Day	
Annual Meeting			

Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended articles Number/Section

1,529
Total No. of Stockholders

Total Number of Barrowings

Domestic

Foreign

To be accomplished by SEC Personel concerned

File Number								

LCU

Dicument I. D.								

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 - A**

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

1. For the fiscal year ended **May 31, 2026**
2. SEC Identification Number **538**
3. BIR Tax Identification No. **000-225-442**
4. Exact name of registrant as specified in its charter **Far Eastern University,
Incorporated**
5. PHILIPPINES
Province, Country or other jurisdiction of
incorporation or organization
6.

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 (SEC use only)
Industry Classification Code:
7. **Nicanor Reyes Street, Sampaloc, Manila** **1015**
Address of principal office Postal Code
8. **(632) 87777-338**
Issuer's telephone number including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the
RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, ₱100.00 par value	24,055,763
Bond with Non-Detachable Warrant, ₱1.00 per unit	Not Applicable
11. All securities (common shares) are listed with the Philippine Stock Exchange, Inc.
12. Check whether the registrant:
 - (a) has filed reports required to be filed by Section 17 of the SRC and SRC Rule 17
thereunder and Sections 26 and 141 of the Corporation Code of the Philippines
during the preceding 12 months (or for such shorter period that the registrant was
required to file such reports);

Yes ☒ No ☐
13. The aggregate market value of the voting stock held by non-affiliates: **None**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Far Eastern University (FEU), as it is known today, was originally founded in 1928. Far Eastern University, Inc. — the corporate vehicle — was incorporated in 1933. It operates Far Eastern University, the higher education institution. FEU is also the majority shareholder of East Asia Computer Center, Inc. (EACCI); FEU Alabang, Inc.; Far Eastern College Silang, Inc.; FEU High School, Inc.; and Roosevelt College, Inc. (collectively, the “FEU Group of Schools”). It is also a major shareholder in Fern Realty Corporation, a real estate corporation with land holdings in commercial, residential, as well as educational properties. The subsidiaries of FEU in turn make use of “FEU” in their respective business names. EACCI does business under the names and styles of FEU Institute of Technology, FEU Tech, or FIT and FEU Diliman, while Far Eastern College Silang, Inc., does so as FEU Cavite. Roosevelt College, Inc., on the other hand does business under the name FEU Roosevelt.

FEU, Inc., in the schools it operates, adopts a holistic approach to education, taking into consideration both academics and whole-person development, which includes, among others, the students’ social, ethical, and emotional growth. The FEU Group of Schools purposefully endeavors to foster an inclusive, nurturing, safe, and secure space set in beautifully designed campuses conducive for learning.

FEU, Inc., also established partnerships. FEU owns 51% of Edustria, Inc., in a joint venture with the Technological Institute of the Philippines (T.I.P.), Inc. Edustria, Inc., operates a high school under the same name in the Lipa-Malvar area of Batangas province. FEU has also partnered with the Jerudong Park Medical Centre (JPMC) to establish the first private health science college in Brunei Darussalam, the JPMC College of Health Sciences of which it owns 40%. FEU has also invested in Good Samaritan Colleges, Inc. (GSC) an educational institution located in Cabanatuan City, Nueva Ecija with 34% holdings. This will allow both schools to partner together in expanding the educational offerings and operations of GSC in Cabanatuan. And finally, FEU is a 51% owner of Higher Academia, Inc. (HAI), which has been established with Unilab Education to operate a basic education and tertiary facility in San Fernando, Pampanga., In June 2025, HAI started doing business under the name FEU Pampanga.

Brief Discussion of the Business

Mother Company

1. FAR EASTERN UNIVERSITY

The Far Eastern University was founded in 1928 as a private, nonsectarian institution of learning. Guided by the core values of fortitude, excellence, and uprightness, it aims to be a university of choice in Asia. Committed to the highest intellectual, moral, and cultural standards, the university strives to produce principled and professionally competent graduates and nurtures a service-oriented and environment-conscious community that seeks to contribute to the advancement of the global society.

Tuition and other fees, which are the main sources of revenues, are moderate and subject to student consultation. Full and partial scholarship grants are awarded to deserving students.

FEU maintains excellent facilities to support the schooling experience of students. These include, among others, a library with an expanding electronic footprint; various types of laboratories; audio-visual and multi-media rooms including smart classrooms; conference, meeting, and multi-function rooms; an auditorium; gyms and other sports facilities; a clinic; and an information-

technology enabled gate security system. All classrooms are spacious and air-conditioned — the ambient temperature powered campus-wide by an environmentally friendly district-cooling system, the first and apparently still the only one in a Philippine educational campus setting. Enrollment and financial operations are managed on NetSuite, an integrated, cloud-based enterprise resource planning (ERP) platform, while academic activities are organized on the state-of-the-art Canvas learning management system.-

The International Finance Corporation (IFC) has found that FEU graduates enjoy an employability rate of 75%, which is higher than the global average of 70%, which attests to the university's commitment to provide meaningful career opportunities to its students.

The university's high standard of quality is substantiated by numerous recognitions from the Philippine Commission on Higher Education (CHED); accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU); and the World's Universities with Real Impact (WURI). FEU is also Quacquarelli Symonds (QS) recognized. QS is the most widely respected and read quality ranking in educational institutions. The ASEAN University Network — Quality Assurance (AUN-QA) system also granted to FEU an institutional Certification last February 2025, on top of its 18 Programme Assessment certifications.

The CHED first conferred on FEU the autonomous university status on 25 July 2012. Then, adopting the stricter quality-assurance framework of CHED Memorandum Order 46 series of 2012, the commission affirmed the status per CHED Memorandum Order 20 series of 2016, extending its effectivity to 31 May 2019. Subsequently, CHED Memorandum Order 12 series of 2019 reaffirmed the university's autonomy through to 31 March 2021 and CHED Memorandum Order 7 series of 2021 extended it further to 31 May 2023. CHED Memorandum Order 6 series of 2023 called for new autonomous status application, which FEU was again granted until September 2027.

FEU is organized as seven institutes and has an extension campus (in Makati). The baccalaureate, graduate, and certificate programs offered by FEU and its subsidiaries are shown in *Chart 1*. All of these academic program offerings were approved and/or granted permits by the CHED or, in the case of the Juris Doctor program, the Legal Education Board, as well as other relevant government agencies.

Distribution methods of services: Being a higher education institution, Far Eastern University renders education services to students, either in-school or by remote learning modes.

Customers: Students

The university's revenues primarily come from tuition and other fees paid by students.

The % contribution in the educational revenues by each school are as follows:

School	Percent Share of Revenues
FEU Main	48%
EACCI (FEU Tech)	25%
FEU Alabang	8%
FEU Cavite	2%
FEU Highschool	4%
RCI (FEU Roosevelt)	12%
Higher Academia (HAI)	1%

In FEU Main, student fees from the following institutes contributed to education income as follows:

Institute	Percent Share of Revenues
IHSN	37.73%
IABF	17.89%
IAS	26.00%
IARFA	7.92%
ITHM	7.80%
IL	0.75%
IE	1.89%

Competition: Prestigious universities and colleges in the University Belt are FEU's main competition. The university competes with them through its reasonable tuition and other fees, and by the quality of its services as may be gleaned from the state of its physical plant and facilities and the reputation and capabilities of its faculty, among others. In addition, the university provides various scholarship grants, both for merit and need, to students who qualify. A distinctive feature of the university calendar is the annual cultural program prepared by the FEU Center for the Arts, which consists of performances by FEU cultural groups and guest artists, exhibits, lectures, and campus tours, all of which are provided for free.

Whistle-Blowing Policy: Far Eastern University encourages responsible whistle-blowing and provides whistle blowers adequate protection. Irresponsible and indiscriminate accusations, however, are meted corresponding sanctions.

Subsidiaries and Other Related Parties

1. East Asia Computer Center, Inc.

Although incorporated in 1992, East Asia Computer Center, Inc. (EACCI) began operating under the name and style FEU Institute of Technology (FEU Tech) in 2014. Established to address the growing demand for technology and information technology education in the Philippines, EACCI has since evolved into a premier institution specializing in engineering, computing, and technology-related programs. In March 2018, EACCI also began using the name and style FEU Diliman, further expanding its contribution to the educational mission of the FEU Group.

a. FEU Institute of Technology

FEU Institute of Technology (FEU Tech) is a private, non-sectarian higher education institution committed to delivering industry-responsive education in engineering, computer studies, and emerging technologies. Building on its legacy of academic excellence and innovation, the institution continues to produce globally competitive graduates equipped with the skills and competencies needed in a rapidly evolving digital landscape.

The institution maintains high academic standards through various national and international accreditations and recognitions. As of SY 2025–2026, FEU Tech holds PAASCU accreditation for several programs, PTC-ACBET accreditation under the Washington Accord for its engineering programs, PICAB accreditation for its computing programs, and ISO 21001:2018 Educational Organizations Management System (EOMS) certification pending conferment. The University also achieved significant global recognition, ranking 117th worldwide in the World University Rankings for Innovation (WURI) 2026 and earning multiple top rankings across innovation categories.

Through its state-of-the-art facilities, strong industry partnerships, innovation ecosystem, and commitment to quality education, FEU Tech continues to strengthen its position as one of the country's leading technology-focused higher education institutions.

FEU Tech is organized as two colleges. Its course offerings can be found in *Chart 1*.

b. FEU Diliman

FEU Diliman is a private, nonsectarian educational institution with a 10-hectare campus that is located in Mapayapa Village, Quezon City. Its offerings cover the full spectrum of kindergarten, grade school, junior high school, senior high school and college.

For basic education, FEU Diliman delivers an advanced curriculum in English, Science, and Mathematics, which integrates 21st-century-skills development. Students are provided with holistic development through engagement in sports, culture, values formation, and socio-civic activities and programs. Value-added courses are embedded primarily to prepare the FEU Diliman basic education graduates to pursue higher education in the top universities of the country.

For higher education, FEU Diliman is working toward becoming a professional institution that is recognized for the business and information technology fusion of its academic programs. Professional core courses for technical proficiency and an internship for real-world practice form the core of the curriculum. Technology-driven, non-traditional delivery strategies allow higher levels of student engagement and motivation to achieve the intended learning goals. Graduates are envisioned to be technology-empowered, highly qualified, and principled professionals and leaders poised to provide innovative solutions to the challenges of their workplaces.

In 2026, FEU Diliman now ranked in the top 100 for four different categories in The World University Rankings for Innovation (WURI).

Product: FEU Diliman is composed of a basic education department and two colleges. The offered courses and programs are also provided in *Chart 1*.

2. FEU Alabang, Inc.

Founded on July 21, 2016, FEU Alabang, Inc., carries Far Eastern University's mission to provide quality education to the south of Metro Manila.

It is located at Filinvest City, Alabang, one of the most progressive areas in Southern Metro Manila. Opened in August 2018, the 1.8-hectare campus welcomed students to its 15-story academic building – the Philippines' First EDGE-certified Academic Building – which is equipped with modern classrooms and laboratories as well as a campus accented by lush green spaces and featuring a 200-seat chapel and gymnasium.

Product: FEU Alabang is organized as a senior high school department and three colleges. The programs it offers are indicated in *Chart 1*.

3. Far Eastern College Silang, Inc.

Established in 2009, Far Eastern College Silang, Inc., operates business under the name and style FEU Cavite (FEUC). Located within MetroGate Silang Estates, a gated community in Silang, Cavite, it is the first subsidiary of FEU Inc. to operate outside Metro Manila. FEU Cavite welcomed its first batch of pre-school, grade school, and college students in June 2010, followed by the first cohort of senior high school students in 2016.

In School Year (SY) 2020–2021, FEUC began accepting freshmen for three extension programs of FEU Manila: Bachelor of Arts in Communication, Bachelor of Arts in Political Science, and Bachelor of Science in Medical Technology.

In addition to these, FEU Cavite officially began offering its own native programs: the Bachelor of Science in Nursing in 2023, and the Bachelor of Science in Medical Technology in 2024, establishing these as independent programs under the Allied Health Sciences.

FEU Cavite aspires to be a school of choice in the Southern Tagalog region, guided by its twin goals of nurturing a love for learning among its students and serving as a catalyst for the region's socioeconomic development. It aims to develop values-driven, service-oriented, and future-ready global citizens through a technology-empowered and individualized learning system. Its social mission includes fueling community growth through heritage preservation and environmental stewardship.

Structure: FEU Cavite is organized as two departments, Basic Education and Higher Education. The complete list of academic programs offered is presented in *Chart 1*.

4. FEU High School, Inc.

FEU High School (FEU HS), Inc., was established as a subsidiary of Far Eastern University, Inc., in 2013 in response to Republic Act 10533, otherwise known as the “Enhanced Basic Education Act of 2013”, which extended the Philippine basic education program to 13 years, adding Grades 11 and 12 to the secondary education level. Nestled inside the FEU Manila campus, FEU HS welcomed its pioneer class of senior high school students in 2016. Starting in SY 2021-2022, FEU High School admitted its first batch of junior high school students.

Guided by the FEU core values, FEU High School provides quality education that prepares its graduates for college, the world of work, and life. Its curriculum is student-centered, values-oriented, and competency-laden; its delivery methods are technology-enabled; and its learning activities are project based.

FEU High School's mission is to provide accessible quality education to students from Filipino working-class families, priming them to thrive both in the world of work and in life in the 21st century. Its curriculum is student-centered, values-oriented, and competency-laden, facilitated by technology-enabled methods, and supported by data analytics to enhance student success. Its project-based learning activities develop students to be socially responsible, skill empowered, and future-ready Filipino and global citizens.

FEU High School's vision is to be a top high school that envisions a world in which its graduates, guided by the core values of fortitude, excellence, and uprightness, actively contribute to the pursuit of a more progressive, equitable, and harmonious society. Its mission is to provide quality education to students from Filipino working-class families, priming them to thrive both in the world of work and in life in the 21st century.

5. Roosevelt College, Inc.

FEU Roosevelt stands as a testament to the power of education to endure, evolve, and empower generations. With deep roots in Philippine education, the institution began as Marikina Academy in 1933, later becoming Roosevelt College, Inc. (RCI) in 1946. Through decades of political, economic, and social change, the school has remained steadfast in its mission—continuously adapting to meet the needs of learners and communities.

In May 2016, RCI joined the Far Eastern University (FEU) Group of Schools, marking a transformative chapter in its history. With FEU's acquisition of majority ownership and management control, the institution embraced a renewed vision anchored on academic excellence, access, and innovation. In 2019, it officially rebranded as FEU Roosevelt (FEUR)—a dynamic symbol of continuity, progress, and renewed purpose.

Resilience is in the DNA of FEU Roosevelt. From its humble beginnings to its evolution into a multi-campus institution, FEU Roosevelt has consistently provided best-value quality education to Filipino families, particularly those from the socio-economic C and D segments, without compromising on standards. Its enduring presence in Marikina City and the municipalities of Cainta and Rodriguez in Rizal Province reflects both its strategic relevance and community-rootedness.

In times of disruption—be it natural disasters, public health emergencies, or technological shifts—FEU Roosevelt has remained agile. It was among the first in its network to adopt online and blended learning solutions, ensuring uninterrupted education through the most difficult times. Its No Homework Policy in basic education, holistic student support services, and streamlined digital enrollment and payment systems are concrete examples of how the school adapts in meaningful, student-centered ways.

Through all levels, FEU Roosevelt equips students with the resilience, competence and integrity needed in today's complex world. Its curriculum is continuously enriched through industry partnerships, global linkages, and digital certifications, making graduates not just job-ready but life-ready. Consequently, FEU Roosevelt continues to advance its mission of providing quality, holistic, technology-enabled, globally oriented, and values-driven education, preparing learners to become competent, compassionate, innovative, and globally competitive individuals who positively contribute to society.

Product: FEU Roosevelt is organized as three campuses and offers the full spectrum of academic program offerings from basic education to graduate school. The details of which are provided in *Chart 1*.

6. Fern Realty Corporation

Fern Realty Corporation (FRC) was established in 1984 primarily to assist FEU and eventually its subsidiary schools in their real estate requirements. For this purpose, the corporation acquired properties in Manila, Makati, Quezon City and Silang, Cavite, which are currently leased to the FEU schools. In Silang, it has also constructed dormitory facilities and farm laboratories for the use of students and faculty members and a staff house for officers of FEU Cavite.

FRC is also engaged in developing and acquiring real properties for sale or lease. With Ayala Land, Inc., it co-developed Ferndale Homes in Quezon City and with Moldex Realty Corporation, Fern Parc, a premium subdivision within MetroGate Silang Estate in Silang, Cavite. Its prime condominium units and residential houses in Makati City, Quezon City, and Taguig City are leased to local and foreign corporations and individuals. Two of its townhouses in Diliman, Quezon City are leased to FEU for its coaches and athletes.

Recent addition to FRC's real estate properties in Silang, Cavite are three (3) condominium units in Metrogate Residences located across FEU Cavite which are also for lease to students and faculty members and their families.

Accreditation

Over the years, the FEU Group of Schools have been accredited by leading institutions both locally and internationally. Of note, the World Universities with Real Impact (WURI) has listed FEU Tech in its ranking of Overall Top Universities and other globally relevant categories.

Further, FEU obtained Quality Assurance Certification from ASEAN University Network (AUN-QA) for 18 programmes evaluated from 2021 to 2024. FEU was also given the AUN-QA Institutional Certification last February 2025.

A summary of the different institutional accreditations of the FEU Group of Schools can be found in *Chart 2*.

CHART 1
FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria <i>Joint Venture of FEU and TIP</i>
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
BASIC EDUCATION											
Developmental Kindergarten											
Kindergarten			✓			✓	✓	✓	✓		
Grade School			✓			✓	✓	✓	✓		
Junior High School			✓			✓	✓	✓	✓	✓	✓
SENIOR HIGH SCHOOL											
Accountancy, Business, and Management			✓			✓	✓	✓	✓	✓	✓
General Academic Strand						✓	✓	✓	✓	✓	✓
Humanities and Social Science			✓			✓	✓	✓	✓	✓	✓
Science, Technology, Engineering, Mathematics (STEM)			✓			✓	✓	✓	✓	✓	✓
Sports						✓					
BAE - BUSINESS, ACCOUNTANCY AND ENTREPRENEURSHIP				✓							
CSMA - COMPUTER TECHNOLOGY AND MULTIMEDIA ARTS				✓							
HA - HEALTH ALLIED				✓							
SSH - SOCIAL SCIENCES AND HUMANITIES				✓							
ENG - ENGINEERING				✓							

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Technical Vocational (Home Economics and Information and Communication)							✓	✓	✓		
Arts and Design Track (Performing Arts, Visual Arts)											
TERTIARY EDUCATION											
Bachelor of Science in Accountancy	✓	✓	✓	✓		✓					
Bachelor of Science in Business Administration (<i>Business Analytics</i>)	✓	✓									
Bachelor of Science in Business Administration (<i>Economics and Law</i>)	✓	✓									
Bachelor of Science in Business Administration (<i>Entrepreneurial Management</i>)	✓	✓									
Bachelor of Science in Business Administration (<i>Financial Management</i>)	✓	✓	✓	✓			✓				
Bachelor of Science in Business Administration (<i>Financial Management and Business Analytics</i>)						✓					
Bachelor of Science in Business Administration (<i>HR Management</i>)							✓	✓			
Bachelor of Science in Business Administration (<i>Leadership & Human Capital</i>)	✓	✓									
Bachelor of Science in Business Administration (<i>Marketing Management</i>)	✓	✓	✓	✓			✓	✓			

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Bachelor of Science in Business Administration <i>(Operations Management)</i>						✓	✓	✓			
Bachelor of Science in Business Administration <i>(Marketing Management and Multimedia Design)</i>						✓					
Bachelor of Science in Business Economics	✓	✓									
Bachelor of Science in Human Resources and Organizational Development	✓	✓									
Bachelor of Science in Internal Auditing	✓	✓									
Bachelor of Fine Arts major in Studio Arts	✓										
Bachelor of Fine Arts major in Visual Communication	✓										
Bachelor of Science in Architecture <i>(Building Construction)</i>	✓										
Bachelor of Science in Architecture <i>(Housing Design)</i>											
Bachelor of Science in Architecture <i>(Urban Design)</i>	✓										
Bachelor of Science in Architecture <i>(Human Settlement)</i>	✓										
Bachelor of Arts in Communication <i>(Convergent Media)</i>	✓		✓								

[illegible]

[illegible]

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Bachelor of Science in Biology (Medical Biology)	✓										
Bachelor of Science in Biology (Systematic Biology)	✓										
Bachelor of Science in Chemistry	✓										
Bachelor of Science in Psychology	✓		✓	✓		✓	✓	✓			
Bachelor of Elementary Education	✓						✓				
Bachelor of Physical Education	✓										
Bachelor of Science in Exercise and Sports Science major in Fitness and Sports Management	✓										
Bachelor of Secondary Education major in English	✓		✓				✓				
Bachelor of Secondary Education major in Mathematics	✓						✓				
Bachelor of Secondary Education major in Science	✓						✓				
Bachelor of Secondary Education major in Values Education							✓				
Bachelor of Secondary Education major in Filipino							✓				
Bachelor of Secondary Education major in Social Studies							✓				

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Bachelor of Early Childhood Education							✓				
Bachelor of Special Needs Education	✓										
Bachelor of Science in Nursing	✓		✓								
Bachelor of Science in Nutrition and Dietetics	✓										
Bachelor of Science in Pharmacy	✓										
Bachelor of Science in Medical Technology	✓		✓								
Bachelor of Science in Hotel and Restaurant Management (Culinary Management)	✓										
Bachelor of Science in Hotel and Restaurant Management (Hotel Operation)	✓										
Bachelor of Science in Hospitality Management (Culinary Management)			✓								
Bachelor of Science in Hospitality Management (Hotel Operations)			✓								
Bachelor of Science in Tourism Management				✓		✓					
Bachelor of Science in Tourism Management (Events Management)	✓		✓				✓				
Bachelor of Science in Tourism Management (Travel & Tours Management)	✓		✓				✓				

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Bachelor of Science in Tourism Management <i>(Airline Operations and Management)</i>	✓										
Bachelor of Science in Tourism Management <i>(Tourism and Hospitality Sustainability Leadership)</i>	✓										
Bachelor of Science in Tourism Management <i>(Tourism Foreign Relations and Diplomacy)</i>	✓										
Bachelor of Science in Tourism Management <i>(Tourism Digital Content Creation and Marketing)</i>	✓										
Bachelor of Science in Hospitality Management <i>(Cruise Line Management)</i>	✓										
Bachelor of Science in Hospitality Management <i>(Culinary Arts and Kitchen Operations)</i>	✓										
Bachelor of Science in Hospitality Management <i>(Hotel and Resort Operations)</i>											
Bachelor of Science in Hospitality Management <i>(Hotel Industry Analytics)</i>											
Bachelor of Science in Hospitality Management							✓				
COLLEGE OF COMPUTER STUDIES and MULTIMEDIA ARTS											
Bachelor of Multimedia Arts								✓			

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Bachelor of Multimedia Arts with specialization in Digital Film and Animation					✓						
Bachelor of Multimedia Arts with specialization in Animation and Digital Film				✓							
Bachelor of Science in Computer Science with specialization in Data Science				✓	✓						
Bachelor of Science in Computer Science with specialization in Software Engineering				✓	✓	✓					
Bachelor of Science in Computer Science with specialization in Artificial Intelligence				✓							
Bachelor of Science in Information Technology with specialization in Animation and Game Development				✓	✓	✓		✓			
Bachelor of Science in Information Technology			✓								
Bachelor of Science in Information Technology with specialization in Digital Arts											
Bachelor of Science in Information Technology with specialization in Business Analytics				✓	✓						

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Bachelor of Science in Information Technology with specialization in Web and Mobile Applications				✓	✓	✓		✓			
Bachelor of Science in Information Technology with specialization in Cybersecurity				✓	✓	✓					
Bachelor of Science in Information Technology with specialization in Innovation and Business											
Bachelor of Science in Cybersecurity					✓						
Bachelor of Digital Marketing and Management					✓						
Bachelor of Science in Financial Technology Engineering					✓						
COLLEGE OF ENGINEERING											
Bachelor Science in Civil Engineering				✓	✓						
Bachelor of Science in Computer Engineering				✓	✓						
Bachelor of Science in Construction Engineering and Management					✓						
Bachelor of Science in Electrical Engineering				✓	✓						
Bachelor of Science in Electronic Engineering				✓	✓						
Bachelor of Science in Mechanical Engineering				✓	✓						

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Master of Arts in Education major in Educational Administration	✓						✓				
Master of Arts in Education (English Language and Literature Education Track)	✓										
Master of Arts in Education (Educational Assessment, Measurement, and Evaluation Track)	✓										
Master of Arts in Education (Curriculum Studies Track)	✓										
Master of Arts in Education (Early Childhood Education Track)	✓										
Master of Arts in Education major in Educational Technology							✓				
Master of Arts in Education major in Teaching Early Grades							✓				
Master of Arts in Education major in Guidance and Counselling							✓				
Master in School Guidance and Counselling											
Master of Arts in Education major in English Language and Teaching	✓						✓				
Master of Arts in Education major in Literature and Language Education (English)							✓				

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[illegible]

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FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria Joint Venture of FEU and TIP
	<i>Manila</i>	<i>Makati</i>	<i>Cavite</i>	<i>Alabang</i>	<i>Manila</i>	<i>Diliman</i>	<i>Cainta, Rizal</i>	<i>Marikina</i>	<i>Rodriguez, Rizal</i>	<i>Manila</i>	<i>Lipa City, Batangas</i>
Doctor of Philosophy (Educational Leadership and Policy Studies Track)	✓										
Doctor of Philosophy in Education by Research	✓										
Doctor of Philosophy (Science Education Track)	✓										
Doctor of Philosophy in Psychology major in Clinical Psychology	✓										
Doctor of Philosophy in Psychology major in Forensic Psychology	✓										
Doctor of Philosophy in Psychology major in Industrial Psychology	✓										
CERTIFICATE COURSES											
Teacher Certificate Program	✓		✓				✓				

CHART 2
FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

SCHOOLS	Local Accreditation		International Assessment	International Memberships	
Far Eastern University (Manila and Makati)	Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA)		ASEAN University Network- Quality Assurance (AUN-QA)	Member, Association of Universities of Asia and the Pacific (AUAP)	
	<i>A. Undergraduate:</i> Level IV - BS Accountancy - BS Applied Mathematics with Information Technology - BS Biology - BS Business Administration - BA Communication - B Elementary Education - BS Psychology - B Secondary Education Level III - BS Hotel and Restaurant Management - BS Tourism Management - BA Language and Literature	Level I - BA Interdisciplinary Studies B. Graduate Studies: Level III - Doctor of Education - MA Psychology - MA Education	- BA Political Science - BA Communication - B Secondary Education - B Elementary Education - BS Architecture - B Fine Arts major in Visual Communication - BA International Studies - BS Applied Mathematics - BS Accountancy - BS Business Administration - BS Psychology - BS Nursing - BS Biology - BA Language and Literature Studies - BS Medical Technology Hotel and Restaurant Management - BS Tourism Management - MA Psychology MA Education and Doctor of Education	Member, Association of Southeast Asian Institutions of Higher Learning (ASAIHL) Member, Southeast and South Asia and Taiwan Universities (SATU) Member, Pacific Asia Travel Association (PATA) Associate Member, ASEAN University Network – Quality Assurance (AUN-QA) Associate Status, International Centre of Excellence in Tourism and Hospitality Education (THE-ICE) Center for Excellence, Asia Pacific Institute for Events Management Int'l (APIEM)	
	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)				
	<i>A. Undergraduate:</i> Level III - BS Nursing	<i>B. Graduate Studies:</i> Level I - MA Nursing			
FEU Institute of Technology (Manila)	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)		World Universities with Real Impact (WURI)	ASEAN University Network (AUN) Associate Member	
	Level III Status: - BS Information Technology - BS Computer Science - BS Civil Engineering - BS Computer Engineering Level II Status: - BS Electrical Engineering	Candidate Status: - BS Electronics Engineering - BS Mechanical Engineering (Underwent a formal survey visit in May 2026) - B Multimedia Arts (Underwent a formal survey visit in May 2026)	- Ranked 157th, Global Top 400 Innovative Universities - Ranked 6th, Funding for Sustainability - Ranked 13th, Visionary Leadership - Ranked 10th, University Brand & Reputation		
	PCS Information and Computing Accreditation Board (PICAB)		Philippine Technological Council (PTC) And Certification Board for Engineering and Technology (ACBET)		

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

SCHOOLS	Local Accreditation		International Assessment	International Memberships	
	Accredited: - BS Computer Science - BS Information Technology		Accredited - Officially Recognized Programs under the Washington Accord: - BS Civil Engineering - BS Computer Engineering - BS Electronics Engineering - BS Electrical Engineering - BS Mechanical Engineering		
			ASEAN University Network- Quality Assurance (AUN-QA)		
			Assessed and Certified: - BS Civil Engineering - BS Electrical Engineering - BS Electronics Engineering - BS Mechanical Engineering		
FEU Diliman	Private Education Assistance Committee (PEAC)		World Universities with Real Impact (WURI)		
	BED (Junior High School and Senior High School - Certified and continued participation in the ESC program with 58 incoming Grade 7 grantees for SY 2025-2026		- Global Top 51 in University-Based Entrepreneurial Projects - Global Top 55 in Entrepreneurial Culture & Ecosystem - Global Top 79 in Ethics and Integrity - Global Top 83 in Representative Research Project		
	International Organization for Standardization ISO 9001:2015 - February 6-7, 2024, 2nd Surveillance Audit Visit with Zero Major and Minor Non-Conformity				
FEU Cavite	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)		World Universities with Real Impact (WURI)		
	Level 1 - Kindergarten Program - Basic Education Program - Senior High School Program		92nd Place Student Support and Engagement		
	Private Educational Assistance Committee (PEAC)				
	PEAC Certified (Basic Education and Senior High School)				
	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)				

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2025-2026

SCHOOLS	Local Accreditation		International Assessment	International Memberships	
FEU Roosevelt	Applicant Status for Marikina and Cainta Campus Level 2 Reaccredited for Rodriguez Campus				
	Private Educational Assistance Committee (PEAC)				
	PEAC Certified for all campuses				
FEU High School	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)				
	SHS Accreditation Level 1				

Employees

The number of employees as of May 31, 2026 are as follows:

University Officials	-	18
Academic and Non-Academic Managers	-	91

Non-Academic:

Supervisor	-	58
Rank-and-File	-	243
Probationary	-	26
Project Based	-	9

Academic:

Lecturer	-	334
Regular	-	319

Far Eastern University also boasts a diverse employee base with a roughly 50-50 split between male and female employees among its Academic and Non-Academic employees.

The inclusive dates of Collective Bargaining Agreement (CBA) are as follows:

Non-Academic - Employees	-	July 16, 2021 - July 15, 2026
Academic - Faculty	-	September 1, 2021 - August 31, 2026

The labor unions of the employees and the faculty members have never been on strike in the last ten years and pose no threat to strike in the foreseeable future. Employees and faculty members have a harmonious relationship with the Administration.

Other Supplemental Benefits or Incentive Arrangements the Registrant has or will have with its employees:

		Non-Teaching Employee	Faculty
1. Average annual increase in basic salary for two years	1 st Year	Integration of LA/SFA	Integration of LA/SFA
	2 nd Year	3%	3%
2. Yearly Rice Allowance		₱16,500.00	₱16,500.00
3. Yearly Medical Benefit		₱70,000.00	₱65,000.00
		<i>(Plus health card premium deducted from the ₱70,000.00)</i>	<i>Plus health card (premium deducted from the ₱65,000.00)</i>
4. Educational Benefit		For employees and their dependents	For faculty and their dependents
5. One-time Signing Bonus		₱24,000.00	₱24,000.00
6. One-time No Strike Bonus		₱140,000.00	₱150,000.00
7. Others		Various	Various

Item 2. Schedule of Property and Equipment / Investment Properties

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
<u>FAR EASTERN UNIVERSITY, INCORPORATED</u>					
<u>(FEU or Parent Company)</u>					
I. PROPERTY AND EQUIPMENT:					
LAND					
Land - FEU Manila Campus (including Lerma, R. Papa Extension, St. Catherine Dormitory and Naldo properties)	351,009,595	P -	P 351,009,595	Manila	Very Good
Land - Education and Admissions Buildings (formerly EAC Main and Annex Buildings)	53,394,726	-	53,394,726	Manila	Very Good
Land - Biluso, Silang	41,733,203	-	41,733,203	Silang, Cavite	Very Good
Land - Lopez	115,061,909	-	115,061,909	Manila	Very Good
	561,199,433	-	561,199,433		
BUILDINGS, AND LAND AND LEASEHOLD IMPROVEMENTS					
Leasehold Improvements (Administration Building, Architecture Building, Nursing Building, Accounts Business and Finance Building, R. Papa Gym and Student Pavilion)	932,197,996	534,581,238	397,616,758	Manila	Very Good
FEUTURE Center (Lerma)	623,994,988	196,659,063	427,335,926	Manila	Very Good
Technology Building	348,656,357	320,505,544	28,150,814	Manila	Very Good
Science Building (SB)	301,341,500	202,680,810	98,660,690	Manila	Very Good
Arts Building	279,980,892	71,083,403	208,897,488	Manila	Very Good
Admissions Building (formerly EAC Main Building)	266,579,526	199,834,461	66,745,064	Manila	Very Good
Nicanor Reyes Hall	198,867,089	136,980,197	61,886,892	Manila	Very Good
FEU Makati Building	180,981,854	139,040,289	41,941,565	Makati City	Very Good
Education Building (formerly EAC Annex Building)	144,130,612	120,990,272	23,140,340	Manila	Very Good
Alfredo Reyes Hall	286,649,594	113,611,325	173,038,269	Manila	Very Good
Campus Pavilion	24,875,853	12,802,496	12,073,357	Manila	Very Good
Architecture Building (formerly Law Building) to SB Covered Walk	3,202,126	2,801,058	401,067	Manila	Very Good
Land Improvements (Grandstand, Pavilion, Covered Walks, Perimeter Fences and Others)	19,851,155	14,171,391	5,679,764	Manila	Very Good
EB to ADB Connecting Bridge	12,973,373	1,567,616	11,405,757	Manila	Very Good
Building Improvements (Main Campus Building, Education Building, Science Building, Admission Building, Arts Building, and Nicanor Reyes Hall)	151,408,075	13,058,717	138,349,358	Manila	Very Good
Building Improvements (Technology Building)	17,059,385	2,829,064	14,230,321	Manila	Very Good
Building Improvements (Makati Building)	1,672,760	738,802	933,958	Makati City	Very Good
Building Improvements (FEUTURE Center)	21,110,774	948,693	20,162,081	Manila	Very Good
Construction in Progress	218,405,041	-	218,405,041	Manila	Very Good
	P 4,033,938,951	P 2,084,884,440	P 1,949,054,511		

		<u>Gross Book Value</u>		<u>Accumulated Depreciation</u>		<u>Net Book Value</u>	<u>Location</u>	<u>Condition</u>
FURNITURE, FIXTURES AND EQUIPMENTS								
Information Technology Equipments	P	400,834,759	P	351,202,354	P	49,632,405	Manila	Very Good
Electrical and Mechanical Equipments		272,601,459		238,751,355		33,850,103	Manila	Very Good
Laboratory Equipments		175,840,174		118,052,270		57,787,905	Manila	Very Good
Furnitures and Fixtures		140,927,286		123,165,349		17,761,938	Manila	Very Good
Transportation Equipments		86,175,036		61,594,302		24,580,734	Manila	Very Good
Musical Instruments		8,491,196		5,845,787		2,645,409	Manila	Very Good
Athletic and Sports Equipments		10,659,614		6,611,045		4,048,569	Manila	Very Good
Museum Collections		3,475,712		-		3,475,712	Manila	Very Good
Tools		1,818,411		1,779,697		38,714	Manila	Very Good
Audio and Video Equipment		3,939,080		1,877,353		2,061,727	Manila	Very Good
Miscellaneous Fixed Assets		104,391,219		104,040,518		350,701	Manila	Very Good
		<u>1,209,153,947</u>		<u>1,012,920,029</u>		<u>196,233,917</u>		
TOTAL PROPERTY AND EQUIPMENT	P	<u>5,804,292,331</u>	P	<u>3,097,804,470</u>	P	<u>2,706,487,861</u>		
II. INVESTMENT PROPERTIES:								
LAND								
Land - Filinvest Alabang	P	<u>1,076,829,849</u>	P	<u>-</u>	P	<u>1,076,829,849</u>	Muntinlupa City	Very Good
BUILDINGS								
FEU Cavite Building II		276,693,574		168,907,964		107,785,610	Silang, Cavite	Very Good
FEU Cavite Building I		205,592,198		142,600,290		62,991,908	Silang, Cavite	Very Good
FEU Cavite Gym		<u>23,170,854</u>		<u>3,475,628</u>		<u>19,695,226</u>	Silang, Cavite	Very Good
		<u>505,456,627</u>		<u>314,983,883</u>		<u>190,472,744</u>		
TOTAL INVESTMENT PROPERTIES		<u>1,582,286,476</u>		<u>314,983,883</u>		<u>1,267,302,593</u>		
TOTAL FIXED ASSETS OF FEU	P	<u>7,386,578,807</u>	P	<u>3,412,788,353</u>	P	<u>3,973,790,454</u>		

FERN REALTY CORPORATION (FRC)

I. INVESTMENT PROPERTIES:

LAND

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
Land - FEU Makati Campus	P 212,850,736	P -	P 212,850,736	Makati City	Very Good
Land - FEU Cavite Campus	113,703,104	-	113,703,104	Silang, Cavite	Very Good
Land - FEU Campus Site I (<i>Administration Building, Nursing Building, Accounts Business and Finance Building, Architecture Building and Open Spaces</i>)	82,805,600	-	82,805,600	Manila	Very Good
Land - FEU Campus Site II (<i>Fern Building, FEU Institute of Technology Building and R. Papa Gym</i>)	67,253,504	-	67,253,504	Manila	Very Good
Land - Ferndale Villas	5,145,000	-	5,145,000	Quezon City	Very Good
Land - Sampaguita Ave., Quezon City	3,714,947	-	3,714,947	Quezon City	Very Good
	<u>485,472,891</u>	<u>-</u>	<u>485,472,891</u>		

LAND IMPROVEMENTS

	<u>35,012,970</u>	<u>24,428,334</u>	<u>10,584,636</u>	Various	Very Good
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BUILDINGS

FEU Manila Campus Buildings	43,880,657	24,386,127	19,494,530	Manila	Very Good
Fern Building	43,672,595	21,300,486	22,372,109	Manila	Very Good
R. Papa Gymnasium	30,970,563	13,050,744	17,919,819	Manila	Very Good
FEU Diliman	11,847,059	7,185,095	4,661,964	Quezon City	Very Good
Ferndale Villas (Townhouse)	21,631,259	4,001,783	17,629,476	Quezon City	Very Good
FEU Cavite Dormitory and Staff House	151,816,789	19,323,310	132,493,479	Silang, Cavite	Very Good
Two Roxas Triangle (Condominium Unit)	56,059,452	3,083,270	52,976,182	Makati City	Very Good
Lincoln Tower (Condominium Unit)	28,798,811	3,359,861	25,438,949	Makati City	Very Good
The Proscenium Residences (Condominium Unit)	29,983,855	1,449,220	28,534,635	Makati City	Very Good
Arca South Residences (Condominium Unit)	12,376,472	1,794,588	10,581,883	Taguig City	Very Good
Fern College (Certain Structures Within Campus)	766,964	138,054	628,911	Quezon City	Very Good
	<u>431,804,476</u>	<u>99,072,538</u>	<u>332,731,939</u>		

BUILDING AND LAND IMPROVEMENTS

	<u>66,402,685</u>	<u>47,141,731</u>	<u>19,260,954</u>	Various	Very Good
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TOTAL INVESTMENT PROPERTIES

P	<u>1,018,693,022</u>	P	<u>170,642,603</u>	P	<u>848,050,420</u>
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		<u>Gross Book Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Location</u>	<u>Condition</u>
II. TRANSPORTATION AND OTHER EQUIPMENT (OTHER CURRENT ASSETS)						
Transportation Equipment	P	13,847,254	P 7,358,964	P 6,488,290	Manila	Very Good
Office Furniture and Other Equipment		20,269,987	15,956,379	4,313,608	Manila	Very Good
TOTAL TRANSPORTATION AND OTHER EQUIPMENT		34,117,241	23,315,343	10,801,898		
TOTAL FIXED ASSETS OF FRC	P	1,052,810,263	P 193,957,946	P 858,852,318		
<u>EAST ASIA COMPUTER CENTER, INC. (EACCI)</u>						
PROPERTY AND EQUIPMENT:						
Building and improvements (<i>FEU Institute of Technology Building</i>)	P	1,335,759,775	P 736,032,787	P 599,726,988	Manila	Very Good
IT and Laboratory Tools, Machineries and Equipments		262,084,544	208,726,690	53,357,854	Manila	Very Good
Furniture and Fixtures		53,452,673	38,849,552	14,603,121	Manila	Very Good
Leasehold Improvements		36,410,452	19,600,122	16,810,331	Manila	Very Good
Construction in Progress		135,464,952	-	135,464,952	Manila / Quezon City	Very Good
TOTAL FIXED ASSETS OF EACCI	P	1,823,172,397	P 1,003,209,151	P 819,963,245		
<u>FAR EASTERN COLLEGE - SILANG, INC. (FECSI)</u>						
PROPERTY AND EQUIPMENT:						
Computer Equipments	P	99,893,591	P 85,308,391	P 14,585,200	Silang, Cavite	Very Good
Electrical and Mechanical Equipment		49,433,805	25,748,909	23,684,896	Silang, Cavite	Very Good
Leasehold Improvements		23,483,891	22,619,400	864,491	Silang, Cavite	Very Good
Furnitures and Fixtures		19,745,844	16,439,343	3,306,501	Silang, Cavite	Very Good
Tools, Instruments and Other Equipments		22,589,931	14,293,681	8,296,250	Silang, Cavite	Very Good
Library Books		10,743,201	8,820,006	1,923,195	Silang, Cavite	Very Good
Transportation Equipment		5,840,350	4,290,486	1,549,864	Silang, Cavite	Very Good
Construction in Progress		862,247	-	862,247	Silang, Cavite	Very Good
TOTAL FIXED ASSETS OF FECSI	P	232,592,860	P 177,520,216	P 55,072,644		

		<u>Gross Book Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Location</u>	<u>Condition</u>
<u>FEU HIGH SCHOOL, INC. (FEU High)</u>						
PROPERTY AND EQUIPMENT:						
Information Technology Equipments	P	36,396,711	P 31,976,268	p 4,420,443	Manila	Very Good
Furniture and Fixtures		27,546,364	20,876,531	6,669,833	Manila	Very Good
Leasehold Improvements		19,590,006	13,588,215	6,001,791	Manila	Very Good
Electrical and Mechanical Equipments		6,446,225	4,471,539	1,974,686	Manila	Very Good
Transportation Equipments		3,721,078	2,432,378	1,288,700	Manila	Very Good
Laboratory Equipments		2,939,334	1,848,297	1,091,037	Manila	Very Good
Athletic and Musical Instruments		781,844	510,421	271,423	Manila	Very Good
TOTAL FIXED ASSETS OF FEU High	P	97,421,562	P 75,703,648	P 21,717,913		
 <u>FEU ALABANG, INC. (FEUAI)</u>						
PROPERTY AND EQUIPMENT:						
Building and Improvements <i>(FEU Alabang Building, Chapel and Gymnasium)</i>	P	1,970,349,942	P 707,329,363	p 1,263,020,579	Muntinlupa City	Very Good
Laboratory Tools and Equipment		67,336,493	65,492,093	1,844,400	Muntinlupa City	Very Good
Information Technology and Office Equipment		86,571,007	71,587,605	14,983,402	Muntinlupa City	Very Good
Furniture and Fixtures		33,502,430	30,559,103	2,943,327	Muntinlupa City	Very Good
Leasehold Improvement		12,313,075	8,781,778	3,531,297	Muntinlupa City	Very Good
Construction in Progress		528,406,211	-	528,406,211	Muntinlupa City	Very Good
TOTAL FIXED ASSETS OF FEUAI	P	2,698,479,158	P 883,749,942	P 1,814,729,215		

		<u>Gross Book Value</u>	<u>Depreciation</u>	<u>Net Book Value</u>	<u>Location</u>	<u>Condition</u>
<u>ROOSEVELT COLLEGE, INC. (RCI)</u>						
PROPERTY AND EQUIPMENT:						
LAND						
Cainta Campus	P	414,674,327	P -	P 414,674,327	Cainta, Rizal	Very Good
Marikina Campus		249,913,151	-	249,913,151	Marikina City	Very Good
Cubao Campus		118,943,594	-	118,943,594	Quezon City	Very Good
Rodriguez Campus		127,231,418	-	127,231,418	Rodriguez, Rizal	Very Good
San Mateo Campus		88,097,221	-	88,097,221	San Mateo, Rizal	Very Good
		<u>998,859,711</u>	<u>-</u>	<u>998,859,711</u>		
BUILDINGS AND IMPROVEMENTS		<u>1,169,379,608</u>	<u>557,879,494</u>	<u>611,500,114</u>	Various Campuses	Very Good
FURNITURE, FIXTURES AND EQUIPMENTS						
Information Technology Equipment		108,928,998	90,145,677	18,783,322		
Electrical and Mechanical Equipment		64,000,215	37,737,966	26,262,249		
Furniture and Fixtures		52,449,543	45,118,434	7,331,109		
Laboratory Equipment		8,258,056	8,258,056	-		
Transportation Equipments		7,865,285	4,992,008	2,873,277		
Musical Instruments		2,063,390	2,063,390	-		
Miscellaneous Equipment		807,070	807,070	-		
Athletic and Sports Equipment		617,711	617,711	-		
		<u>244,990,269</u>	<u>189,740,312</u>	<u>55,249,957</u>	Various Campuses	Very Good
CONSTRUCTION-IN-PROGRES		<u>352,460,501</u>	<u>-</u>	<u>352,460,501</u>	Various Campuses	Very Good
TOTAL FIXED ASSETS OF RCI	P	<u>2,765,690,089</u>	<u>P 747,619,807</u>	<u>P 2,018,070,283</u>		

EDUSTRIA, INCORPORATED

PROPERTY AND EQUIPMENT:

LAND

Edustria High School Campus	P	299,679,209	P	-	P	299,809,894	Lipa City, Batangas	Very Good
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RIGHT OF USE

		30,891,882		19,736,480		11,155,402	Lipa City, Batangas	Very Good
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FURNITURE, FIXTURES AND EQUIPMENTS

Leasehold Improvements		42,795,020		42,795,020		-	Lipa City, Batangas	Very Good
Furniture and Fixtures		7,908,836		7,603,020		305,816	Lipa City, Batangas	Very Good
Information Technology Equipment		5,911,949		5,462,201		449,748	Lipa City, Batangas	Very Good
Electrical and Mechanical Equipment		5,685,963		5,341,040		344,923	Lipa City, Batangas	Very Good
Transportation Equipments		2,001,000		1,821,400		179,600	Lipa City, Batangas	Very Good
Laboratory Tools and Equipment		760,943		760,943		-	Lipa City, Batangas	Very Good
Athletic Equipment		20,899		11,644		9,255	Lipa City, Batangas	Very Good
Construction in Progress		7,592,093		-		7,592,093	Lipa City, Batangas	Very Good
		72,676,703		63,795,268		8,881,435		

TOTAL FIXED ASSETS OF EDUSTRIA

P	403,247,794	P	83,531,748	P	319,846,731
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HIGHER ACADEMIA, INC.

PROPERTY AND EQUIPMENT:

LAND

Higher Academia Campus	P	421,161,379	P	-	P	421,161,379	San Fernando, Pampanga	Very Good
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BUILDINGS AND IMPROVEMENTS

		190,578,844		6,612,838		183,966,006	San Fernando, Pampanga	Very Good
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FURNITURE, FIXTURES AND EQUIPMENTS

Furniture and Fixtures		13,338,502		1,107,462		12,231,040	San Fernando, Pampanga	Very Good
Miscellaneous equipment		10,512,866		1,924,602		8,588,263	San Fernando, Pampanga	Very Good
		23,851,368		3,032,065		20,819,303		

TOTAL FIXED ASSETS OF HIGHER ACADEMIA INC.

P	635,591,591	P	9,644,903	P	625,946,688
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**TOTAL PROPERTY AND EQUIPMENT, AND
INVESTMENT PROPERTY**

P	10,507,989,492
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PROPERTY LEASED BY FEU FROM FRC:

		Annual Rental	Current Contract Period
Gymnasium	Two (2) storey building made of concrete materials located at R. Papa St., Sampaloc, Manila	12,670,487.16 plus 12% VAT	April 1, 2026 to March 31, 2027
Athletes' Quarters (2F and 3F)	Ground floor (234.44 sq. meters) of a five (5) storey building made of concrete materials located at P. Paredes corner S.H. Loyola Streets, Sampaloc, Manila Portion of 2nd floor (790 sq. meters) of a five (5) storey building made of concrete materials located at P. Paredes corner S.H. Loyola Streets, Sampaloc, Manila	6,224,979.60 plus 12% VAT	June 1, 2026 to May 31, 2027
Isolation Room	4th floor (100 sq. meters) of a five (5) storey building made of concrete materials located at P. Paredes corner S.H. Loyola Streets, Sampaloc, Manila	273,827.16 plus 12% VAT	June 1, 2026 to May 31, 2027
Harvard 66	66 Harvard - (111/185 sq. meters) 3 storey building located at Unit No. 66 Harvard, Ferndale Villas, Brgy. Pasong Tamo, Quezon City	99,225.00 plus 12% VAT	Sept. 1, 2026 to Aug. 30, 2027
Stanford 19	Stanford 19 - (111/185 sq. meters) 3 storey building located at Unit No. 19 Stanford, Ferndale Villas, Brgy. Pasong Tamo, Quezon City	514,285.68 plus 12% VAT	June 1, 2026 to May 31, 2027
Toyota Fortuner	2024 Toyota Fortuner 2.4V Wagon, Gray Metallic, Engine No. 2GDD398354, Chasis No. MHFJB3GS7R1106514, Reg.Cert No. 0050435322, Plate No. NFR6869, Vehicle Type. SUV	514,285.68 plus 12% VAT	June 1, 2026 to May 31, 2027
FEU Makati Campus	Parcel of land (2,186 sq. meters) located at the Makati Central Business District bounded by Sen. Gil Puyat Avenue, Malugay Street and Geronimo Street Makati City.	321,428.52 plus 12% VAT	June 1, 2026 to May 31, 2027
FEU Bookstore	A and B - Portion of (42 sq. meters) of Fern Building I, located at 921 E.S.H. Loyola St., Sampaloc, Manila C - Portion of (21 sq. meters) of Fern Building I, located at 921 E.S.H. Loyola St., Sampaloc, Manila	12,017,577.72 plus 12% VAT	Dec. 1, 2025 to Nov. 30, 2026
	D - Portion of (28 sq. meters) of the Ground Floor of the Nursing Building, located at N. Reyes St. Sampaloc, Manila	211,680.00 plus 12% VAT	June 1, 2026 to May 31, 2027
FEU-Manila Buildings:			
Accounts, Business and Finance Buidling (formerly Education Building)	Eight (8) storey building made of concrete materials located at FEU Manila Campus, Nicanor Reyest St., Manila	406,125.12 plus 12% VAT	June 1, 2026 to May 31, 2027
Architecture Building (Law Building)	Four (4) storey building made of concrete materials located at FEU Manila Campus, Nicanor Reyest St., Manila		
Administration Building	Four (4) storey building made of concrete materials located at FEU Manila Campus, Nicanor Reyest St., Manila	56,711,251.56 plus 12% VAT	June 1, 2026 to May 31, 2027

PROPERTY LEASED BY FEU FROM
NICANOR REYEST EDUCATIONAL FOUNDATION, INC.

		Annual Rental	Contract Date
Sports Facilities	Sports building and football field in FEU Diliman	2,941,680.00 plus 12% VAT	July 1, 2025 to Jun. 30, 2026
FEU Bookstore	Bookstore space in FEU Diliman Campus	575,426.88 plus 12% VAT	June 1, 2025 to May 31, 2026

PROPERTY LEASED BY FEU FROM FEUAI:

		<u>Annual Rental</u>	<u>Contract Date</u>
FEU Bookstore	Bookstore space in FEU Alabang Building ground floor	720,000.00 plus applicable VAT	September 1, 2025 to August 31, 2026

PROPERTY LEASED BY FECSI FROM FEU:

		<u>Annual Rental</u>	<u>Contract Date</u>
FEU - Cavite Buildings	Two (2) concrete buildings located as Silang, Cavite	618,000.00 plus 12% VAT on initial year, yearly rates to be determined annually - or - the amount equivalent to 5% of its gross annual revenues, whichever is higher	August 1, 2025 to July 31, 2026

PROPERTY LEASED BY EACCI (FEU INSTITUTE OF TECHNOLOGY) FROM FEU:

		<u>Annual Rental</u>	<u>Contract Date</u>
Portions of Technology Building	4th to 7th floors and three (3) rooms of the 9th floor of the Technology Building	24,740,452.20 plus 12% VAT	July 1, 2025 to June 30, 2026

PROPERTY LEASED BY FEUAI FROM FEU:

		<u>Annual Rental</u>	<u>Contract Date</u>
FEU Alabang Campus	Parcel of land located in Muntinlupa City (FEU Alabang Campus)	16,201,192.08 plus 12% VAT	July 1, 2025 to June 30, 2026

Properties intended to be acquired in the next 12 months:

<u>Amount</u>
NONE
NOT APPLICABLE

Item 3. Legal Proceedings

Hereunder is the legal proceeding involving the company which is being handled by the Office of the Chief Legal Counsel:

Pending labor case as of 14 July 2026:

1. Geraldine S. Cañete vs. Far Eastern University, et. al., docketed as NLRC NCR Case No. 09-01195-25-OFF Status: FEU won the case at the Arbitration Level. Complainant's appeal is now pending with the National Labor Relations Commission.

Nature: Constructive Dismissal case filed by a former IN faculty member who resigned on 10 August 2025.

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

There are no matters submitted to a vote of security holders during the whole fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrants Common Equity and Related Stockholders Matters

Dividend Declaration for the Fiscal Year Ended May 31, 2026

Cash Dividend

	Date of Declaration	Date of Record	Date of Payment	Amount
₱16.00 per share	September 17, 2025	October 1, 2025	October 17, 2025	₱ 384,892,208
₱14.00 per share	February 24, 2026	March 10, 2026	March 24, 2026	336,780,682
				<u>₱ 721,672,890</u>

Stock Dividend

No stock dividend was declared during the period June 1, 2025 to May 31, 2026.

Dividend Policy

Cash dividend on common shares shall be paid based on the approval of the Board of Trustees up to the amount of the unrestricted retained earnings and available cash, while stock dividend on common shares shall be issued based on the approval of the Board of Trustees, ratified by the stockholders, based on the unrestricted retained earnings up to the unissued authorized capital stock.

Recent Sales of Unregistered Securities

Not a single common share is considered unregistered security. All shares are registered with the Philippine Stock Exchange, Inc. Thus, a checklist of requirements for Sale of Unregistered Securities is not applicable.

The Philippine Stock Exchange, Inc. is the principal market where the corporation's common equity is traded.

Market Prices of Common Stocks (Philippine Stock Exchange, Inc.)

Herewith are the high, low, and closing prices of shares of stock traded from June 2025 to May 2026:

Month	High	Low	Close
2025			
June	₱ 848.50	₱ 800.00	₱ 847.50
July	847.50	800.00	838.00
Aug	836.50	800.00	820.00
Sep	829.50	800.00	800.00
Oct	828.00	800.00	800.00
Nov	824.00	800.00	800.00
Dec	814.50	800.00	800.00
2026			
Jan	859.50	800.00	848.50
Feb	845.00	786.50	832.50
Mar	843.00	799.50	831.50
Apr	830.50	800.00	814.50
May	814.50	800.00	800.00

High and low sale prices for each quarter are as follows:

Quarter	High	Low	Close
<i>From June 1, 2024 to May 31, 2025</i>			
First Quarter	₱ 720.00	₱ 649.67	₱ 716.00
Second Quarter	771.67	682.17	717.50
Third Quarter	776.67	711.50	754.83
Fourth Quarter	868.67	729.83	768.67

Quarter	High	Low	Close
<i>From June 1, 2025 to May 31, 2026</i>			
First Quarter	₱ 844.17	₱ 800.00	₱ 835.17
Second Quarter	827.17	800.00	800.00
Third Quarter	839.67	795.50	827.00
Fourth Quarter	829.33	799.85	815.33

The number of shareholders on record as of May 31, 2026 was One Thousand Five Hundred Twenty Nine (1,529). Common shares issued and outstanding were 24,055,763.

Top 20 FEU Stockholders as of May 31, 2026

Title of Class		Name of Beneficial Owner	No. of Shares and Nature of Beneficial Ownership	Citizenship	Percent of Class
1.	Common	Seyrel Investment and Realty Corporation	6,887,051 – D	Filipino	28.63
2.	Common	Sysmart Corporation	5,275,601 – D	Filipino	21.93
3.	Common	PCD Nominee Corporation (Filipino)	2,367,920 – D	Filipino	9.84
4.	Common	Desrey, Inc.	1,924,956 – D	Filipino	8.00
5.	Common	Enrico Palanca Jose	776,534 – D	Filipino	3.23
6.	Common	ICM Sisters Phil. Mission Board, Inc.	527,352 – D	Filipino	2.19
7.	Common	Marco P. Gutang	306,797 – D	Filipino	1.28
8.	Common	Gonzaga-Lopez Enterprises, Inc.	294,668 – D	Filipino	1.22
9.	Common	Aurelio R. Montinola III	291,699 – D	Filipino	1.21
10.	Common	AMON Trading Corporation	279,975 – D	Filipino	1.16
11.	Common	Syntrix Holdings	277,387 – D	Filipino	1.15
12.	Common	Jomibel Agricultural Development Corp.	261,170 – D	Filipino	1.09
13.	Common	FERN Realty Corporation	158,777 – D	Filipino	0.66
14.	Common	ZARE, Inc.	121,707 – D	Filipino	0.51
15.	Common	Rosario P. Melchor	117,292 – D	Filipino	0.49
16.	Common	Gianna R. Montinola	113,348 – D	Filipino	0.47
17.	Common	Rosario Panganiban-Melchor	107,385 – D	Filipino	0.45
18.	Common	Antonio R. Montinola	105,721 – D	Filipino	0.44
19.	Common	Conсорcia P. Reyes	96,484 – D	Filipino	0.40
20.	Common	The Caridad I. Santos Gifting Trust	81,678 – D	Filipino	0.34

Item 6. Management's Discussion and Analysis

A. Financial and Operating Highlights

The financial position of Far Eastern University, Inc. and its subsidiaries (the "Group") remained stable and sound, supported by sustained asset growth, prudent liability management, and continued generation of operating cash flows. The Group's financial resources and capital structure provide a solid foundation to support its ongoing operations and strategic initiatives while advancing its commitment to academic excellence, innovation, and the delivery of quality education.

Over the past three fiscal years, the Group has consistently maintained growth in its asset base while managing its liabilities prudently. This has contributed to the sustained growth of stockholders' equity and reflects the Group's continued capacity to strengthen its financial position and support long-term value creation.

Despite the increase in operating costs as a result of strategic growth and development investments, and the resulting pressure on operating profitability, the Group maintained a stable financial position and continues to generate positive earnings. Management remains focused on cost management, efficient resource utilization, and disciplined allocation of capital while selectively investing in new academic program offerings for student choice, technology-enabled learning, data and AI infrastructure, and other initiatives that support the Group's long-term strategic objectives and competitiveness in the Philippine education sector.

As of May 31, 2026 and 2025

Analysis of Consolidated Financial Position

<i>(Amounts in millions)</i>	2026	2025	Increase/ (Decrease)	YoY Change (%)
Total Assets	₱ 20,838.6	₱ 19,284.1	₱ 1,554.5	8%
Total Liabilities	3,340.7	3,291.4	49.3	1%
Equity	17,497.9	15,992.7	1,505.2	9%

The Group's consolidated total assets as of May 31, 2026 stood at ₱20,838.6 million, increasing by 8% from ₱19,284.1 million as of May 31, 2025. The increase reflects the continued expansion of the Group's asset base, supported by sustained operations and investments in resources necessary to support its academic and institutional activities.

Trade and other receivables registered growth, driven by the continued increase in the number of students served, while the required allowance for impairment on such receivables declined, reflecting improved collection efficiency and credit quality. Financial assets remained relatively stable at ₱4,918.1 million, compared with ₱4,907.5 million in the previous year, reflecting the Group's continued investment in financial assets.

The Investment in Associates and Joint Venture account declined by 68% to ₱139.3 million from ₱440.8 million in the previous year. The decrease was primarily attributable to the consolidation of Higher Academia, Inc. (HAI), resulting in the balances of HAI being consolidated into the Group's financial statements and the corresponding investment balance being derecognized from the Investment in Associates and Joint Venture account.

Property and equipment increased by 13% to ₱10,287.9 million from ₱9,065.9 million in the previous year. The increase was primarily attributable to the consolidation of the property and equipment balances of Higher Academia, Inc. (HAI) following its consolidation into the Group, together with additional capital expenditures for institutional development, including purchases and improvements of property and equipment, net of depreciation.

The Group's consolidated total liabilities stood at ₱3,340.7 million as of May 31, 2026, reflecting an increase from the previous year. Total current liabilities increased by 11% to ₱2,856.8 million from ₱2,574.9 million, primarily due to higher obligations arising from the Group's ongoing operating and institutional activities. Meanwhile, total non-current liabilities declined by 32% to ₱483.9 million from ₱716.5 million, primarily due to the repayment of long-term loan obligations during the year. The decrease in non-current liabilities partially offset the increase in current liabilities and reflects the Group's continued prudent management of its debt obligations.

Consolidated total equity increased by 9% to ₱17,497.9 million from ₱15,992.7 million in the previous year. The increase was primarily driven by the growth in retained earnings arising from the Group's earnings for the year, together with the increase in non-controlling interests. The continued growth in equity, coupled with the reduction in non-current liabilities, further strengthened the Group's capital base and financial position.

Analysis of Consolidated Results of Operations

<i>(Amounts in millions)</i>	2026	2025	Increase/ (Decrease)	YoY Change (%)
Revenues	₱ 6,034.0	₱ 5,794.6	₱ 239.4	4%
Operating expenses	4,491.8	3,985.1	506.7	13%
Operating income	1,542.2	1,809.5	(267.3)	-15%
Other income	730.3	521.6	208.7	40%
Income before tax	2,272.5	2,331.1	(58.6)	-3%
Net income	1,997.6	2,090.6	(93.0)	-4%

Educational revenues continued to drive the Group's core operating results, registering growth primarily on account of the higher student population and the continued demand for the Group's academic offerings. The Group generated ₱6,034.0 million in revenues for the year ended May 31, 2026, representing a 4% increase from ₱5,794.6 million in the previous year. The increase was primarily supported by sustained enrollment and continued demand for the Group's academic programs.

Operating expenses increased by 13% to ₱4,491.8 million from ₱3,985.1 million in the previous year. The increase in operating expenses outpaced the growth in revenues, resulting in pressure on the Group's operating margins. Consequently, operating income declined by 15% to ₱1,542.2 million from ₱1,809.5 million in the previous year. The major components of the increase came from investments in two categories, Salaries and Benefits and IT Systems, Data and AI. A third category Utilities, increased because of power inflationary effects and in spite of reduced kwh consumption as a result of efficiency measures.

With our centennial in mind in 2028 and with aim to charge onwards into our next 100 years, recruiting for key positions, upskilling for the entire organization, and leadership training for the next generation of managers were undertaken. IT investments on the other hand principally involved a new enrolment system and the one time dual support costs associated with the transitioning into the new and out of the old, investments in governance and infrastructure set up for data based decision making abilities, as well as providing to the team enterprise AI as a tool for more effective accomplishment in speed and level of student outcomes.

Other income contributed positively to the Group's overall results, increasing by 40% to ₱730.3 million from ₱521.6 million in the previous year. The increase in other income partially offset the decline in operating income and supported the Group's overall earnings performance. The growth in investment income was mainly due to interest earned on various investments, favorable movements in fair value, and foreign currency exchange gains resulting from the strengthening of the US Dollar against the Philippine Peso.

Income before tax amounted to ₱2,272.5 million, representing a 3% decrease from ₱2,331.1 million in the previous year. Net income for the year amounted to ₱1,997.6 million, a 4% decrease from ₱2,090.6 million in the prior year. The decline in net income primarily reflects the faster growth in operating expenses relative to revenues, partially mitigated by the significant increase in other income.

As of May 31, 2025 and 2024

Analysis of Consolidated Financial Position

(Amounts in millions)	2025	2024	Increase/ (Decrease)	YoY Change (%)
Total Assets	₱ 19,284.1	₱ 18,520.8	₱ 763.3	4%
Total Liabilities	3,291.4	3,839.5	(548.1)	-14%
Equity	15,992.7	14,681.3	1,311.4	9%

The Group's consolidated total assets stood at ₱19,284.1 million, marking a 4% increase from the previous year attributable to the strong operating performance during the period. Cash and cash equivalents grew markedly by 43% or ₱743.7 million, reaching ₱2,457.1 million. This growth was partly influenced by the revised academic calendar for Basic Education, which advanced the start of enrollment to May 2025, thereby accelerating the inflow of tuition and related fees. A significant portion of excess cash from operating activities at year-end was prudently maintained in short-term deposits to optimize liquidity and safeguard returns.

As of year-end, total investments in financial assets amounted to ₱4,907.5 million, lower by ₱309.3 million or 6% compared to the prior year. The decline was primarily attributable to the disposal of certain debt and equity securities as well as the maturities of investment securities at amortized cost during the period. Notwithstanding these reductions and the market volatility experienced in the fourth quarter of 2025, the Group recognized fair value gains on its investment portfolio at year-end, reflecting prudent portfolio management amid fluctuating market conditions.

The ₱309.0 million increase in non-current assets was primarily due to advances made to various suppliers in relation to the construction of a new school building in Alabang.

Consolidated total liabilities decreased by ₱548.1 million, or 14%, compared to the previous year. Current liabilities fell by 8% to ₱2,574.9 million primarily due to lower trade and other payables, reflecting reduced accruals and a ₱28.4 million decrease in dividends payable. This was partially offset by an 89% increase in unearned tuition revenues, driven in part by early enrollment for Basic Education. Non-current liabilities also contracted by ₱313.7 million following loan repayments, notwithstanding the drawdown of a new loan to finance the construction of another school building in Rodriguez.

Consolidated total equity registered a continuous upward movement primarily driven by higher earnings during the period.

Analysis of Consolidated Results of Operations

(Amounts in millions)	2025	2024	Increase/ (Decrease)	YoY Change (%)
Revenues	₱ 5,794.6	₱ 5,527.7	₱ 266.9	5%
Operating expenses	3,985.1	3,681.4	303.7	8%
Operating income	1,809.5	1,846.3	(36.8)	-2%
Other income	521.6	387.2	134.4	35%
Income before tax	2,331.1	2,233.5	97.6	4%
Net income	2,090.6	2,010.3	80.3	4%

The FEU Group's net income increased by 4% to a new high of ₱2,090.6 million, driven by record revenues despite the higher operating expenses. Educational revenues grew by almost 6% to ₱5,716.6 mainly on account of the growth in student population during the period.

Operating expenses rose by 8% to ₱3,985.1 million from ₱3,681.4 million in the prior year, reflecting the continued investment in core operational areas that support the schools' academic excellence. Notable contributors to this increase included academic personnel costs, maintenance costs and subscriptions to technological tools and databases that enhance the students' learning experience.

Profit before tax amounted to ₱2,331.1 million, representing a 4% increase from the previous year. The Group achieved a corresponding 4% growth in net income after tax, posting a record-breaking ₱2,090.6 million. Earnings before interest and taxes (EBIT) stood at ₱2,094.6 million, highlighting the Group's sustained operational performance.

B. Key Performance Indicators (KPIs)

Financial Indicators

The Group monitors key financial indicators to assess its operating performance, financial condition, liquidity, profitability, and financial leverage. The principal financial KPIs used by management to measure the Group's performance are presented below:

Indicators	Formula	2026	2025	2024
PROFITABILITY RATIOS				
Return on assets	Net Income / Average Total Assets	10%	11%	11%
Return on equity	Net Income / Average Total Equity	12%	14%	14%
Earnings per share	Net Income / Average Outstanding Shares	₱ 80.43	₱ 85.94	₱ 81.13
LIQUIDITY RATIOS				
Current ratio or Working capital ratio	Total Current Assets / Total Current Liabilities	2.46 : 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	2.33 : 1	2.31 : 1	1.79 : 1
SOLVENCY/FINANCIAL LEVERAGE RATIOS				
Debt-to-asset ratio	Total Liabilities / Total Assets	16%	17%	21%
Equity-to-asset ratio	Total Stockholders' Equity / Total Assets	84%	83%	79%
Debt-to-equity ratio	Total Liabilities / Total Stockholders' Equity	19%	21%	26%
Asset-to-equity ratio	Total Assets / Total Stockholders' Equity	119%	121%	126%
Interest coverage ratio	Earnings Before Interest and Taxes (EBIT) / Interest Charges	42.48	28.44	21.04

Profitability

For the year ended May 31, 2026, the Group posted net income of ₱1,997.6 million, representing a 4% decrease from the previous year. Despite the decrease in net income, return on assets (ROA) decreased to 10%, compared with the previous two years, while return on equity (ROE) is at 12%, compared with 14% in 2025 and 14% in 2024. Earnings per share decreased to ₱80.43 from ₱85.94 in the previous year.

The relatively stable ROA and ROE indicate that the Group continued to generate returns from its asset base and shareholders' equity despite the lower net income during the year.

Liquidity

The Group maintained adequate liquidity during the year, with a current ratio of 2.46 : 1 as of May 31, 2026, from 2.44 : 1 in 2025 and 1.88 : 1 in 2024. This indicates that the Group continued to maintain sufficient current assets to meet its short-term obligations.

The quick ratio likewise improved to 2.33 : 1 from 2.31 : 1 in 2025 and 1.79 : 1 in 2024. The improvement in both liquidity measures reflects the Group's continued ability to meet its short-term obligations using its current assets and readily realizable resources.

Overall, the Group maintained adequate and improved liquidity during the reporting period.

Solvency/Financial Leverage

The Group continued to maintain a conservative capital structure, with equity providing the majority of financing for its assets. As of May 31, 2026, the equity-to-asset ratio increased to 84% from 83% in 2025 and 79% in 2024, while the debt-to-asset ratio decreased to 16% from 17% in 2025 and 21% in 2024.

The debt-to-equity ratio likewise improved to 19% from 21% in 2025 and 26% in 2024, indicating a continued reduction in the Group's reliance on liabilities relative to shareholders' equity. The asset-to-equity ratio also decreased to 119% from 121% in 2025 and 126% in 2024.

The Group's ability to meet its interest obligations also strengthened significantly. The interest coverage ratio increased to 42.48 times in 2026 from 28.44 times in 2025 and 21.04 times in 2024, indicating substantial capacity to service its interest obligations from operating earnings.

Overall, the Group maintained a strong financial position during the year, characterized by stable profitability, strong and improving liquidity, a predominantly equity-funded asset base, declining financial leverage, and significantly stronger capacity to service its interest obligations.

Non-Financial Indicators

The Group also monitors selected non-financial indicators to assess its operational performance and the quality and effectiveness of its educational services.

Academic Service Standards

Service standards in the Group's core academic services are measured, among others, by the number of program accreditations and research publications. Specific details of current year program accreditations and other academic recognitions and affiliations are presented in *Part I – Business and General Information* section of this report.

The following summarizes the Group's key academic service standard indicators for the years ended May 31, 2026, 2025, and 2024:

Indicators	2026	2025	2024
Major local accreditations			
CHED University Status			
Far Eastern University, Inc.	Autonomous	Autonomous	Autonomous
FEU Institute of Technology	Autonomous	Autonomous	Autonomous
No. of programs cited as CHED COE and COD	2	2	2
No. of programs accredited by the PACUCOA*	15	23	23
No. of programs accredited by the PAASCU*	13	2	2
Major international accreditations			
No. of programs assessed by the AUN - QA	20	18	14

AUN-QA Institutional Certification achieved December 2024			
Research publications			
No. of published research submissions	109	89	110
International ranking			
Quacquarelli Symonds (QS) World University - Asia ranking	681 st – 700 th	701 st – 750 th	-
World University rankings for innovation (World Universities with Real Impact or WURI) – FEU Institute of Technology	117 th	72 nd	77 th

* Seven programs were transferred from PACUCOA to PAASCU.

The foregoing indicators demonstrate the Group's continuing efforts to maintain and improve the quality, competitiveness, and industry relevance of its academic offerings. The Group continues to strengthen its academic programs through appropriate accreditation and recognition from government regulators and reputable local and international accrediting organizations, while promoting research productivity and academic innovation.

In December 2024, FEU received institutional accreditation from the ASEAN University Network (AUN-QA), affirming its commitment to academic excellence and aligning its standards with leading universities in the region. This institutional recognition complements the Group's program-level AUN-QA accreditations and supports wider opportunities for international collaboration and academic engagement.

During the reporting period, FEU Manila and FEU Institute of Technology maintained their AUN-QA institutional accreditation and continued to demonstrate strong standing in the QS Asia University Rankings, reflecting the Group's sustained commitment to academic quality, regional recognition, and global competitiveness.

FEU Institute of Technology also achieved particularly strong results in the 2026 World University Rankings for Innovation (WURI). It was ranked 117th out of 1,927 universities, placing it in the top 6% globally. FEU Institute of Technology had 20 programs or innovation cases ranked in the Global Top 100 across 24 categories, including 11 in the Global Top 50. Among its highest-ranked initiatives were PULSE AI Engine at 2nd globally, Paraverse at 3rd, and the Innovation Center Program at 9th. These results reinforce FEU Institute of Technology's position as a leading institution in applied innovation, technology, and industry-relevant education.

FEU Institute of Technology further strengthened its standing in engineering education after being recognized as a Tier 1 Engineering Institution by the Philippine Technological Council-ACBET, a signatory to the Washington Accord. The recognition provides worldwide degree recognition for five of its engineering programs.

The Group also continued to strengthen outcomes in national licensure and professional examinations, with emphasis on both quality and volume of passers. For the latest results across the nine licensure tracks presented by management, 6 of 9 programs (67%) achieved a first-time taker passing rate of at least 85%, while 7 of 9 programs (78%) achieved at least 83%. First-time takers posted an overall passing rate of 91%, while the combined first-time taker and repeater passing rate was 82%.

Management defines a "Quality + Volume Exemplar" as a licensure program that achieves at least an 85% passing rate among first-time takers and has placed among the Top 5 in total passers at least once. Management identifies four current exemplars among the nine tracks with licensure examinations: Nursing, Medical Technology, Architecture, and Psychometricians, representing 4 of 9 programs, or 44%. These results demonstrate the Group's ability to pursue both high passing quality and a substantial number of successful graduates.

During the reporting period, FEU recorded an 86.49% passing rate in the February 2026 Nursing Licensure Examination, with two topnotchers. FEU also ranked 7th among the Top Performing Schools in the January 2026 Licensure Examination for Architects for schools with 50 or more examinees, posting an 87.65% passing rate. FEU was likewise recognized as a Top 2 Performing School in the September 2025 Psychometrician Licensure Examination and as a Top Performing School in the 2025 Certified Human Resource Associate Assessment Examination.

Research productivity also remained an important component of the Group's academic service standards. During the reporting period, the Group recorded 109 published research submissions, compared with 89 in 2025 representing a 33% increase from the previous year, together with ₱6.3 million in research grants from local and international sources.

Sports, Arts and Culture

The Group's service standards extend beyond academic performance to the holistic development and overall student experience. The Group provides students with opportunities to pursue excellence in sports, arts, culture, competitions, international exchange, and other activities that develop leadership, creativity, discipline, teamwork, and other competencies beyond the classroom.

In athletics, FEU participated in 35 of the 60 UAAP events during School Year 2025–2026. The Group achieved a 29% championship-win rate and reached the finals level in 57% of the events in which it participated, reflecting sustained competitive performance across its athletic programs. FEU Diliman also captured the UAAP Season 88 Football Championship.

In arts and culture, the FEU Drumline earned several podium finishes at the Marching Arts Asia Championships 2026, including first-place finishes in the Bassline Ensemble and Cymbal Line Ensemble categories. The FEU-produced film Lily likewise received multiple honors at the SineMulat Film Festival.

Student achievements also reflected the breadth of the Group's educational experience. FEU students received top placements and distinctions in national competitions in accounting, medical technology, and tourism and hospitality. In addition, 18 students from the FEU Institute of Tourism and Hotel Management earned certification from the Worldchefs Academy for Sustainability Education for Culinary Professionals, strengthening their competencies in sustainable hospitality practices.

International exposure also continued to expand, with outbound student exchanges reaching 181 students across nine universities in three continents and 69 inbound students from six countries. These opportunities complement the Group's academic programs by providing students with broader cultural, professional, and international perspectives.

Corporate and Institutional Excellence

The Group also maintains service standards in the areas that support the effective and sustainable operation of its educational institutions, including research and innovation, environmental sustainability, governance, transparency, communications, and people development.

FEU received the 2026 Gawad Kabalikat sa Kapaligiran for its environmental initiatives and the Two Golden Arrow Award during the 2025 Golden Arrow Recognition, affirming its continued commitment to sustainability, good governance, and transparency. The Group also reported that 98% of its energy requirements are from renewable sources, with 7.7% generated internally.

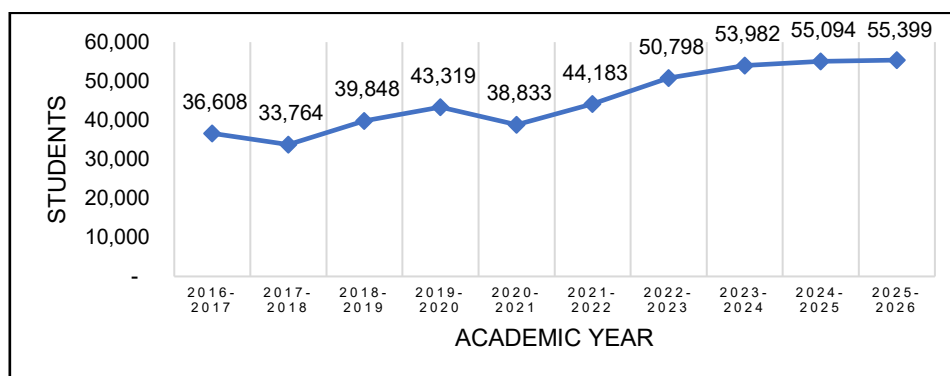
In terms of social impact and community engagement, FEU was selected as one of the national winners of the 2025 PMAP People Program of the Year Award for its Bread of HOPE initiative, which empowers women persons deprived of liberty (PDLs) by restoring their dignity through bakery skills training and livelihood opportunities. This recognition highlights FEU's sustained commitment to inclusive growth, social responsibility, and meaningful community engagement.

The Group recognizes that consistently delivering high-quality educational services depends on the capability, engagement, and development of its faculty and employees. FEU was named a finalist in the Learning Champion category of the LinkedIn Talent Awards, while FEU Institute of Technology was recognized among the Top 10 Best Employers in the Philippines in the Philippine Daily Inquirer–Statista Best Employers Survey. These recognitions reflect the Group's continuing focus on talent development, employee engagement, and fostering a workplace capable of supporting its service standards and long-term institutional objectives.

Market Acceptability

The Group assesses market acceptability primarily through student enrollment, which serves as an

indicator of the continued demand for its academic programs. The following graph presents the Group's first semester enrollment over the past 10 years, reflecting the sustained demand for the FEU Group of Schools and its continued position among the preferred educational institutions of its target market.



Enrollment growth has been supported by strategic initiatives aimed at strengthening the relevance and competitiveness of the Group's academic offerings. The FEU Group currently offers 130 academic programs, including programs in healthcare, business, and artificial intelligence that are responsive to emerging industry requirements. The continuing enhancement of the curriculum and introduction of programs aligned with evolving workforce needs support the Group's objective of developing graduates who remain competitive in a rapidly changing labor market.

The Group's enrollment performance has also been supported by measures aimed at maintaining accessibility and affordability of education. For School Year 2025–2026, no tuition fee increase was implemented, contributing to the Group's ability to sustain enrollment and provide continued access to quality education. Overall, the Group recorded a 1% increase in student population compared with the previous school year, reflecting sustained market demand for its academic offerings.

The Group's non-financial indicators provide a broad view of its performance across the key dimensions of its educational services. Market acceptability is reflected in sustained student demand and enrollment; academic service standards are demonstrated through program accreditations, research publications, professional examination results, and academic rankings; student service standards are reflected in achievements in sports, arts, culture, competitions, and industry certifications; institutional standards are supported by research, sustainability, governance, and communications initiatives; and workplace standards are reinforced through talent development and employee engagement.

Collectively, these indicators and achievements for the year ended May 31, 2026 demonstrate the Group's continued progress in market acceptability, academic quality and professional outcomes, student development through sports, arts and culture, and corporate and institutional excellence. The Group continues to strengthen these service standards to deliver relevant, competitive, and holistic educational experience while supporting its long-term institutional sustainability.

C. A Look At What Lies Ahead

The Philippine economy entered 2026 with GDP forecast at approximately 5.5%; however, the outlook has since weakened, with full-year growth now potentially reaching only around 3.5%, driven by global disruptions and domestic economic developments. Global uncertainties, subdued household consumption, and a significant contraction in construction activity arising from ongoing investigations have further weighed on economic activity and contributed to heightened social and political polarization.

From available CHED and DepEd data, albeit covering prior years, total learner enrollment has remained broadly flat, with growth in Higher Education offsetting a decline in Basic Education. Notably, while Higher Education enrollment nationwide has increased, enrollment in NCR Higher Education has contracted by approximately 6.5%. This trend highlights both the increasing importance of markets outside the NCR and the potential for further growth opportunities in regional Higher Education.

Overall growth, however, is still expected by FEU moving forward as it continues its expansion beyond the NCR, particularly in the Higher Education segment, through increased program offerings across its

various sites, as well as continued expansion in Basic Education.

Government support for education remained 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.

National enrollment in basic education declined by 7.8%, falling from approximately 27.0 million learners to 24.9 million in 2025, reflecting the impact of economic pressures on households, shifting demographic patterns, and affordability concerns across the sector.

In contrast, FEU's basic education segment demonstrated notable resilience, posting a 4% increase in enrollment. This outperformance relative to the national trend highlights sustained parental confidence in FEU's academic quality, learning continuity, and student support systems, reinforcing the strength of the FEU brand in the basic education market.

Looking ahead, the education landscape continues to evolve. The Strengthened Senior High School (SHS) Curriculum, scheduled for pilot implementation in School Year 2025–2026, represents a major reform initiative aimed at streamlining and modernizing the SHS program to better prepare graduates for higher education, employment, and entrepreneurship.

FEU Roosevelt and FEU Pampanga were selected as pilot institutions for the implementation of the new SHS curriculum. Both campuses are fully prepared to operationalize the revised framework, supported by curriculum alignment initiatives, faculty readiness programs, and learning resource enhancements. Participation in this pilot positions FEU at the forefront of curriculum innovation and reinforces its role as a trusted partner in national education reform.

Overall tertiary student population of the FEU Group of schools slightly grew by 0.6% in spite of its two largest schools in the NCR area which as a region, had the largest decline in tertiary learners. The higher education landscape continues to be reshaped by rapid digitalization, supported by government initiatives and private sector investments that have improved connectivity and digital infrastructure nationwide. Expanded access to virtual classrooms and online learning platforms has enabled greater participation, including from remote areas, while growing demand from working professionals and adult learners underscores the need for flexible, technology-enabled education. With the Philippine online education market expected to grow significantly, these trends present both challenges and opportunities for institutions that can effectively adapt and innovate.

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.

D. 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. Other than those disclosed in the financial statements, there are no other known events that will trigger direct or contingent financial obligation that may be material to the Group.
4. The Group does not foresee any cash flow or liquidity problem in the next 12 months immediately following the report date. The Group and each of the component entities can easily meet all its commitments with its present reserves and expected earnings.
5. There are no significant elements of income or loss from continuing operations, and there are no sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction, other than those disclosed in the financial statements.
6. Seasonal aspects that have material effect on the financial statements:

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

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

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

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

Item 7. Financial Statements and Supplementary Schedules

The audited consolidated financial statements, together with the Statement of Management's Responsibility and the Auditor's Reports, and the applicable supplementary schedules to the consolidated financial statements are attached (found at the last part of this report) and filed as part of this SEC Form 17-A.

The consolidated and separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), on a historical cost basis except for the measurement of certain financial assets and financial liabilities. The preparation of the consolidated and separate financial statements in compliance with PFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgements are based upon management's evaluation of relevant facts and context-based-circumstances of the financial statements. Actual results may ultimately vary from those estimates.

The consolidated and separate financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

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

The external auditor of the Company is the SyCip, Gorres, Velayo & Company (SGV & Co.).

Information on Independent Public Accountant

On 16 September 2025, the Board of Trustees approved the initial recommendation of the Chief Financial Officer to engage the services of SGV & Co. as the Company's external auditors for the fiscal year ending 31 May 2026 and delegated to the Audit Committee the review and approval of the details of SGV & Co.'s proposal.

On 9 October 2025, the Audit Committee, after evaluating SGV & Co.'s performance in the audit of the fiscal year 2025 financial statements, approved its endorsement for the reappointment of SGV & Co. as the Company's external auditors for fiscal year 2026. The appointment of SGV & Co. was subsequently confirmed and ratified by the stockholders during the Annual Stockholders' Meeting held on 18 October 2025. The lead engagement partner for fiscal year 2026 is Mr. Shane Dave D. Tanguin.

In compliance with SEC Rule 68 paragraph 3 (b) (iv) (Rotation of External Auditors), and as adopted by the University, external auditors or engagement partners are rotated or changed every five years.

External Audit Fees and Services

Pursuant to the requirements of SEC 18-2024 for the supplemental disclosure of fee-related information of the external auditors in the audited financial statements, the table below sets out the aggregate fees billed to the Company and its subsidiaries for each of the last three fiscal years for professional services rendered by its current and previous external auditors SGV & Co. and Punongbayan & Araullo, respectively.

	FY2026	FY2025	FY2024
Audit fees	₱ 5,051,200	₱ 4,595,360	₱ 4,774,000

Audit fees refer to the professional services rendered by external auditors for audit of the consolidated and separate annual financial statements of the Company and its subsidiaries. Such services that are normally provided in connection with statutory and regulatory filings. The fees presented above include VAT and out-of-pocket expenses incidental to the services provided.

Except for the statutory audit, there were no other services provided by SGV & Co. to FEU for the last fiscal year.

Audit services have been approved by the Audit Committee through the internal policies and procedures of approval. The appointments were endorsed to and approved by the Board of Trustees, and then by the stockholders at the annual stockholders' meetings.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has not had any material disagreements with its external auditors on accounting principles or practices, financial statement disclosures and the audit scope, timing and procedure for the current and prior periods.

PART III - CONTROL AND COMPENSATION

Item 9. Trustees and Executive Officers

Name	Age	Citizenship	Position	Effectivity
Aurelio R. Montinola III	75	Filipino	Chairman, Board of Trustees	August 2013 to present
Juan Miguel R. Montinola	65	Filipino	President and Trustee	August 2023 to present
Michael M. Alba	69	Filipino	Trustee	October 2012 to present
Paulino Y. Tan	80	Filipino	Trustee	June 1991 to present
Sherisa P. Nuesa	71	Filipino	Trustee	October 2021 to present
Gianna R. Montinola	68	Filipino	Trustee	October 2025 to present
Jose T. Sio	86	Filipino	Independent Trustee	April 2019 to present
Consuelo D. Garcia	71	Filipino	Independent Trustee	October 2021 to present
Rosario Palanca Blardony	69	Filipino	Independent Trustee	October 2022 to present
Maria Teresa Trinidad P. Tinio	61	Filipino	Senior Vice President for Academic Affairs	June 2011 to present
Anthony Raymond A. Goqingco	51	Filipino	Corporate Secretary and Compliance Officer	April 2020 to present February 2023 to present
Rosanna E. Salcedo	61	Filipino	Chief Finance Officer and Treasurer	August 2023 to present September 2014 to present
Pamela M. Hernandez	49	Filipino	Controller and Chief Risk Officer	April 2023 to present July 2023 to present
Ray Jan P. Roque	53	Filipino	Chief Audit Executive	June 2021 to present
Michael Q. Liggayu	52	Filipino	Data Protection Officer (Group wide) and Quality Management Representative	September 2013 to present July 2017 to present

- 1. Aurelio R. Montinola III, 75, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chairman (June 1989 to August 2013), Far Eastern University, Inc.**

Other Corporate Affiliations: Chairman, Amon Trading Corp., East Asia Computer Center, Inc. (FEU Institute of Technology), Far Eastern College Silang, Inc. (FEU Cavite), Nicanor Reyes Educational Foundation, Inc. (FEU Diliman), FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc. (FEU Roosevelt), and East Asia Educational Foundation, Inc.; Vice Chairman, Philippine Business for Education (PBE); Director, Good Samaritan Colleges, and BPI Wealth – A Trust Corporation; Independent Director, AIA Philippines Life and General Insurance Company, Inc. He is also a Director of Roxas and Company Incorporated, a listed corporation.

He was President of BPI from 2005 to 2013 and was a former President of the Bankers Association of the Philippines, and the Management Association of the Philippines (MAP).

He graduated with a BS Management Engineering degree at the Ateneo de Manila University in 1973 and received his MBA at Harvard Business School in 1977. He was awarded the Asian Banker Leadership Award for the Philippines in 2005 and 2010 and the MAP Management Man of the Year Award in 2012.

- 2. Juan Miguel R. Montinola, 65, Filipino: Trustee (July 2023 to present), President (August 2023 to present), Chief Finance Officer (September 2010 to July 2023), and Chief Risk Officer (October 2018 to July 2023), Far Eastern University, Inc.**

Other Corporate Affiliations: Chairman, Edustria, Inc., and FEU Health, Welfare and Retirement Fund Plan; Vice Chairman and Treasurer, Amon Trading Corporation; President, East Asia Computer Center, Inc. (FEU Institute of Technology), Far Eastern College Silang, Inc. (FEU Cavite), Nicanor Reyes Educational Foundation, Inc. (FEU Diliman), FEU Alabang, Inc., FEU High School, Inc., Roosevelt College, Inc. (FEU Roosevelt) and Higher Academia, Inc. (FEU Pampanga); Board Member, FERN Realty Corporation and Urban Program for Livelihood Finance and Training; and Member, Executive Committees of many of the organizations where he serves as Director.

Mr. Montinola was Chief Executive Officer and Country Manager of Lafarge Cementi SA, Italy from 2006 to 2008. He served as President and CEO of Republic Cement Corporation from 1996 to 2006, concurrently as Senior Vice President for Commercial Business from 2002 to 2006, and Senior Vice President for Procurement for Lafarge Cement Services, Inc. from 2001 to 2002.

Prior to 1996, Mr. Montinola held various positions in Republic Cement Corporation and served as a member of the Board of Directors in different organizations.

Mr. Montinola has a Master of Business Administration from the International Institute of Management Development, Switzerland and an AB Economics degree from the College of William & Mary, Virginia, USA.

- 3. Michael M. Alba, 69, Filipino: Trustee (October 2012 to present) and immediate Past President (October 2012 to July 2023), Far Eastern University, Inc.**

Other Corporate Affiliations: He is a distinguished Filipino economist and academic leader who currently serves as President of the FEU Public Policy Center.

During his FEU presidency, he also led several institutions within the FEU Group of Schools - as President concurrently of the FEU Institute of Technology, FEU Alabang, FEU Cavite,

FEU Diliman, FEU High School, and FEU Roosevelt. At the same time, he was Chairman of Edustria, Inc., a joint venture between FEU and the Technological Institute of the Philippines, and a Director of the Jerudong Park Medical Centre (JPMC) College of Health Sciences in Brunei Darussalam, a partnership of FEU and the JPMC. He also served as President of the Philippine Economic Society in 2007.

Dr. Alba earned his AB in Economics from Ateneo de Manila University in 1978, his MA in Economics from the University of the Philippines Diliman School of Economics in 1987, and his PhD in Applied Economics from Stanford University in 1993.

4. Paulino Y. Tan, 80, Filipino: Trustee (June 1991 to present), Far Eastern University, Inc.

Other Corporate Affiliations: At present, Member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc. (FEU Diliman), East Asia Educational Foundation, Inc., East Asia Computer Center, Inc. (FEU Institute of Technology), Lyceum of Batangas, Lyceum of Laguna, SM Foundation, Inc., Asia Pacific Technology Educational Foundation, Inc. (Asia Pacific College), Asia Pacific Computer Technology Center, Inc., FERN Realty Corporation, Far Eastern College Silang, Inc. (FEU Cavite), FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc. (FEU Roosevelt), and MFI Polytechnic Institute, Inc.

Dr. Tan obtained the Degree of Bachelor of Science in Chemical Engineering from De La Salle University. He obtained both his MS and PhD in Chemical Engineering from the University of Notre Dame, Indiana, USA.

5. Sherisa P. Nuesa, 71, Filipino: Trustee (October 2021 to present), Independent Trustee (2010 to September 2021), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director, FERN Realty Corporation and the following publicly-listed corporations: Integrated Micro-Electronics, Inc., AREIT, Inc. and Metro Retail Stores Group, Inc., where she has been elected as Chairman of the Board since May 2024.

Ms. Nuesa is also a Board Trustee of the Financial Executives Institute of the Philippines (FINEX) Foundation, and a Board Adviser and co-founder of Justice Reform Initiative (JRI), where she served as Chairman for ten years until 2022.

Her past directorships include Manila Water Company, Inc., from April 2013 to April 2026, Ayala Land Inc. from April 2020 to April 2023, ACEN Corporation (formerly AC Energy Inc.) from 2019 to April 2023; and ALFM Mutual Funds Group (where she was President) for nine years until March 2021. She also served as Senior Board Adviser to Vicsal Development Corporation from 2012 to June 2026. She was also a Trustee of the Institute of Corporate Directors (ICD) for nine years until June 2021, where she held the positions of Treasurer and then Vice Chair. She also served as a board Director of the FINEX Institute from 2012 to 2015, then from 2018 to 2019.

A former Managing Director of conglomerate Ayala Corporation, she held various senior management positions in Ayala subsidiaries: Ayala Land, Inc., Manila Water Company, and Integrated Micro Electronics Inc. and co-led the Initial Public Offerings (IPOs) of these companies.

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) from Far Eastern University in 1974 and received her Master of Business Administration degree from the Ateneo - Regis Graduate School of Business in 2011. She also attended post-graduate management programs at Harvard Business School and Stanford University.

She received the ING-FINEX CFO of the Year award in 2008 and was one of the FEU Outstanding Alumni Awardees in the same year.

- 6. Gianna R. Montinola, 68, Filipino: Trustee (October 2025 to present), Consultant for External Affairs (August 2023 to present), Consultant for Corporate Affairs (October 2022 to May 2023), Senior Vice President Corporate Affairs (September 2019 to October 2022), Vice President Corporate Affairs (November 2013 to September 2019), Far Eastern University, Inc.**

Other Corporate Affiliations: Concurrently President, Nicanor Reyes Memorial Foundation (NRMF); Trustee, Roosevelt College, Inc. (FEU Roosevelt) and Nicanor Reyes Educational Foundation, Inc. (FEU Diliman); Director, East Asia Computer Center, Inc. (FEU Institute of Technology); Director and Corporate Secretary of FERN Realty Corporation; Director, Amon Trading Corporation and Robinsons True Serve Hardware Philippines, Inc. (RTSHPI); Treasurer, FEU Public Policy Center; Vice Chair, MAP Education Committee. Co-founder of non-profit organization Hands on Manila Foundation, Inc. In October 2024, she was appointed Commissioner of the Education Committee of the UNESCO Philippine National Commission (UNACOM) under the Department of Foreign Affairs. Associate lawyer of the Quisumbing Torres Law Office (an affiliate of the Baker & McKenzie Law Office, USA) from 1986 to 1992. Philippine Honorary Consul to the Republic of Peru from 1994 to 1996.

She earned a Bachelor of Arts degree in International Relations from Mount Holyoke College, USA and a Bachelor of Laws (L.B.) degree, with honors, from the Ateneo de Manila School of Law. She obtained a Masters degree in Public Administration from the John F. Kennedy School of Government at Harvard University, USA.

- 7. Jose T. Sio, 86, Filipino: Independent Trustee (April 2019 to Present), Far Eastern University, Inc.**

Other Corporate Affiliations: Chairman Emeritus of the Board of Directors of SM Investments Corporation; Director of Ortigas Land Corporation, Atlas Consolidated Mining and Development Corporation, NLEX Corporation, and China Bank; Trustee of Asia Pacific Technology Educational Foundation, Inc. (Asia Pacific College); Chairman and President of SM Foundation, Inc.; and Adviser to the Board of Directors of BDO Unibank, Inc.

Previous Affiliations: Senior Partner of SGV & Co.; Consultant at T.N. Soong & Co., CPA in Taipei, Taiwan and Audit Associate at Ernst and Whinney, CPA in New York, USA.

Mr. Sio was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX). In various years, he received Asia's Best CFO Award from Hong Kong-based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia, and The Asset. In 2018, he received the Asian Corporate Director Award from Corporate Governance Asia. In 2022, he received the Parangal San Mateo Award from the Philippine Institute of Certified Public Accountants (PICPA) Foundation, Inc. In 2023, he was honored by the Professional Regulatory Board of Accountancy with the Accountancy Centenary Award of Excellence. In 2025, he was named an Honorary Life Member by the Philippine Institute of Certified Public Accountants (PICPA).

Mr. Sio is a Certified Public Accountant. He obtained his Bachelor of Science in Commerce Major in Accounting from the University of San Agustin, Iloilo City. He completed his Master of Business Administration Major in Corporate Finance and Management in New York University, New York, USA.

8. Consuelo D. Garcia, 71, Filipino: Independent Trustee (October 2021 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director of GT Capital Holdings Inc., a publicly-listed corporation, and Independent Director of Sunlife Investment Management and Trust Corporation, and of TS EVO PH FINANCE INC., both BSP supervised non-bank financial institutions. She also serves as Independent Director of Philippine Payments Management Inc., a stand-alone, self-governing regulatory structure, ran by the payment industry participants in the country and is a Director of Murrayhill Realty and Development Corporation, a family owned corporation.

Ms. Garcia is a Member of the Board of Trustees of FINEX Academy. She is a Fellow of the Institute of Corporate Directors and a Member of the Filipina CEO Circle.

She was formerly the Country Manager and Head of Clients of ING Bank N.V. Manila from September 2008 to November 15, 2017 and the Senior Consultant for Challenger and Growth Markets - ING Asia from November 16, 2017 to June 30, 2022 for the roll-out of its retail banking business in the Philippines anchored on a mobile first all-digital platform. Ms. Garcia previously worked in SGV and in Boston Bank of the Philippines.

Ms. Garcia is a Certified Public Accountant and she graduated Bachelor of Science in Business Administration, major in Accounting (*magna cum laude*) from University of the East.

9. Rosario Palanca Blardony, 69, Filipino: Independent Trustee (October 2022 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Diagnostic Services Coordinator, Oral Medicine and Oral Pathology, University of Toronto, Faculty of Dentistry.

Ms. Rosario Palanca Blardony was formerly affiliated with The Hospital for Sick Children Toronto, Canada as Administrative Coordinator. She also joined the Far Eastern University, Manila as Lecturer and later Program Head/Associate Professor of the Institute of Accounts, Business and Finance.

She graduated with a degree in Hotel and Restaurant Management at the St. Paul's College, Quezon City, and received her Master in Business Administration from the Ateneo de Manila University in 2005.

10. Maria Teresa Trinidad P. Tinio, 61, Filipino: Senior Vice President for Academic Affairs, (June 2011 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Member of the Board of Directors/Trustees, FEU High School, Inc., Roosevelt College, Inc. (FEU Roosevelt), East Asia Educational Foundation, Inc., JPMC College of Health Sciences SDN BHD; Good Samaritan College, Inc., and Edustria, Inc..

PhD Southeast Asian Studies, National University of Singapore; Master of English, major in Literature and Cultural Studies, Ateneo de Manila University with academic units from the New School for Social Research, New York City; AB Humanities, Ateneo de Manila University.

Research focus in Philippine Literature, Sociolinguistics, and the Politics of Language in Southeast Asia. Publications include contributions to the *CCP Encyclopaedia of the Arts*, the *Loyola Schools Review*, *Philippine Studies*, and *The Politics of English in Asia: Language Policy and Cultural Expression in South and Southeast Asia and the Asia Pacific* published by John Benjamins (The Netherlands).

11. Rosanna Esguerra-Salcedo, 61, Filipino: Chief Finance Officer (August 2023 to present), Treasurer (September 2014 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Trustee, East Asia Educational Foundation Inc, (EAEFI) and FEU Health, Welfare and Retirement Fund Plan; Director, Higher Academia, Inc. (FEU Pampanga); Chief Finance Officer and Treasurer, Roosevelt College, Inc. (FEU Roosevelt); Treasurer, Foundation for Information Technology Education (FIT-ED) and FEU High School, Inc.

Before joining FEU, she worked at the Bayan Telecommunications, Inc., where she managed numerous departments: initially as Head of General Accounting and Accounts Payable, then, Budget Department and Revenue Accounting, and as Head of Billing and Collection. She also served as the Head of Treasury and Internal Audit of Mariwasa Manufacturing, Inc. for five years.

Prior to joining the private sector, she worked for SGV & Co. both as an External Senior Auditor and Tax Senior Auditor.

Ms. Salcedo is a Certified Public Accountant. She obtained her BSBA Major in Accounting, *cum laude*, from the University of the East. She also completed her Management Leadership Program at the Asian Institute of Management.

12. Anthony Raymond A. Goquingco, 51, Filipino: Corporate Secretary (April 2020 to present), Compliance Officer (February 2023 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Corporate Secretary of East Asia Computer Center, Inc., FEU Alabang, Inc., Far Eastern College Silang, Inc. ("FEU Cavite"), FEU High School and Foundation for Information Technology Education and Development, Inc.; Assistant Corporate Secretary of FERN Realty; Director of FERN Realty; Trustee and Corporate Secretary, Nicanor Reyes Memorial Foundation; Treasurer of the Georgetown Club of the Philippines.

Atty. Anthony Raymond A. Goquingco has been a member of the legal profession since his admittance to the Philippine Bar in 2003. He has extensive legal experience as a practicing lawyer and has held positions in the Philippine Judicial Academy of the Supreme Court of the Philippines, non-governmental organizations, law firms, and private corporations. Prior to joining the academe, Atty. Goquingco was Associate General Counsel of Aboitiz Equity Ventures, Inc.

Atty. Goquingco joined the academe in 2014 and teaches Obligations and Contracts, Property Law, Negotiations, Special Issues in International Law, and International Moot Court at the Far Eastern University. He also teaches Public and Private International Law at Adamson University's College of Law. In 2016, he was appointed as Associate Dean of the Juris Doctor — Master of Business Administration program of the Institute of Law of the Far Eastern University. He was appointed Associate Dean of the Juris Doctor Program of the Institute in 2018. He was appointed Corporate Secretary of the Far Eastern University in 2020.

Atty. Goquingco graduated from the Ateneo de Manila University with an AB Political Science degree in 1997. He pursued his law studies at the same university graduating in 2002 with a Juris Doctor degree. In 2007, he graduated with distinction from the Georgetown University Law Center in Washington, D.C. with a Master of Laws in International Legal Studies with a Certificate in National Security Law. He specializes in International Business Law, Contract Law, Property Law, Contract Negotiations, International Law, and National Security Law. He is also the author of "Beyond Borders: Examining Special Issues in International Law".

13. Pamela M. Hernandez, 49, Filipino: Chief Risk Officer (July 2023 to present) and concurrent Controller (April 2023 to present), Far Eastern University, Inc.

Other Corporate Affiliation: Ms. Hernandez concurrently serves as a Member of the Board of Directors and as Finance and Administration Director of Edustria, Inc.

She brings over two decades of cumulative professional experience in public accounting, complemented by prior roles in financial and tax consultancy, management accounting and budgeting, and internal auditing.

A Certified Public Accountant, Ms. Hernandez graduated *cum laude* with a Bachelor of Science in Accountancy from Ateneo de Naga University. She also earned her Master in Management degree, *with commendation*, from the Asian Institute of Management.

14. Ray Jan P. Roque, 53, Filipino: Chief Audit Executive, (June 2021 to present), Far Eastern University, Inc.

Work Experience: Risk Assurance Audit Director at Isla Lipana & Co., Philippine member firm of the PricewaterhouseCoopers global network, Internal Auditor at Lufthansa Technik Philippines, Senior Associate at Joaquin Cunanan & Co.

He graduated with a degree of Bachelor of Science in Accountancy from Philippine School of Business Administration, Manila Campus. He is a Certified Public Accountant by profession.

15. Michael Q. Liggayu, 52, Filipino: Quality Management Representative (September 2013 to present), and Data Protection Officer (July 2017 to present)), Far Eastern University, Inc.

Professional experience includes: Corporate Accountant, Doojin Corporation; Auditor, Sycip, Gorres, Velayo and Company; Management Consultant, Guiao's International Furniture; Internal Auditor, Academic Coordinator and Faculty Member, Angeles University Foundation; Program Head for Accountancy Program, Associate Dean and Accounting Faculty Member of the Institute of Accounts, Business and Finance, Assistant to the Senior Vice President for Academic Affairs, Assistant to the President and Project Manager for Enrollment, and Chief Information Security Officer, Far Eastern University - Manila.

A Certified Public Accountant by profession, Certified Lead Auditor for ISO 9001 and Certified Data Protection Officer (TÜV), Mr. Liggayu graduated with the degree of Bachelor of Science in Accountancy, completed his academic requirements for the degree of Master in Business Administration at the Angeles University Foundation, and completed Data Protection Officer Executive Certificate Program at the Asian Institute of Management.

The term of office of a Trustee is one (1) year or until his/her successor is elected and qualified. The members of the Board of Trustees of the Corporation are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting, or up to the time their respective successors shall have been elected and qualified.

The officers are appointed or elected annually by the Board of Trustees at its organizational meeting, each to hold office until the next meeting of the Board the following year or until a successor shall have been elected, appointed and qualified.

Significant Employees

The corporation considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the corporation's goals and objectives.

Family Relationships

Mr. Aurelio R. Montinola III, *Chairman*, Mr. Juan Miguel R. Montinola, *President*, and Atty. Gianna R. Montinola, *Trustee*, are siblings.

Training and/or Continuing Education Programs of Trustees/Officers

The continuing education programs for trustees/officers: programs and seminars and roundtables attended during the year are as follows:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Aurelio R. Montinola III	September 1, 2025	Anti -Money Laundering (AML) and Counter Terrorist and Proliferation Financing (CTPF) Refresher Training for Board of Directors (BOD) and Senior Management	SGV & Co.
	October 13, 2025	2025 Annual Corporate Governance Training	GGAPP
	November 4, 2025	2025 Ayala Integrated Corporate Governance, Risk Management, and Sustainability Summit	Institute of Corporate Directors (ICD)
Michael M. Alba	May 29 & 30, 2025	Beyond the Algorithm: Exploring the Cybersecurity and AI Revolution	Institute of Corporate Directors (ICD)
Paulino Y. Tan	July 17 & 18, 2024	Risks and Resilience in the World of AI	Institute of Corporate Directors (ICD)
Sherisa P. Nuesa	November 21, 2025	12th SEC Corporate Governance Forum	Securities and Exchange Commission
	May 29 & 30, 2025	Beyond the Algorithm: Exploring the Cybersecurity and AI Revolution	Institute of Corporate Directors (ICD)
Gianna R. Montinola	October 27-28, 2025	Training on PQA	MAP
	April 10, 2026	Datin Doris Ong Women Empowerment Workshop 2026 themed "In Forming Tomorrow"	Ramon Magsaysay Award Foundation
	May 13, 2026	Online Workshop: Key Design Principles & Practices for Effective Facilitation for Points of Light Foundation"	
	May 18-21, 2026	ASEAN Science Diplomats Assembly: 10 th Founding Anniversary "A Decade of Science Diplomacy: Bridging Divides, Inspiring Lives"	ASEAN Science Diplomats
Jose T. Sio	July 25, 2025	2025 Annual Corporate Governance Seminar	BDO Unibank, Inc.
	October 3, 2025	2025 Corporate Governance Seminar	Institute of Corporate Directors (ICD)
	June 10, 2025	GT Talks: Data Science and Artificial Intelligence Workshop	GT Panel of Speakers

Consuelo D. Garcia	July 7, 2025	Board Insights: National AI Strategy	Institute of Corporate Directors (ICD)
	July 25, 2025	Masterclass The Fifth Series: Turbocharging Talent at the Top: The Board's Role in Succession Leadership and Rewards	Institute of Corporate Directors (ICD)
	July 25, 2025	Unleash Executive Potential - Turbocharging Talent At The Top	Institute of Corporate Directors (ICD)
	August 29, 2025	Masterclass – 5 th Series: Risk Governance & Corporate Board	Institute of Corporate Directors (ICD)
	September 26, 2025	Masterclass – 5 th Series: Board's Role in the Human Capital Strategy	Institute of Corporate Directors (ICD)
	October 24, 2025	Corporate Governance	SGV
	November 29, 2025	Advanced Corporate Governance	Institute of Corporate Directors (ICD)
Rosario Palanca Blardony	May 29 & 30, 2025	Beyond the Algorithm: Exploring the Cybersecurity and AI Revolution	Institute of Corporate Directors (ICD)
Rosanna E. Salcedo	April 16, 2026	FEU Gen AI Executive Workshop	Thinking Machines Data Science
Anthony Raymond A. Goquingco	May 29 & 30, 2025	Beyond the Algorithm: Exploring the Cybersecurity and AI Revolution	Institute of Corporate Directors (ICD)
	April 16, 2026	FEU Gen AI Executive Workshop	Thinking Machines Data Science
Maria Teresa Trinidad P. Tinio	August 18, 2025	From Budgets to Breakthroughs: Finance for FEU Academic Leaders (Participant)	FEU
	August 18 and September 04, 2025	Finance for FEU Academic Leaders (Participant)	FEU
	September 19-20, 2025	Mindful Leadership Retreat: Stepping back to be FEUture Ready Leaders (Participant)	FEU
	March 23, 2026	FEUture Leaders Forum: The Filipino Future – Education, AI, and National Competitiveness (Participant)	FEU
	April 22, 2026	Gender Diversity and Inclusion Forum: Gender Gaps in Research (Resource Speaker)	FEU
	April 24-25, 2026	Towards Gender-Transformative and Student-Centered Classrooms: A Diversity, Equity, and Inclusion Workshop (Resource Speaker)	FEU
Pamela M. Hernandez	June 27, 2025	Cultivating 21 st -Century Skills with Technology-Enhanced Instructions	McGraw Hill
	July 8, 2025	Tax Policy Compliance in Changing Economy Forum	Du-Baladad
	October 7-9, 2025	ISO 31000 ERM Fundamentals Training and Certification	ERMA and ICD
	November 22, 2025	The Protector Mindset and Persuasive Leadership	Open Compliance an Ethics Group (OCEG)

	December 10-11, 2025	Fostering Mindful and Adaptive Leadership	Talent, Leadership and Change Consulting
	March 14 to May, 2026	Certificate Course in Labor Relations	PMAP
	March 23, 2026	FEUture Leaders Forum: The Filipino Future – Education, AI, and National Competitiveness	FEU
	April 16, 2026	FEU Gen AI Executive Workshop	Thinking Machines
Ray Jan P. Roque	June 12, 2025	Implementing an integrated approach to assurance provision	Wolters Kluwer
	July 6, 2025	Understanding ISO /IEC 42001 AI Management System	TUV SUD
	July 7, 2025	GTAG: Updates: Auditing Cyber Incident Response and Recovery	Institute of Internal Auditor Philippines (IIAP)
Michael Q. Liggayu	September 19, 2025	ISO 21001:2025 Awareness Training	TUV SUD PSB Philippines Inc.
	November 24-25, 2025	Data Privacy Roadshow	National Privacy Commission
	May 4-5, 2026	ISO 21001:2018 Awareness + Documented Information + Internal Auditor	TUV SUD PSB Philippines Inc.

Number of Meetings and Attendance of the Board of Trustees

Below is the table of attendance of the members of the Board of Trustees in their regular/organizational meetings for the period June 1, 2025 to May 31, 2026 are as follows:

[illegible]

Item 10. Executive Compensation

Summary and Principal Position	Year ended	Salary	Bonus*	Other Annual Compensation
Chairman of the Board of Trustees and Chief Executive Officer		- x -	- x -	- x -
President and Chief Operating Officer		- x -	- x -	- x -
Senior Vice President for Academic Affairs		- x -	N/A	- x -
Chief Finance Officer		- x -	N/A	- x -
Chief Information Officer		- x -	N/A	- x -
Vice President for Human Resources		- x -	N/A	- x -
Totals - Actual	2025	31,244,655	4,000,000	6,225,594
Actual	2026	34,234,689	4,000,000	6,796,043
Projected	2027	36,288,770	4,000,000	7,203,806

All other officers and Trustees as a group unnamed				
Totals - Actual	2025	33,266,624	14,000,000	6,627,846
Actual	2026	32,829,930	14,000,000	6,296,206
Projected	2027	34,799,726	14,000,000	6,673,978

**Trustees' Annual Bonus*

The compensation presented are actual for the last two (2) completed fiscal years and the estimate for the ensuing fiscal year ending May 31, 2027. The aggregate amount is ₱242,487,867.

Compensation of Directors

Standard Arrangement

Non-executive trustees who are members of the Board Committees are entitled to honorarium / per diem for attending Board Committee meetings. The members of the Board are also entitled to an annual Director's bonus at the end of the fiscal year in accordance with an approved resolution of the stockholders dated 08 May 1976, while the officers of the corporation are entitled to basic salaries and benefits.

Other Arrangement

There are no other material terms or conditions of employment for contractual executive officers, except those specified in this report.

Voting Trust Holders

The Registrant is not a party to any voting trust agreement. No security holder of the Registrant holds a voting trust or other similar agreements.

No information is available on all outstanding warrants or options held by the members of the Board of Trustees and officers of the corporation.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Beneficial Owners of More Than 5% and 10% Securities as of May 31, 2026

As of May 31, 2026, Far Eastern University does not have on record any person party or entity who beneficially owns more than 5% and 10% of common stock except as set forth in the table below:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Seyrel Investment and Realty Corporation ¹ Ayala Triangle Gardens Tower 2 Paseo de Roxas Cor. Makati Ave, Makati City	Seyrel Investment and Realty Corporation	Filipino	6,887,051	28.63
Common	Sysmart Corporation ³ 426 MKSE, Ayala Avenue Makati City	Sysmart Corporation	Filipino	5,275,601	21.93
Common	Desrey, Incorporated ² Ayala Triangle Gardens Tower 2 Paseo de Roxas Cor. Makati Ave. Makati City	Desrey, Inc.	Filipino	1,924,956	8.00

All of the above are direct beneficial owners of the securities.

¹ Mr. Juan Miguel R. Montinola as President is authorized to vote for the shares of the Corporation.

² Mr. Aurelio R. Montinola as President is authorized to vote for the shares of the Corporation.

³ Ms. Teresita T. Sy, Chairman of the Board

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Citizenship	Percent Of Class
Common	Aurelio R. Montinola III <i>Chairman, Board of Trustees</i>	291,699 – D 175,373 – I	Filipino	1.2126 0.7290
Common	Juan Miguel R. Montinola <i>President and Trustee</i>	0 – D 111,900 – I	Filipino	0.0 0.4652
Common	Michael M. Alba <i>Trustee</i>	1 – D	Filipino	0.0000
Common	Paulino Y. Tan <i>Trustee</i>	1 – D	Filipino	0.0000
Common	Sherisa P. Nuesa <i>Trustee</i>	2,481 – D 0 – I	Filipino	0.0103 0.0
Common	Gianna R. Montinola <i>Trustee</i>	113,348 – D	Filipino	0.4712
Common	Jose T. Sio <i>Independent Trustee</i>	14 – D	Filipino	0.0001
Common	Consuelo D. Garcia <i>Independent Trustee</i>	80 – I	Filipino	0.0003
Common	Rosario Palanca Blardony <i>Independent Trustee</i>	1 – D	Filipino	0.0000
Common	Rosanna E. Salcedo <i>Chief Finance Officer and Treasurer</i>	734 – D 9,985 – I	Filipino	0.0031 0.0415
Common	Anthony Raymond A. Goquingco <i>Corporate Secretary and Compliance Officer</i>	940 – D	Filipino	0.0039

Security of Ownership of Management as a Group

Total Shares - 706,557
Percentage - 2.9372%

Item 12. Certain Relationships and Related Transactions

The University has written policies and procedures on related party transactions, endorsed by the Board Committee on Related Party Transactions, that addresses the regulatory requirements of the SEC, and foremost is, used as guiding principles in the Group management's evaluation of transactions with related parties.

During the year, the Group, in its regular conduct of business, has entered into transactions with its related parties, as disclosed in Note 20 to the Consolidated Financial Statements, which is an integral part of this report.

There were no material related party transactions involving the University or any of its subsidiaries with any of its directors, executive officer, or stockholder which owns ten percent (10%) or more of the total outstanding shares and members of their immediate family.

Other than those disclosed in the Consolidated Financial Statements, no other material transactions, without proper disclosures, were undertaken by the Group.

PART IV – SCHEDULES AND OTHER REPORTS

Item 13. Reports on SEC Form 17-C and Quarterly Reports

(a) Exhibit

The exhibits are not applicable to the company nor require any answer.

(b) Reports on SEC Form 17-C

1. On 17 June 2025:

Approval of an additional equity investment of Eleven Million Four Hundred Twenty-Eight Thousand Six Hundred Pesos (Php 11,428,600.00) in Higher Academia, Inc. ("HAI"), an educational institution that offers secondary and tertiary education in San Fernando, Pampanga.

SEC eFast submission acknowledged on 17 June 2025.

2. On 11 August 2025:

Acquisition of 1,168 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary) and lodged the same with PCD Nominee Corporation (Filipino).

SEC eFast submission acknowledged on 11 August 2025.

3. On 10 September 2025:

Acquisition of 901 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary) and lodged the same with PCD Nominee Corporation (Filipino).

SEC eFast submission acknowledged on 10 September 2025.

4. On 16 September 2025:

Declaration of ₱16.00/share cash dividend to all stockholders of record as of 30 September 2025, payable on 16 October 2025, as approved during the Board of Trustees meeting held on 16 September 2025.

SEC eFast submission acknowledged on 16 September 2025.

5. On 10 October 2025:

Announcement of Far Eastern University, Inc. ("FEU") that the subscription agreement with Higher Academia, Inc. ("HAI") has been finalized on 10 October 2025.

FEU subscription of an additional 114,286 common shares in HAI, increasing its total holdings to 2,914,286 shares. This represents 51% of HAI's outstanding capital stock, establishing FEU as its majority owner

SEC eFast submission acknowledged on 10 October 2025.

6. On 18 October 2025:

Resolutions adopted and approved in the FEU Annual Stockholders Meeting held on 18 October 2025:

- i. Minutes of the Annual Stockholders Meeting held on 19 October 2024;
- ii. Academic Report of the President for the Academic Year 2024-2025;
- iii. Annual Report covering the operations for the Fiscal Year 2024-2025;
- iv. Approval, ratification and confirmation of the acts and resolutions of the Board of Trustees, Board Management Committees, and Management and other officers of Far Eastern University taken or adopted since the Annual Meeting of Stockholders last 19 October 2024 until 18 October 2025;
- v. Election of members of the Board of Trustees including independent trustees for the fiscal year 2025-2026;
- vi. Appointment of SGV & Co. as External Auditor for the fiscal year 2025-2026.

SEC eFast submission acknowledged on 20 October 2025.

7. On 18 October 2025:

Matters approved during the Organizational Meeting of the Board of Trustees held on 18 October 2025:

Elected and appointed Corporate Officers and University Officials and Members of Board Committees for the term 2025-2026

Corporate Officers

Aurelio R. Montinola III	Chairman of the Board of Trustees
Juan Miguel R. Montinola	President
Rosanna E. Salcedo	Chief Finance Officer & Treasurer
Anthony Raymond A. Goquingco	Corporate Secretary and Compliance Officer

University Officials

Maria Teresa Trinidad P. Tinio	Senior Vice-President for Academic Affairs
Pamela M. Hernandez	Controller and Chief Risk Officer
Michael Q. Liggayu	Data Protection Officer (Group wide) and Quality Management Representative
Ray Jan P. Roque	Chief Audit Executive

Board Committees

(a) Executive Committee

Aurelio R. Montinola III	Chairman
Juan Miguel R. Montinola	President
Paulino Y. Tan	Member
Sherisa P. Nuesa	Member
Rosanna E. Salcedo	Member

(b) Talent Management Committee

Aurelio R. Montinola III	Chairman
Juan Miguel R. Montinola	President
Paulino Y. Tan	Member
Sherisa P. Nuesa	Member
Rosanna E. Salcedo	Member

(c) Audit Committee

Consuelo D. Garcia	Chairman
Jose T. Sio	Member
Sherisa P. Nuesa	Member
Paulino Y. Tan	Alternate Member

(d) Joint Risk Management and Related Party Transaction Committee

Jose T. Sio	Chairman
Consuelo D. Garcia	Member
Michael M. Alba	Member
Paulino Y. Tan	Alternate Member

(e) Corporate Governance Committee

Rosario P. Blardony	Chairman
Jose T. Sio	Member
Consuelo D. Garcia	Member

(f) Nomination Committee

Paulino Y. Tan	Chairman
Gianna R. Montinola	Member
Rosario P. Blardony	Member

Appointment of Ms. Consuelo D. Garcia as Lead Independent Trustee

Reappointment of all other incumbent Corporate Officers and University Officials of FEU to the current positions respectively held by them for the term 2025-2026, to serve as such until their respective successor is duly appointed and qualified.

SEC eFast submission acknowledged on 20 October 2025.

8. On 20 November 2025:

Acquisition of 1,252 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary) and lodged the same with PCD Nominee Corporation (Filipino).

SEC efast submission acknowledged on 20 November 2025.

9. On 04 February 2026:

Acquisition of 300 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary) and lodged the same with PCD Nominee Corporation (Filipino).

SEC eFast submission acknowledged on 05 February 2026.

10. On 24 February 2026:

Declaration of ₱14.00/share cash dividend to all stockholders of record as of 10 March 2026, payable on 24 March 2026, as approved during the Board of Trustees' meeting held on 24 February 2026.

SEC efast submission acknowledged on 25 February 2026.

11. On 09 March 2026:

Signing of a Memorandum of Agreement with the Bataan Peninsula Educational Institution Inc. ("BPEII"), doing business under the name University of Nueva Caceres – Bataan. FEU will purchase 76.92% of the land on which BPEII operates, at a purchase price of Fifty Million Pesos (Php50,000,000.00) and FEU will subscribe to 39,500 shares in BPEII at a subscription price of One Hundred Six Million Pesos (Php 106,000,000.00). FEU and the other landowners will subsequently transfer the land in exchange for additional shares in BPEII.

SEC efast submission acknowledged on 09 March 2026

12. On 23 April 2026:

Acquisition of 2,478 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary) and lodged the same with PCD Nominee Corporation (Filipino).

SEC eFast submission acknowledged on 23 April 2026.

13. On 19 May 2026:

Reversal of One Billion One Hundred Eighty Seven Million Seven Hundred Thirty Three Thousand One Hundred Pesos (Php1,187,733,100.00) of the current approved retained earnings of Far Eastern University, Inc.

Appropriations of retained earnings of Far Eastern University for the fiscal year 31 May 2026 be adjusted to Seven Hundred Thirty Three Million Seven Hundred Thirty Three Thousand One Hundred Pesos (P733,733,100.00) as follows:

Reserves for:		
Subsidiary Expansion Projects	₱	332,000,000.00
Capital Expenditures		308,000,000.00
Probable Contingency		90,000,000.00
Treasury Shares		3,733,100.00
TOTAL	₱	733,733,100.00
=====		

SEC eFast submission acknowledged on 19 May 2026.

(c) Quarterly Reports:

Ended August 31, 2025 – SEC eFast acknowledged on 13 October 2025

Ended November 30, 2025 – SEC eFast acknowledged on 13 January 2026

Ended February 28, 2025 – SEC eFast acknowledged on 13 April 2026

Item 14. FEU Sustainability Report for School Year 2025-2026**Contextual Information**

Company Details	
Name of Organization	Far Eastern University, Inc.
Location of Headquarters	Nicanor Reyes Street, Sampaloc, Manila
Location of Operations	Nicanor Reyes Street, Sampaloc, Manila
Report Boundary: Legal entities (e.g., subsidiaries) included in this report*	Far Eastern University, Manila, Inc. East Asia Computer Center, Inc. Far Eastern College-Silang, Inc. FEU Alabang, Inc. FEU High School, Inc. Roosevelt College, Inc. Edustria, Incorporated Higher Academia, Inc. Fern Realty Corporation
Business Model, including Primary Activities, Brands, Products, and Services	Multi-campus consolidated educational enterprise
Reporting Period	Fiscal Year 2025-2026
Highest Ranking Person responsible for this report	Atty Anthony Raymond A. Goquingco, J.D., LL.M. Corporate Secretary

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹
The mission of FEU, Inc. and its subsidiaries is to provide quality higher education through industry-responsive outcomes-based curricular programs. The institution promotes sustainable and responsive research extension, heritage, and environmental stewardship towards national and global development, most importantly, developing and promoting human development towards nation-building. The materiality principle was then applied to determine the main sustainability programs that the institution has deemed key in supporting its educational mission and sustainable development. Updates for those programs that are directed towards sustainability of FEU Main and its subsidiaries.

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount FY 2025 - 2026	Units
Direct economic value generated (revenue)	7,375,542,706	Php
Direct economic value distributed:	6,162,975,745	Php
a. Operating costs	1,001,796,918	Php
b. Employee wages and benefits	2,204,151,019	Php
c. Payments to suppliers, other operating costs	1,208,283,498	Php
d. Dividends given to stockholders and interest payments to loan providers	839,787,074	Php
e. Taxes given to government	367,212,110	Php
f. Investments to community – primarily Scholarships	541,745,126	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Quality education is driven by hybrid classes, state-of-the-art facilities, best in-class learning platforms, and competitively compensated high qualified faculty. Strong financials of the FEU Group have allowed for the delivery of quality education at par with or better than other top schools. Furthermore, increased revenue has allowed FEU to regularly issue cash dividends to its shareholders.	FEU Community FEU Shareholders	Prudent management governance with emphasis on operational efficiency and strong financials to be able to support the delivery of quality education.
What are the Risks identified?	Which stakeholders are affected	Management Approach
Face-face classes and its attendant activities disrupted by now more frequent calamity events. Student preference on the other hand for selected online classes which will require innovative and enhanced online delivery for uncompromised learning Lack of qualified faculty in high demand programs.	FEU Community FEU Stakeholders	Development of content and use of delivery platforms to ensure learning is at optimum not only during calamities but also as a regular offering where appropriate. Faculty development program includes not only training but also PhD & MA credentialing opportunities

What are the Opportunities identified?	Which stakeholders are affected?	Management Approach
Growth in specific programs like Nursing and others	FEU	Development of nursing faculty and others as part of the 400 Teacher Program
Growth in Basic Education due to demographics	Community	Entered into partnerships with education institutions in the Philippines and abroad.
Industry partnerships have identified high employability courses and to provide content	FEU Shareholders	Constructed and upgraded campus facilities. Undertaken key industry partnerships.

*Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
Organization's governance cover: - actual and potential impacts of climate-related risks and - how the organization identifies these risks - metrics and targets used to assess and manage relevant climate-related risks and opportunities	Define, monitor, and address actual and potential impacts of climate-related risks and opportunities on the businesses, strategy, and financial planning and operations where such information is material.	Prioritize programs that have greater impact to identified climate-related risks and opportunities.	Reduction in carbon emissions, water consumption - Capex investments for efficient cooling, water recuperation, drinking water distribution, and renewable energy production - Reduce energy consumption per student - Sewage Treatment Plants operationalized increasing recycling of gray water through a two-pipe system. - Recycle water to decrease consumption per student and effluence. - Install alternative building light sources - Install engineering solutions to address extreme climate and tectonic events such as flood gates, seismic sensors in buildings to monitor the impact of earthquakes on structures and reduce downtime after such events. - Increased installed capacity of solar panels
Recommended Disclosures			
Board oversight:			
Provide strategic directions to management to explore technology and approach towards more climate-resilient and sustainable operations.	Invest in sustainability programs as its response to climate resiliency and managed risk as part of its medium -and long-term strategies.	Update the Board on the impact of the sustainability programs as well as new technology and systems.	Positive financial impact derived from cost savings yet reliable operations

Governance	Strategy	Risk Management	Metrics and Targets
Support the budget allocation addressing climate-related risks; solar panels, efficient buildings lessen carbon emissions	Determine budget requirements on the approved programs and identify its sustainability objectives.	Update the Board on the status of these programs, completion dates and impact on sustainability objectives.	Positive impact of the program on completion versus its defined objective.
Engage the services of a sustainability consultant	External consultant to develop and integrate sustainability initiatives as integral to the organization's strategic plan	Update the Board on the final recommendations of the external consultant.	Recommended programs and initiatives integrated into the strategic plan. Formulation of sustainability workplans for each campus / unit.
Created a Sustainability Committee	Facilitate integration of sustainability initiatives in terms of operations and efficiency. Committee is headed by the CFO with representatives from key units namely academic, facilities, finance, corporate affairs , sustainability consultant.	Update Board on strategic approach to integrate sustainability initiatives.	Recommended programs and initiatives integrated into the strategic plan. Formulation of a sustainability workplan for each campus unit.
Management Oversight:			
Continuous review of further improvements towards efficient use of power and light	Define measurable target impact of sustainability programs Identify improvements to current infrastructure for more efficient power and light facilities	Regularly monitor performance of power and light infrastructure to ensure efficient performance	Target defined metrics on the sustainability programs met and/or exceeded.
Integrated approach to operational sustainability across the FEU Group of Schools under the management of the Facilities and Technical Services Department	Explore emerging technology and solutions to further lessen climate risk and operational efficiencies	Establish a standardized Group-wide monitoring and evaluation system	Defined metrics met and/or exceeded.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98 %	%

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Faster delivery timelines and no import fees Convenient and timely after sales support, especially for returns and/or replacements Support of the local economy	FEU Community FEU Shareholders	Management adheres to the procurement principle of buying under the terms and conditions beneficial to the university. Local suppliers are accredited, and products and services available are assessed based on their quality, price, terms of payment and after sales support. All procurement decisions are based on quotations of at least 3 qualified accredited suppliers.
What are the Risks identified?	Which stakeholders are affected?	Management Approach
Poor quality, late / incomplete deliveries, poor after sales support	FEU Community FEU Shareholders	Local supplier's product quality is checked prior to order and on delivery. Conditions on returns and replacements are included in the order agreements. Local suppliers' performances are assessed on a periodic basis and include feedback from the actual users. This is also considered in the accreditation process.
What are the Opportunities identified?	Which stakeholders are affected?	Management Approach
Establishes closer economic partnerships that open the opportunities for cost reduction versus procuring from international suppliers.	FEU Community FEU Shareholders	Continue accreditation of local suppliers with the objective of establishing long-term relationships with those that meet product quality, price, terms of payment and sales support.

Anti-corruption

***Training on Anti-corruption Policies and Procedures**

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	***	
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	***	
Percentage of directors and management that have received anti-corruption training	***	
Percentage of employees that have received anti-corruption training	***	

*** Anti-corruption principles are stated in the HRD Manual under Employee Decorum and the Student Handbook.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Corruption may occur at various levels in operations and academic processes. If left unchecked, these incidents may adversely impact the financial soundness of FEU. They may also affect the perception of management governance to stakeholders.	FEU Community FEU Stakeholders	Organizational set up to ensure checks and balances for authorizations and approvals Policies and guidelines are defined in the operations and academic processes where opportunities for corruption may occur. These are stated in the Employee Code of Conduct and in the Student Handbook.
What are the Risks identified?	Which stakeholders are affected?	Management Approach
Familiarity among those involved in the operations and academic processes may lead to lessening of controls. Employees are not aware of the anti-corruption policies.	FEU Community FEU Stakeholders	Check and balances are in place. Internal audits on these processes are done on a regular basis. Whistle blower policy also protects those who may report on these incidents. Communication program is in place and annual reminders are communicated through different channels. Key personnel movement resulting from promotions, rotation, and recruitment to avert corruption due to too much familiarity in the control processes in place. Refresher to all employees (teaching & non-teaching) on anti-corruption policy are in place.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Controls in place limit the opportunity for corruption. They also establish a smooth relationship among employees and students.	FEU Community FEU Stakeholders	Streamline processes for efficient and effective operations allowing for more time to determine further process improvements. Update controls in place based on regular reviews of their effectiveness. Increased internal audit review on key processes.

Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No incidents in 2025 - 2026	FEU Community FEU Shareholders	Check and balance mechanisms are in place for processes that are susceptible to fraud and corruption.
What are the Risks identified?	Which stakeholders are affected?	Management Approach
Loss of money due to fraud and corruption	FEU Community FEU Shareholders	Regular review on the effectiveness of the check and balance mechanism. • Policy on Sanctions in place. • Whistle Blower policy in place.
What are the Opportunities identified?	Which stakeholders are affected?	Management Approach
Financial soundness	FEU Community FEU Shareholders	Periodic review on the sufficiency of the control process to prevent corruption Internal Audit reviews reveal process weakness which management corrects

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources) Power from hydro plant power provider	12,149,106	kWh
Energy consumption (gasoline)	NA	
Energy consumption (LPG)	NA	
Energy consumption (diesel)	NA	
Energy consumption (electricity)	358,960	kWh

Reduction of energy consumption:

Disclosure	Quantity	Units
Energy reduction (gasoline)	NA	GJ
Energy reduction (LPG)	NA	GJ
Energy reduction (diesel)	NA	GJ
Energy increase (electricity)	6.268.559	kWh
Energy reduction (gasoline)	NA	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Power savings initiatives impact power and light expenses as well as contribute to reducing carbon emissions to the environment.	FEU Community	Installation of power savings solutions and monitoring that these are kept current and operational - Created an Energy Committee and FEU Group Energy Manager. - Utilization of Building management system (BMS). - Continuous renovation of buildings and upgrading of facilities. - Regular equipment maintenance (chiller plant, ACCUS, elevators, pumps, motors, etc.). Replacing old equipment with energy efficient models. 97.13% power is sourced from renewable energy across FEU Group of schools (GEOP and RCOA) 469 KW existing solar panels installed. Additional 716 KW solar panel installations are ongoing in FEU Manila, Diliman and Cainta. 100% District cooling system in FEU Manila. - Utilization of recirculated chilled water – early cut of chillers - Harvesting of rain and condensate water. - Installation of water and electric meter per building in main campus for monitoring purposes.

		• 23°C temperature setpoint are set classroom, laboratory rooms, function rooms and offices • Implementing light zoning for every floor to maximize use of natural sunlight. • Installation of timers, solar panels for perimeter lights. • Switching off lights and ACU when leaving rooms not to be used. • implementation of motion sensors for lighting in rest rooms.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Cooling system malfunction and unscheduled power outages	FEU community	Preventive and maintenance activities to maintain proper functioning of the chillers are conducted on a regular basis by a 3rd party provider specializing in chiller and air-conditioning systems. Regular maintenance of gensets by a 3rd party provider and in house personnel.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Ongoing construction of 8 and 10 story building in FEU Rodriquez and FEU Alabang following the energy consumption strategies.	FEU community	Cost effective response to increasing classrooms, amenities and offices for the target increased student population.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawals	0	Cubic meters
Water consumption	183,576	Cubic meters
Water recycled and reused	16,242	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Efficient water consumption results in cost efficiencies and supports water conservation initiatives.	FEU Community	• Fully functional STP as FEU Marikina and at FEU Tech. • Rain and condensate water harvesting
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Undetected leakage is the primary risk that will increase water consumption.	FEU community	Daily monitoring by maintenance and housekeeping staff is done as well as inspection that is run twice a month on all buildings.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Installation of a sewerage treatment plant will manage down water bill costs and sewerage environmental impact.	FEU Community	- Reuse of Sewerage Treatment Plant (STP) effluent. - Fully functional of 100% reuse of STP in FEU Marikina and FEU Tech

*Materials used by the organization – NOT APPLICABLE

Disclosure	Quantity	Units
Materials used by weight or volume	NA	
• Renewable	NA	kg/liters
• non-renewable	NA	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	NA	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
NA		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
NA		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
NA		

*Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	12	Ha located in Tanay Rizal
Habitats protected or restored	NA	
IUCN ¹ Red List species and national conservation list species with habitats in areas affected by operations	NA	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
With the protection and management of the property, this can be a learning laboratory for faculty and students on low land terrestrial ecology	FEU Community and Tanay Rizal community	Fenced the property to ensure that it is not disturbed and maintain its biodiversity value to the community.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Incursion by outsiders / trespassers	FEU Community	24/a7 caretaker and security personnel in place to augment perimeter fence installed.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Learning laboratory for faculty and students on lowland terrestrial ecology	FEU Community	Implement measures to maintain the biodiversity value of the area.

¹ International Union for Conservation of Nature

Environmental impact management

Air Emissions *GHG*

Expected to drop next year due to sourcing of renewable energy.

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	NA	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	255.65	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	NA	Tonnes CO ₂ e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Reduction in air emissions impact on carbon footprint.	FEU Community	Continually study and implement newer technologies for lessening CO ₂ air emissions on campus.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Installed technologies may not provide the promised CO ₂ reduction in campus.	FEU Community	Remove / discontinue use of the technology installed and assess other solutions available.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Improved air quality in the campus area	FEU Community	Implement and maintain identified technologies that lessen CO ₂ air emissions on campus.

Air pollutants

In compliance to DENR requirements, genset tests were done last 23 July 2020 and the next one to be done on 13 April 2027. Gensets are for emergency back-up use only so the air pollutants are very minimal during regular warm-up.

Disclosure	Quantity	Units
NO _x	886.70	mg/Nm ³
CO	297	mg/Nm ³
Persistent organic pollutants (POPs)	NA	kg
Volatile organic compounds (VOCs)	NA	kg
Hazardous air pollutants (HAPs)	NA	kg
Particulate matter (PM)	NA	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Gensets are important power stand-by source in case of power outages. Air pollution source installation compliance is therefore important.	FEU Community	Continually comply with DENR regulations to avoid penalties and non-use of the genset. A Pollution Control Officer is designated to monitor and comply with the regulations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Noncompliance with air pollution rules will result in penalties and usage restrictions.	FEU Community	Accreditation of the Pollution Control Officers who will closely guide the schools to comply with the regulations.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The accreditation of a designated Pollution Control Officer shall support the schools rollout of their major initiatives compliant with the relevant rules	FEU Community	Accreditation of the Pollution Control Officers . Pollution Control Officers trainings shall be cascaded to the other community to get all more involved and actively contribute to Pollution Control outcomes.

Solid and Hazardous Wastes

**Solid Waste –*

Disclosure	Quantity	Units
Total solid waste generated	250,341.50	kg
Reusable	9,602.00	kg
Recyclable	24,600.50	kg
Composted last year data	NA	kg
Incinerated	NA	kg
Residuals/Landfilled	124,545	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Ineffective disposal of solid waste is addressed through the installation of a Construction of Materials Recovery Facility (MRF) to segregate solid waste.	FEU Community	Regular compliance with DENR regulations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Lack of proper knowledge in solid waste segregation procedure among janitorial and maintenance staff.	FEU Community	Continuous training of staff on solid waste management, revisit existing processes, and identify and correct oversights.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Creation of comprehensive solid waste management system.	FEU Community	Conduct comprehensive solid waste management analysis and make recommendations for improving the current system.

Hazardous Waste (chemicals & pathogens from Medical Technology laboratories)

Accredited transporter and treater

Disclosure	Quantity	Units
Total weight of hazardous waste generated not yet transported	6,483	kg
Total weight of hazardous waste transported and treated	3,532	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The health and safety of the FEU community must be maintained, so proper management is important.	FEU Community	Management uses accredited hazardous waste transporters and treaters for the proper handling, transport, and disposal of these hazardous waste.

Management of hazardous waste, especially from the Medical Technology laboratories, is crucial to maintain the Medical Technology program. This is one of the key courses that FEU is known for due to the excellent performance of its graduates in the board examinations.		Management uses two storage facilities for handling and storing these hazardous waste.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Mishandling of hazardous waste. Fines from non-compliance to DENR regulations	FEU Community	Only accredited service providers are used in disposal management and treatment of hazardous waste. Compliance with DENR requirement of submitting Quarterly Self-Monitoring Report (SMR) and Semi-annual Compliance Monitoring Report (CMR)
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Proper management confirms the health and safety protocol policies of the institution. Public perception that these are in place helps brand awareness for the affected courses.	FEU Community	Continuing and further improve compliance where feasible.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0
No. of cases resolved through dispute resolution mechanism	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
FEU complies with DENR regulations on air pollution source installations (APSI), water segregation and hazardous waste generator	FEU Community	Management works to comply with the requirements of the regulatory government agencies and adapts best practices where financially feasible.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to understand and comply with regulatory government agency new rules may affect operations.	FEU Community	Continually review laws and regulations and impact on the FEU operations.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Compliance with regulations ensures full use of the campus facilities for classes and daily operations.	FEU community	Commitment of management towards efficient and effective operations

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	2,894	100%
a. Number of female employees	1,527	53%
b. Number of male employees	1,367	47%
Attrition rate ⁵		
Ratio of lowest paid employee against minimum wage	0	

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	19%	16%
PhilHealth	Y	10%	9%
Pag-ibig	Y	20%	16%
Parental leaves	Y	2%	2%
Vacation leaves	Y	63%	56%
Sick leaves	Y	36%	31%
Medical benefits (aside from PhilHealth))	Y	5%	3%
Housing assistance (aside from Pag-ibig)	NA	NA	NA
Retirement fund (aside from SSS)	Y	11%	9%
Further education support	Y	1%	3%
Company stock options	NA	NA	NA
Telecommuting	Y	40%	40%
Flexible-working Hours	Y	18%	19%
OTHERS			
Educational Benefits	Y	14%	11%
Clothing Allowance	Y	71%	67%
Rice Subsidy	Y	41%	35%
HMO	Y	40%	34%
Medical Benefit	Y	33%	26%
Memorial Benefit	Y	0%	0.14 % (FEU Manila only)

What is the impact and where this occur? What is the organization's involvement in the impact ?	Which stakeholders are affected?	Management Approach
The stringent recruitment process and efficient hiring process enable employment of the best talents and highly qualified individuals. Competitive salary packages and employee benefits have been one of	Employees (teaching & non-teaching)	Management ensures a fair, non-discriminatory, and equal opportunity through its hiring process and reasonable and just compensation and benefits for all employees. There are established policies on Employee recruitment

the reasons employees stay and these have fostered dedication and commitment among employees. Available scholarships and tuition fee subsidies have motivated the employees to pursue graduate studies that improved their performance. Relevant company benefits have attracted qualified and competent individuals to FEU. Recruitment of the best applicants has been easy. With appealing employee benefits in place, FEU is considered an Employer of choice. The FEU medical benefits are designed as a shared responsibility of both management and employee. For example, for medical benefits, while the institution provides coverage thru its HMO and company provided medical benefit reimbursement, there is an established limit set wherein anything in excess is charged to the account of the employee. This educates the employee to promote proactive wellness instead of just going for medical treatment. Promoting a preventive health mindset helps promote a healthier and productive Filipino citizen.		• Personnel hiring and placement • Compensation and benefits such as HMO, medical benefits among others • Scholarships, tuition fee subsidies and educational benefits.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
The benefits are enjoyed by employees; the possibility of maximizing the benefits (e.g. medical benefits) without much frugality and conscientiousness may be a risk factor.	Employees (teaching & non-teaching)	Commitment of management to the holistic wellness and well-being of employees, with the following in place: • Implementing rules and regulations for employee benefits • Implement preventive health and wellness programs to promote and support employee well-being.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
High employee retention Onboarding of qualified and high potential candidates High job satisfaction and organizational commitment	Employees (teaching & non-teaching)	Management commits to taking good care of its human resources. It conducts regular reviews of company benefits and salary packages through Collective Bargaining Agreements, merit increases and promotion programs.

		To ensure that compensation benefits are at par with the market, benchmarking with industry and job markets is undertaken.
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Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	47,324	hours
a. Female employees	27,978	hours
b. Male employees	19,346	hours
Average training hours provided to employees		
a. Female employees	30	Hours/employee
b. Male employees	44	Hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Learning and development programs participated in by employees have increased their efficiency and productivity in fulfilling their functions. Employee training programs have facilitated higher competency proficiency levels and improved performance. Through various employee engagement programs, potential is developed and honed that results in promotion either a higher position (non-teaching employee) or to an administrative position (faculty). Performance appraisal scores / Teaching performance evaluation scores increase resulting from substantial training programs given.	Employees (teaching & non-teaching)	Management ensures the continuous development of its employees through the following: • Learning & Development Programs • Competency Development Program for non-teaching employees • Implementation of FEU's Performance Management System • Performance Appraisal and Performance Targets • Teaching Performance Evaluation results which are used as a reference for faculty interventions and development programs • Center for Teaching and Learning programs on curriculum mapping and course development
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Attrition Good employees may find other opportunities outside FEU	Employees (teaching & non-teaching)	Commitment of management to ensure high potential employees and existing employees are taken good care of. • Tracking of high potential employees for tenure • Fast /early regularization of outstanding employees and faculty • Rewards and benefits package

What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Identification of ready-now and ready-later employees for promotion and/or for administrative positions. Identification of leadership potentials among employees	Employees (teaching & non-teaching)	Succession plan is in place. High potential employees are continuously coached, mentored and provided trainings.

Labor-Management Relations

Disclosure	Quantity	Units
% Of employees covered with Collective Bargaining Agreements		35%
Employees	261	40%
Faculty	396	60%
Number of consultations conducted with employees concerning employee-related policies	7	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Good labor-management relationship through constant consultations contributes to a more harmonious environment in the workplace.	FEU Management Employees (teaching & non-teaching)	Management maintains and ensures industrial peace in the organization by: - Keeping communication lines between management and employee open through orientation programs, dialogues, and feedback mechanism - On time CBA negotiations - Labor Management Council meetings
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Resistance to change, time constraints and differences in perspectives may affect the labor-management relations	FEU Management Employees (teaching & non-teaching)	Management fosters communication and collaboration with its employees through: - Regular dialogues/meetings - Labor Management Council meetings
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Strong support towards FEU's aspirations and goals Collaboration between management and employees in developing better, efficient, and cost-effective measures	FEU Management Employees (teaching & non-teaching)	Management understands the importance of good labor-management relationships and takes the following approach. - Collective bargaining - Dialogues/meetings - Orientation on new and/or policies - Consultation with employees on new policies, procedures, and programs

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	53%	employees
% of male workers in the workforce	47%	employees
Number of employees from indigenous communities and/or vulnerable sector*	0.52%	employees

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
FEU promotes inclusivity and fair opportunities. Because it affirms diversity in the community, stakeholders feel safe, respected, and accepted. With equal and fair opportunities provided, stakeholders make significant contributions in the classroom and in workspaces.	Employees (teaching & non-teaching) Students	Management ensures inclusivity and equal opportunity by establishing offices, policies programs and activities. • Gender and Development Office • Gender Sensitivity activities • Hiring/employment of vulnerable group such as elderly and people with disabilities • Compliant procedures with the laws on equality and anti-discrimination • All-Gender Restroom Policy (approved by ManCom) • Multi-Faith Room Policy (approved by DDC) • FEU Policy on Diversity and Inclusion within the FEU Community
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Readiness of the community to the presence of diverse groups	Employees (teaching & non-teaching) Students	Management takes different approaches to this and shown below are some of the actions taken to promote diversity and equal opportunities in the organization. • FEU Policy on Diversity and Inclusion within the FEU Community • Changing mindset through gender sensitive programs, and full implementation of Safe Spaces Act

What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Higher innovation and increased creativity. Variety of perspectives and contributions Holistic approach in problem solving and decision making	Employees (teaching & non-teaching) Students	- Fellowship programs - Teambuilding activities - Collaborative projects - Employee hiring and admission of individuals belonging to diverse groups

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		
No. of work-related injuries	15	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	21	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
A safe and hazard-free organization facilitates feelings of security and ensures productivity among employees. The organization is recognized for its commitment to the health and safety of the employees; hence, high reputation on the part of the organization	Employees (teaching & non-teaching) Students	The health and safety of all employees and students is the paramount concern of management. - Occupational Health and Safety Committee (OHS) - Safety Officer - OHS Program and Certified OHS specialist
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Injuries during earthquakes, fire and the like	Employees (teaching & non-teaching) Students	Safety drills and safety protocols in place.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Heightened consciousness on health and safety among stakeholders Increased involvement in the creation of preventive measures to maintain a hazard-free, safe, and secure work environment	Employees (teaching & non-teaching) Students	Monthly meetings of the Occupational Health and Safety Committee are conducted to address health and safety concerns.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	NA	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g.harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Hiring policies compliant with Labor Laws
Child labor	Y	Hiring compliant with labor laws
Human Rights	Y	- Anti-Sexual Harassment Policy - FEU Policy on Diversity and Inclusion within the FEU Community - Anti-Bullying Policy - Anti-Cyberbullying Policy

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Policies and guidelines ensure that employee rights are protected and that government labor laws are always observed. Compliance with company policies and government laws minimize the possibility of lawsuits and conflicts with employees	Employees (teaching & non-teaching)	Management complies with all the statutory requirements of the government for smooth operation. Additional policies and guidelines are developed and implemented. - Faculty Manual - Personnel Manual - Student Handbook - Employees Code of Conduct
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Changes in the implementing rules and regulations of government laws	Employees (teaching & non-teaching)	Management is committed to constantly updating policies to ensure that changes in the implementation guidelines of the government are observed. A periodic review of policies and guidelines is also in place
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Update/revise existing policies to align with the current trends and to improve systems in the organization	Employees (teaching & non-teaching)	Committees for policy creation and review

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

*Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	FEU investments policy excludes tobacco, alcohol, coal related extractive industries
Forced labor	Y	In principle and shall be formalized, suppliers are asked that they do not engage in these unfair practices
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Compliance to statutory and regulatory requirements Quality assurance of products, supplies and services	Management	• Accreditation process for Contractor/Service Provider • Accreditation process for Supplier • University Bidding Committee
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Few accredited suppliers and service providers that may result to limited choices for the end users	Management	Efficient sourcing of probable suppliers and service providers with good market reputation
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Cost effectiveness Pool of accredited suppliers and service providers	Management	• Accreditation process for Contractor/Service Provider • Accreditation process for Supplier • University Bidding Committee

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Project HOPE: <u>Bread of HOPE</u> <u>SPREAD of HOPE</u> Bread product diversification;	Manila City Jail Female Dormitory	Persons Deprived of Liberty (PDL)	No	SDG 3 – Good Health & Well Being SDG 8 – Decent Work and Economic Growth	Listed workshops were conducted aimed to expand the PDL skills and market outside the prison jail. Diversification of livelihood skills aimed to ensure financial management,

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Barista Training Program Bead and Crochet Training Program Bayong and Soap Making Program Sewing Skills Training Program Self-sustaining livelihood program <u>Health and Psychological Services</u> <u>Literacy Programs</u> Babae ka hindi Babae lang Program Kwentong may Kwenta				Wholistic approach to SDG 3 and SDG 8	accounting and auditing of their revolving funds. 322 PDL were provided medical and 123 PDL availed pf psychological services as provided by the IAS Psychology Department Basic literacy and functional Math program, 42 PDLs availed of the program and 130 Women PDLs participated in the recreational learning sessions
Project Mangyan-Occidental Mindoro Bead Work Livelihood Program Weaving Livelihood Program Mangyan Youth Camp: Psycho-educational youth program: on self-esteem, self,	Sitio Emok, Bgy. Paclolo, Magsaysay Occ. Mindoro Bgy. Panaytayan, Mansalay, Occ. Mindoro	Hanunuo Mangyan	Yes	SDG 3 – Decent Work and Economic Growth	52 Mangyan women bead makers participated. FEU Bookstore bought the 2,339 beadwork products. 16 weavers participated in the program who produced scarfs and neckties for ITHM students. 32 Mangyan youth participated

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
communal identity and leadership Mangyan Educational Center (MEC): Site development Plan	San Jose, Occ. Mindoro	Mangyan Youth Scholars			MEC as hosted by the Divine Word College of San Jose, with the support from IARFA-Architecture, provide dormitories for the Mangyan scholars and students when enrolled in the school. This arrangement is intended to provide improved and conducive learning environment for the students.
iTamBayani: Give Blood, Save Lives.	FEU Tech Students, Associates, and Partner Organizations		No	SDG 3 – Good Health & Well Being	Foster a culture of compassion and civic responsibility within the community through the life-saving act of voluntary blood donation.
iTamReady: Building a Resilient FEUture Together Disaster Preparedness and Recovery Workshop	FEU Tech Associates		N	SDG: 3 Good Health and Well-Being SDG 4: Quality Education SDG 11: Sustainable Cities and Communities SDG 13: Climate Action SDG 17: Partnerships for the Goals	Empower university associates with essential first aid, basic life support, and disaster preparedness skills. Establish capable frontline responders to save lives, mitigate damages, and contribute to a campus-wide culture of resilience and safety.
iTamMakakalikasan: International Coastal Clean Up 2025	Manila Bay			SDG 3: Good Health and Well-being SDG 6: Clean Water and Sanitation SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption	Engaged students to show the importance of proper solid waste management and impacts of single use plastics that negatively affects the environment and eventually human health

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
				and Production SDG 14: Life Below Water SDG 17: Partnerships for the Goals	
iTamBahagian: "A Gift and Knowledge	Valenzuela City Academic Center for Excellence Bahay Kanlungan, Valenzuela City	.		SDG 4: Quality Education	Support the institutions; daily operations through the donation of physical resources needed. Draft a Memorandum of Agreement for ValACE Library plan.
iTamKaalaman: Sevathon 2025 Nurture Children, Uplift lives Actively mobilize the FEU Tech community in collaboration with Hands On Manila through Servathon 2025 to make a tangible contribution towards combating child stunting and malnutrition in the Philippines		Marginalized children	No	SDG 2: Zero Hunger SDG 3: Good Health and Well-being SDG 17: Partnerships for the Goals	Provided 560 soil packs and seed sachets, equivalent of 70 grow kits for the partner communities of Hands-on Manila. Successfully engaged FEU TECH students and associates in volunteer initiatives, fostering support and volunteerism in the activity.
iTamMakakalikasan: Sustain Nature, Sustain the FEUture Promote environmental awareness and responsible stewardship through tree planting, waste segregation, and	FEU Tech Manila, Alabang, Diliman		No	SDG 13: Climate Action SDG 14: Life Below Water SDG 15: Life on Land	Provided comprehensive information on climate change, climate action, and sustainability programs that promote green spaces in the community. Delivered expert insights about the importance of marine life while addressing its threats, species, and conservation

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
ecological conservation activities					tactics.
iTamKaalaman: HIV Awareness: Know Your Status, Protect Your Raise awareness on HIV prevention, testing, treatment, and reducing stigma through education and advocacy campaigns	FEU Tech Students and Associates Manila, Alabang, Diliman.			SDG 3: Good Health and Well-being SDG 10: Reduced Inequalities SDG 17: Partnerships for the Goals	Successfully introduced and utilized educational materials for HIV testing and PrEP consultation from the partner organizations
iTamKaalaman: Human Rights - For All By All Increase awareness on fundamental human rights, fostering respect, inclusivity, and social responsibility among students and partner communities.	FEU Tech Students and Associates Manila, Alabang, Diliman			SDG 10: Reduced Inequalities SDG 16: (Peace, Justice, and Strong Institutions SDG 17: Partnerships for the Goals	Seminars attended provided valuable insights on the importance of human rights and concepts into actionable behaviors aimed to foster a deeper sense of social responsibility and inclusivity
iTamMakakalikahan: Zero Waste, Zero Worries Provide volunteers to GMA Kapuso Foundation's school on their volunteerism and social responsibility programs	Las Pinas-Paranaque Wetland Park	Communities affected by the adverse impact of climate change	N	SDG 12: Responsible Consumption and Production SDG 14: Life Below Water	FEU Tech students attended the coastal clean-up, gaining valuable insights about the importance of sustaining the environment.
Kick Off Celebration National Women's Month 2026 Foster gender equality and build an inclusive society through education, health and well-being, women's empowerment, and	FEU Tech Students and Associates Manila, Alabang, Diliman	People affected by gender inequality	Y	SDG 10: Reduced Inequalities SDG 16: Peace, Justice, and Strong Institutions SDG 17: Partnerships for	Kick-off celebration attended provided a deeper understanding of the systemic barriers women face in society and their vital role in driving innovation. Discussed the history of women's month and the gap between the academe and the legislature that challenged the students and associates to act as

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
strong partnerships aligned with the SDG				the Goals	catalysts for fairness and protectors of marginalized rights. Collaborative partnerships with various FEU Tech Departments/Offices and Kabataan Partylist.
iTamKaalaman: Beyond Boundaries Women Shaping the Future Promote inclusive and gender-responsive education by highlighting women's leadership and participation in academic and peacebuilding initiatives	FEU Tech Students & Associates Manila, Alabang, Diliman	People affected by gender inequality	Y	SDG 4: Quality Education SDG 5: Gender Equality SDG 10: Reduced Inequalities SDG 16: Peace, Justice, and Strong Institutions SDG 17: Partnerships for the Goals	Forum attended and evaluated provided a deeper understanding of the evolving roles of women in governance, digital security, and peacebuilding. Recognizing their potential as active agents of social change. Event extensive exchange of discussions between the guest panelists and keynote speakers highlighted the gap between institutional advocacy and community leadership. Established a collaborative partnership with various FEU Tech Departments and Offices, INQUIRER.net, the Office of the Presidential Adviser on Peace, Reconciliation, and Unity (OPAPRU), FEU Manila, and the Gabriela Partylist.
iTamMakakalikasan: Greengineering A Women's Month Environmental Initiative Promote gardening and /environmental initiatives through women engagement and sustainable campus-community partnerships.	FEU Tech Students Manila, Alabang, Diliman			SDG 5: Gender Equality SDG 15: Life on Land SDG 17: Partnerships for the Goals	Completed the urban gardening workshop. Established a model urban garden within the FEU Tech campus, transforming underutilized spaces into productive areas that promote food security and environmental responsibility among the university. Established a collaborative partnership with Earth Island Institute Philippines and Bureau of Plant Industry (BPI).
iTamMakakalikasan:	Las Piñas-			SDG 12:	Gained valuable insights into

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Turning the Tide A Coastal Cleanup Initiative Promote zero-waste practices through workshops, recycling initiatives, and sustainable campus-community partnerships.	Parañaque Wetland Park			Responsible Consumption and Production SDG 14: Life Below Water SDG 15: Life on Land SDG 17: Partnerships for the Goals	environmental sustainability. Removed total of 13 sacks of waste from the coast of the Las Piñas-Parañaque Wetland Park (LPPWP), effectively preventing significant pollutants from damaging marine ecosystems. the event served to establish a collaborative partnership between FEU Tech and representatives from both the Earth Island Institute Philippines and LPPWP.
Navigating the Digital World Safely: Cybersecurity and Cyberbullying Awareness	Bgy. Janoza Talim, Island Rizal	Community in the area	N	SDG 4: Quality Education SDG 17: Partnerships for the Goals	Enhance community awareness and understanding of cybersecurity to promote safe, responsible and secure use of digital technologies Participants were introduced to common online threats like phishing, scams, malware, and identity theft. Real-life examples and practical demonstrations deepened their understanding, enabling them to become more vigilant in their online interactions.
TAM Run 2026 Scholarship Advocacy and Fund Raising	Rizal	Sinag Scholars	N	SDG3: Good Health and Well Being SDG 4, Quality Education SDG 10: Reduce Inequality	Link physical well-being with educational access by mobilizing the community through an advocacy fun run organized with the Sinag Scholars. Funds raised supported scholarships and financial assistance to deserving students in the Tertiary Education Department

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Manila Boystown Donation Drive Provision of immediate support to Manila Boystown. The donated items respond to immediate needs and therefore have primarily short-term effects.	Manila Boystown	Boystown teenagers	No		Students from Information Technology, Multimedia Arts, and Business Administration supported 143 children and teenagers through donated clothing, school supplies, hygiene kits, and an outreach visit. The project can develop medium-term sustainability by moving from periodic distribution to an adopted-community approach involving recurring educational, digital literacy, creative, career-awareness, hygiene, or mentoring activities based on needs identified with the partner institution.
Sabang Mangrove Tree Planting Project Management and protection of mangroves in Puerto Princesa Palawan is key to the maintenance of the coastal and marine ecosystem.	Puerto Princesa Palawan	Community in the area	N	SDG 8: Decent Work and Economic Growth SDG:13 Climate Action SDG 14: Life Below Water SDG:15 Life on Land	Second-year BS Tourism Management students planted bakawan seedlings with the Sabang Mangrove Paddle Boat Tour Service Cooperative in Puerto Princesa, contributing to coastal protection, ecosystem conservation, and community-based ecotourism. This ensures the sustainability of its community member who are engaged in mangrove appreciation eco tours which is a relevant livelihood through a ecotourism
Binuatan Creations Immersion and Support The project promotes indigenous weaving using sustainable and indigenous materials	Puerto Princesa, Palwan	Community in the area		SDG 8: Decent Work and Economic Growth SDG 12: Responsible Production and Consumptions	BS Tourism Management students participated in a cultural immersion that promoted traditional handloom weaving using indigenous fibers such as abaca, tikog, buri, and vetiver grass, supporting cultural preservation and local livelihoods. Exposes the students to an

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
					appreciation of indigenous weaving heritage
Disaster Relief Operation Mobilized relief operations to areas affected by natural disasters namely a major earthquake and typhoons	Bago City and Sugo Cebu;	Affected communities		SDG 2: Zero Hunger SDG 3: Good Health and Well being	Established community soup kitchen, provided relief packs, hygiene kits provide to more than 1,400 families. Php 190k donations from students, parents , alumni and employees were received.

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Community extension programs relevant to the members of FEU partner communities provide them with the following key outcomes. 1. alternative sources of livelihood / income 2. Address the needs of the partner community. 3. Mobilize existing individual and/or community assets / resources in the selection and provision of programs. 4. Gain new knowledge and skills that may empower them and improve quality of life	FEU Community, Partner community members	FEU Group of Schools identify community extension programs that benefit the members of its partner communities. The programs are managed by experts from the faculty core with the support of volunteers from the students, employees and alumni.

5. Provide legal services in select Barangays and institutions These programs furthermore support for the attainment of the UN SDGs. Involvement of FEU in these programs are as follows: 1. Experts in FEU provide training / workshops aimed to develop the knowledge and skills of the community members 2. Assist community members in the start-up process through logistics and costs that will eventually generate their revolving fund to continue the program 3. Continuous monitoring, regular evaluation, and impact assessment on the program activities to validate that they meet the expected outcomes and impact as well as for financial management, accounting and auditing purposes.		
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
1. Safety and security of volunteers 2. Non-appearance/ lack of volunteers. 3. Finding industry partners for big projects. 4. The issue of sustainably implementing of the programs, projects and activities. 5. Manage expectations of beneficiaries not to foster culture of dole out mentality for community partners beneficiaries	FEU Community, Partner community members	Plan and manage program activities to ensure that the risks identified are addressed and minimized. To forge/formalize partnerships with institutions, organizations sustain programs and activities. Programs aligned to sustainable inputs such as capacity building and enhanced knowledge and skills development.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
1. Good rapport with community leaders 2. Develop volunteerism in the FEU community 3. FEU community changes in perspective from dole-out mentality to programs that support sustainability of partner communities	FEU Community, Members of the partner communities	Interdisciplinary approach to program planning, implementation, and evaluation to ensure that various strengths of the volunteers are harnessed and for a more holistic approach to community development. Ensure continuous strengthening of projects by seeking active involvement

		and participation of volunteers and formalized engagement of other organizations, institutions and agencies to ensure sustainability of projects.
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Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customersatisfaction study (Y/N)?
The different campuses run student surveys, FGDs to get students feedback on their experiences in FEU. This program was conceptualized to reinforce FEU's identity as a educational institution that nurtures its students.	Positive and Negative feedback on discussions topics	N

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
Customer experience and satisfaction creates a distinct brand and reputation of FEU Customer feedback provides gainful insights on how to improve the products and services of FEU	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Student surveys • Customer feedback forms • Student evaluation on faculty performance • Feedback from accrediting agencies We have trial systems for complaints and aim to address all but starting with top complaint items.
What are the Risk/sIdentified?	Which stakeholders are affected?	Management Approach
Risk perception and subjectivity of customers	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Use of varied mechanisms such as survey forms, focused group discussions, reports, and comments on social media platforms among others to generate and validate customer experience
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Customer experience and feedback are used as reference for policy formulation, program development and program improvement.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Strategic planning using results of customer/studentsurvey as reference points • Audit of Quality Objectives

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
FEU maintains a uniform brand identity and harmonizes the use of the university name, logos, graphics, and other design assets and collaterals for all schools and organizations that have been given permission to use any, some, or all of the FEU Brands.	FEU Community FEU Stakeholders	FEU has a Brand Manila that contains the specific parameters for the creation, use and revision of the FEU branding, aesthetics, and corresponding design assets. The guidelines may be updated from time to time to address certain requirements as the university expands. All FEU Group of Schools and partner schools need to coordinate with FEU Main, Marketing and Communication Office (MCO) when they have new marketing collaterals.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Misuse of the FEU brand can • Create confusion among stakeholders • Damage to reputation of the University • Affect operations of the University	FEU Community FEU Stakeholders	FEU's main Brand Assets have registered trademarks and copyright/ The Marketing and Communications Office (MCO) monitors and misuse of the FEU brand identity in unofficial publicity and advertisements whether in print, broadcast or online.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Strengthening Brand Awareness and Recognition	FEU Community FEU Stakeholders	Industry and school partners of FEU can use the brand logo and assets in their own marketing collaterals as long as these adheres to the branding agreement and guidelines. Partnerships are allowed as they give FEU organic publicity mileage.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	NA	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Proper implementation of Information Security and Data Protection Policies encourages trust and confidence in the organization's capability to keep all records confidential and provides assurance in the confidentiality, integrity and availability of personal data	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	- Data Protection Policy - Forms and systems inclusive of Data Privacy Consent statement - Semestral Updating of Data - Subject Consent From through the Registrar's Office
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Misuse of the FEU brand can - Create confusion among stakeholders. - Damage to the reputation of the University. - Affect operations of the University	FEU Community FEU Stakeholders	FEU's main Brand Assets have registered trademarks and copyright. The Marketing and Communication Office (MCO) monitors any misuse of the FEU brand identity in unofficial publicity and advertisements whether in print, broadcast, or online.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Strengthening Brand Awareness and Recognition	FEU Community FEU Stakeholders	Industry and school partners of FEU can use the brand logo and assets in their own marketing collaterals as long as these adheres to the branding agreement and guidelines. Partnerships are allowed as they give FEU organic publicity mileage.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	NA	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Proper implementation of Information Security and Data Protection Policies encourages trust and confidence in the organization's capability to keep all records confidential and provides assurance in the confidentiality, integrity and availability of personal data.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Data Protection Policy • Forms and systems inclusive of Data Privacy Consent statement • Semestral Updating of Data • Subject Consent Form through the Registrar's Office
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Likelihood for misuse (unauthorized processing) of information	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Clear declaration of the purpose of the information gathered • Informed Consent
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Standardization on policies and procedures on customer privacy	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Data Protection Policy

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
FEU has automated its key processes of enrollment, accounting, and payroll. A data breach can be a material issue if student private information is compromised.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians.	Information Technology Services (ITS) manages all technology solutions of the institution and has installed industry standard information security infrastructure; it implements daily vulnerability assessments to protect the institution from cyber security risks. The enrollment and accounting applications are cloud solutions outsourced to NetSuite who adheres to Industry Standards and is SOC certified. For on-premises installed systems, daily vulnerability assessments are run.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Cyber security risks that may compromise student personal information.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Same action as above.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Newer technology solutions can provide stronger and more cost-effective solutions.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Management continually looks for newer technology solutions that may be applied to strengthen the security posture of the institution, including 3 rd -party Security Incident and Event (SEM) systems and services.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Basic, (K1 to SHS), Tertiary, Graduate and Doctorate Programs	Goal 4: Quality Education Goal 17: Partnership for Goals	Skills mismatch of graduates to industry needs	Programs are drawn and regularly updated that focus on upgrading the curriculum and student development programs to meet the skills set needs of industry. Key initiative is the partnerships with industry who provide input for curriculum and student development programs on personal and technical levels.
	Goal 5: Gender Equality	Readiness of the community to the presence of diverse groups	Management ensures inclusiveness and equal opportunity by establishing offices, policies, programs and activities.
	Goal 6: Clean Water and Sanitation Goal 7: Affordable and Clean Energy Goal 12: Responsible Consumption & Production Goal 13: Climate Action Goal 14: Life Below Water Goal 17: Partnership for Goals	Increased student enrollment will increase consumption as well.	Management continually studies and implement cost saving solutions that help manage consumption even with the increase in student population.
	Goal 3: Good Health & Well-Being Goal 8: Decent Work and Economic Growth	Increased student enrollment will necessitate more facilities, and this may strain the limited space on campus.	Management continually reviews the work and class areas and when needed implement cost viable solutions to address the increase in need. One strategy that FEU is working on it the work anywhere, blended learning (face-face and online classes) aimed to provide relief for the need of space as the FEU Group grows in scale.

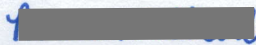
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila, on SEP 02 2026.

By:


AURELIO R. MONTINOLA III
Chairman, Board of Trustees
and Chief Executive Officer

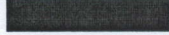

JUAN MIGUEL R. MONTINOLA
President
and Chief Operating Officer


ROSANNA E. SALCEDO
Chief Finance Officer
and Treasurer

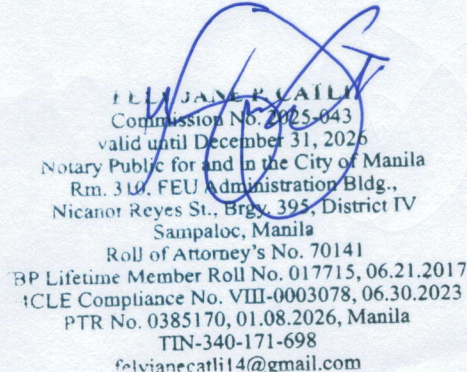

ADRIAN CHRIS A. AREVALO
Chief Accountant


ANTHONY RAYMOND A. GOQUINGCO
Corporate Secretary
and Compliance Officer

SUBSCRIBED AND SWORN to before me this SEP 02 2026 day of 2026, affiants exhibiting to me their Tax Identification Number, as follows:

<u>Name</u>	<u>Tax Identification Number</u>	<u>Place Issued</u>
Aurelio R. Montinola III		Philippines
Juan Miguel R. Montinola		Philippines
Rosanna E. Salcedo		Philippines
Adrian Chris A. Arevalo		Philippines
Anthony Raymond A. Goquingco		Philippines

Doc. No. 355
Page No. 72
Book No. IV
Series of 2026.


JELIANECATLIL
Commission No. 2025-043
valid until December 31, 2026
Notary Public for and in the City of Manila
Rm. 310, FEU Administration Bldg.,
Nicanor Reyes St., Brgy. 395, District IV
Sampaloc, Manila
Roll of Attorney's No. 70141
BP Lifetime Member Roll No. 017715, 06.21.2017
ICLE Compliance No. VIII-0003078, 06.30.2023
PTR No. 0385170, 01.08.2026, Manila
TIN-340-171-698
felvianecatli14@gmail.com

NOTARY PUBLIC



FAR EASTERN UNIVERSITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Far Eastern University, Incorporated and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended May 31, 2026, 2025 and 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Trustees is responsible for overseeing the Group's financial reporting process.

The Board of Trustees reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended May 31, 2026 and 2025, and Punongbayan & Araullo, the independent auditors appointed for the year ended May 31, 2024, audited the consolidated financial statements of **Far Eastern University, Incorporated and Subsidiaries** in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


AURELIO R. MONTINOLA III

Chairman of the Board and
Chief Executive Officer


JUAN MIGUEL R. MONTINOLA

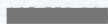
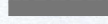
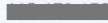
President and Chief Operating Officer


ROSANNA E. SALCEDO

Chief Finance Officer and Treasurer

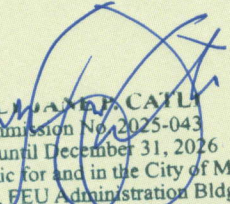
Signed this 18th day of August, 2026.

SUBSCRIBED AND SWORN to before me this _____ day of AUG 28 2026, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III		Philippines
Juan Miguel R. Montinola		Philippines
Rosanna E. Salcedo		Philippines

Doc. No. 338
Page No. 69
Book No. IV
Series of 2026

NOTARY PUBLIC


ILLUMINAR CATLI
Commission No. 2025-043
valid until December 31, 2026
Notary Public for and in the City of Manila
Rm. 310, FEU Administration Bldg.,
Nicanor Reyes St., Brgy. 395, District IV
Sampaloc, Manila
Roll of Attorney's No. 70141
3P Lifetime Member Roll No. 017715, 06.21.2017
*CLE Compliance No. VIII-0003078, 06.30.2023
PTR No. 0385170, 01.08.2026, Manila
TIN-340-171-698
celynnecatl14@gmail.com

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

	P	W	0	0	0	0	0	5	3	8
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COMPANY NAME

[illegible]**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)

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																																							

Form Type

Font type			
A	C	F	S

Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

	N	A	
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COMPANY INFORMATION

Company's Email Address

corpsec@feu.edu.ph

Company's Telephone Number

(02) 8735 8686

Mobile Number

0995 252 6376

No. of Stockholders

1,529

Annual Meeting (Month / Day)

10/18

Fiscal Year (Month / Day)

05/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Rosanna E. Salcedo

Email Address

corpsecgroup@feu.edu.ph

Telephone Number/s

	N/A
--	-----

Mobile Number

0960 504 3941

CONTACT PERSON'S ADDRESS

21 Maple St. , Greenwoods Executive Village, Pasig City

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Trustees
Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes Street
Sampaloc, Manila

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Far Eastern University, Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at May 31, 2026 and 2025, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2026 and 2025, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of the consolidated financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recognition of Tuition and Other School Fees

For the year ended May 31, 2026, the Group's revenue from tuition and other school fees amounted to ₱5.9 billion, and accounts for 99% of the consolidated revenues. We considered this as a key audit matter due to the materiality of the amount involved, the significant volume of transactions being processed, significant judgements in determining the timing of satisfaction of the performance obligations, and the Group's reliance on its information technology (IT) infrastructure to handle such volume of transactions.

The Group's disclosures, including the policy for revenue recognition and the significant judgements made by management related to revenue recognition, are included in Notes 16, 26 and 27 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's revenue recognition process on tuition and other school fees, the relevant controls, and the related IT system, including the determination of revenue adjustments, and evaluated the Group's compliance with the requirements of the relevant accounting standard. On a sampling basis, we examined students' enrollment transactions (i.e., through examination of tuition bills) and the scholarship merits and tuition fee discounts during the school year. We performed revenue cut-off procedures, including, among others, examining tuition bill transactions near the period end, and reviewing revenue adjustments subsequent to period end, to determine whether tuition and other school fees are appropriately recognized in the proper period. Furthermore, we analyzed the correlation between revenue, unearned revenue, trade receivables, and cash collections by matching the records between these accounts. We traced the cash collection journals to actual cash collections by reviewing supporting documents, such as deposits and bank transfers.

Other Matter

The consolidated financial statements of the Group as at and for the year ended May 31, 2024, which are presented for comparative purposes, were audited by another auditor who expressed an unqualified opinion on these statements on August 20, 2024.



Other Information

Other information consists of the information included in the Philippine SEC Form 17-A for the year ended May 31, 2026 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and we expect to obtain the Philippine SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended May 31, 2026 after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, as modified by the application of financial reporting reliefs issued and approved by the Philippine SEC, as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

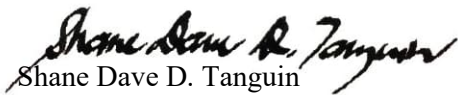
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shane Dave D. Tanguin.

SYCIP GORRES VELAYO & CO.



Shane Dave D. Tanguin

Partner

CPA Certificate No. 0115818

Tax Identification No. 242-153-393

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115818-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

BIR Accreditation No. 08-001998-157-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10765136, January 2, 2026, Makati City

August 18, 2026



FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2026 AND 2025
(With Comparative Figures as at May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	5	P 2,568,967,853	P 2,457,067,903	P 1,713,413,164
Trade and other receivables	6	1,169,924,298	1,048,376,426	1,139,275,967
Financial assets at fair value through profit or loss	7	1,567,584,784	1,656,817,152	1,644,447,140
Financial assets at fair value through other comprehensive income	7	902,496,241	654,696,399	358,572,543
Investment securities at amortized cost	7	48,080,221	17,145,386	75,487,826
Other current assets	10	759,247,935	439,499,288	346,272,889
Total Current Assets		<u>7,016,301,332</u>	<u>6,273,602,554</u>	<u>5,277,469,529</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	7	2,280,997,226	2,177,793,892	2,736,452,925
Investment securities at amortized cost	7	118,920,399	401,026,124	401,796,531
Investment in associates and joint venture	8	139,339,302	440,794,645	442,722,520
Property and equipment	11	10,287,898,331	9,065,930,751	9,029,081,852
Investment properties	9	220,091,161	225,197,892	245,492,935
Goodwill	27	186,487,019	186,487,019	186,487,019
Deferred tax assets - net	21	11,535,189	18,172,441	15,195,132
Other non-current assets	10	576,988,726	495,132,396	186,113,733
Total Non-current Assets		<u>13,822,257,353</u>	<u>13,010,535,160</u>	<u>13,243,342,647</u>
TOTAL ASSETS		<u>P 20,838,558,685</u>	<u>P 19,284,137,714</u>	<u>P 18,520,812,176</u>

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2026 AND 2025
(With Comparative Figures as at May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	<u>2026</u>	<u>2025</u>	<u>2024</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Trade and other payables	13	P 2,137,311,073	P 1,825,819,197	P 2,248,014,804
Interest-bearing loans	14	526,258,503	526,258,503	426,258,503
Deferred revenues	16	105,547,163	131,258,176	45,424,382
Provisions	28	23,674,401	23,533,738	18,647,254
Income tax payable		<u>63,988,571</u>	<u>68,031,311</u>	<u>70,942,883</u>
Total Current Liabilities		<u>2,856,779,711</u>	<u>2,574,900,925</u>	<u>2,809,287,826</u>
NON-CURRENT LIABILITIES				
Lease liabilities	12	976,277	12,297,718	-
Interest-bearing loans	14	406,564,626	632,823,129	959,081,633
Post-employment benefit obligation	19	45,968,527	62,544,676	49,625,573
Deferred tax liabilities - net	21	26,477,820	71,883	12,047,871
Other non-current liabilities		<u>3,914,574</u>	<u>8,769,916</u>	<u>9,412,310</u>
Total Non-current Liabilities		<u>483,901,824</u>	<u>716,507,322</u>	<u>1,030,167,387</u>
Total Liabilities		<u>3,340,681,535</u>	<u>3,291,408,247</u>	<u>3,839,455,213</u>
EQUITY				
Equity attributable to owners of the parent company				
Capital stock	23	2,406,799,300	2,406,799,300	2,406,799,300
Treasury shares, including shares held by a subsidiary	23	(118,877,918)	(117,623,662)	(111,711,721)
Revaluation reserves	23	13,077,322	15,394,723	5,228,665
Other reserves	23	(57,785,452)	(57,785,452)	(57,785,452)
Retained earnings	23			
Appropriated		733,733,100	1,187,733,100	2,172,733,100
Unappropriated		<u>11,234,400,163</u>	<u>9,575,049,461</u>	<u>7,300,650,896</u>
Total equity attributable to owners of parent company		14,211,346,515	13,009,567,470	11,715,914,788
Non-controlling interests		<u>3,286,530,635</u>	<u>2,983,161,997</u>	<u>2,965,442,175</u>
Total Equity		<u>17,497,877,150</u>	<u>15,992,729,467</u>	<u>14,681,356,963</u>
TOTAL LIABILITIES AND EQUITY		<u>P 20,838,558,685</u>	<u>P 19,284,137,714</u>	<u>P 18,520,812,176</u>

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures For the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
REVENUES				
Educational	16			
Tuition fees - net		P 5,639,568,400	P 5,464,748,385	P 5,147,767,755
Other school fees		<u>278,099,983</u>	<u>251,893,697</u>	<u>254,593,488</u>
		5,917,668,383	5,716,642,082	5,402,361,243
Rental	9	<u>40,571,792</u>	<u>21,983,447</u>	<u>27,497,503</u>
		5,958,240,175	5,738,625,529	5,429,858,746
IMPAIRMENT LOSS				
ON FINANCIAL ASSETS - NET	6	(44,419,663)	(72,030,624)	(36,406,764)
OPERATING EXPENSES	17	(4,447,414,487)	(3,913,088,021)	(3,644,943,551)
OTHER OPERATING INCOME	18	<u>75,765,488</u>	<u>56,028,119</u>	<u>97,852,595</u>
OPERATING INCOME		1,542,171,513	1,809,535,003	1,846,361,026
FINANCE INCOME	18	488,706,298	346,870,000	376,479,466
FINANCE COSTS	18	(69,964,930)	(110,415,180)	(127,704,912)
OTHER INCOME - NET	18	<u>311,623,509</u>	<u>285,110,424</u>	<u>138,433,510</u>
INCOME BEFORE TAX		2,272,536,390	2,331,100,247	2,233,569,090
TAX EXPENSE	21	(274,964,784)	(240,544,260)	(223,242,919)
NET INCOME		<u>P 1,997,571,606</u>	<u>P 2,090,555,987</u>	<u>P 2,010,326,171</u>
Net Income Attributable to:				
Owners of the parent company	24	P 1,922,363,654	P 2,054,318,021	P 1,940,338,894
Non-controlling interests		<u>75,207,952</u>	<u>36,237,966</u>	<u>69,987,277</u>
		<u>P 1,997,571,606</u>	<u>P 2,090,555,987</u>	<u>P 2,010,326,171</u>
Earnings Per Share				
Basic and Diluted	24	<u>P 80.43</u>	<u>P 85.94</u>	<u>P 81.13</u>

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2026 and 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
NET INCOME		P 1,997,571,606	P 2,090,555,987	P 2,010,326,171
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value losses reclassified to profit or loss on debt securities classified as financial assets at fair value through other comprehensive income	7	(230,780)	(3,539,605)	(1,672,178)
Net fair value gains (losses) during the year	7	(17,339,000)	7,777,352	16,513,840
Tax effect		1,756,978	(423,775)	(148,416)
		<u>(15,812,802)</u>	<u>3,813,972</u>	<u>14,693,246</u>
Item that will not be reclassified subsequently to profit or loss				
Net fair value gains on equity securities classified as financial assets at fair value through other comprehensive income	7	10,614,932	31,835,649	581,083
Gains (losses) on remeasurement of post-employment benefit plan	19	2,864,096	(13,997,317)	5,357,746
Tax effect		(1,347,903)	(1,783,833)	(59,388)
		<u>12,131,125</u>	<u>16,054,499</u>	<u>5,879,441</u>
Other Comprehensive Income (Loss) - net of tax		(3,681,677)	19,868,471	20,572,687
TOTAL COMPREHENSIVE INCOME		P 1,993,889,929	P 2,110,424,458	P 2,030,898,858
Total Comprehensive Income Attributable to:				
Owners of the parent company		P 1,920,046,253	P 2,064,484,079	P 1,954,793,248
Non-controlling interests		<u>73,843,676</u>	<u>45,940,379</u>	<u>76,105,610</u>
		P 1,993,889,929	P 2,110,424,458	P 2,030,898,858

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

Attributable to Owners of the Parent Company												
	Notes	Capital Stock	Treasury Shares, including shares held by a subsidiary	Revaluation Reserves	Other Reserves	Appropriated	Retained Earnings 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		-	-	-	-	-	-	-	-	297,516,655	297,516,655	
Acquisition of treasury stock	23	-	(1,254,256)	-	-	-	-	(1,254,256)	(1,254,256)	-	(1,254,256)	
Cash dividends	23	-	-	-	-	-	(717,012,952)	(717,012,952)	(717,012,952)	(67,991,693)	(785,004,645)	
		-	(1,254,256)	-	-	-	(717,012,952)	(717,012,952)	(718,267,208)	229,524,962	(488,742,246)	
Appropriations of retained earnings												
Appropriation during the year	23	-	-	-	-	733,733,100	(733,733,100)	-	-	-	-	
Reversal of appropriations during the year	23	-	-	-	-	(1,187,733,100)	1,187,733,100	-	-	-	-	
		-	-	-	-	(454,000,000)	454,000,000	-	-	-	-	
Total comprehensive income (loss)												
Net income for the year		-	-	-	-	-	1,922,363,654	1,922,363,654	1,922,363,654	75,207,952	1,997,571,606	
Other comprehensive loss	7, 19	-	-	(2,317,401)	-	-	-	-	(2,317,401)	(1,364,276)	(3,681,672)	
		-	-	(2,317,401)	-	-	1,922,363,654	1,922,363,654	1,920,046,253	73,843,676	1,993,889,929	
Balance at May 31, 2026	P	2,406,799,300	(P 118,877,918)	P 13,077,322	(P 57,785,452)	P 733,733,100	P 11,234,400,163	P 11,968,133,263	P 14,211,346,515	P 3,286,530,635	P 17,497,877,150	
Balance at June 1, 2024	P	2,406,799,300	(P 111,711,721)	P 5,228,665	(P 57,785,452)	P 2,172,733,100	P 7,300,650,896	P 9,473,383,996	P 11,715,914,788	P 2,965,442,175	P 14,681,356,963	
Transactions with owners												
Acquisition of treasury stock	23	-	(5,911,941)	-	-	-	-	-	(5,911,941)	-	(5,911,941)	
Cash dividends	23	-	-	-	-	-	(764,919,456)	(764,919,456)	(764,919,456)	(28,220,557)	(793,140,013)	
		-	(5,911,941)	-	-	-	(764,919,456)	(764,919,456)	(770,831,397)	(28,220,557)	(799,051,954)	
Appropriations of retained earnings												
Appropriation during the year	23	-	-	-	-	2,000,000	(2,000,000)	-	-	-	-	
Reversal of appropriations during the year	23	-	-	-	-	(987,000,000)	987,000,000	-	-	-	-	
		-	-	-	-	(985,000,000)	985,000,000	-	-	-	-	
Total comprehensive income												
Net income for the year	23	-	-	-	-	-	2,054,318,021	2,054,318,021	2,054,318,021	36,237,966	2,090,555,987	
Other comprehensive income	23	-	-	10,166,058	-	-	-	-	10,166,058	9,702,413	19,868,471	
		-	-	10,166,058	-	-	2,054,318,021	2,054,318,021	2,064,484,079	45,940,379	2,110,424,458	
Balance at May 31, 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	

Attributable to Owners of the Parent Company											
Notes	Capital Stock	Treasury Shares, including shares held by a subsidiary	Revaluation Reserves	Other Reserves	Retained Earnings			Total	Total	Non-controlling Interests	Total Equity
					Appropriated	Unappropriated	Total				
Balance at June 1, 2023	P 2,406,799,300	(P 78,632,436)	(P 9,225,689)	(P 57,785,452)	P 1,463,733,100	P 6,834,406,722	P 8,298,139,822	P 10,559,295,545	P 2,964,968,059	P 13,524,263,604	
Transactions with owners											
Acquisition of treasury stock	23	- (33,079,285)	-	-	-	-	- (33,079,285)	-	- (33,079,285)		
Cash dividends	23	-	-	-	-	(765,094,720)	(765,094,720)	(765,094,720)	(75,631,494)	(840,726,214)	
		- (33,079,285)	-	-	-	(765,094,720)	(765,094,720)	(798,174,005)	(75,631,494)	(873,805,499)	
Appropriations of retained earnings											
Appropriation during the year	23	-	-	-	-	850,000,000	(850,000,000)	-	-	-	
Reversal of appropriations during the year	23	-	-	-	-	(141,000,000)	141,000,000	-	-	-	
		-	-	-	-	709,000,000	(709,000,000)	-	-	-	
Total comprehensive income											
Net income for the year		-	-	-	-	-	1,940,338,894	1,940,338,894	1,940,338,894	69,987,277	
Other comprehensive income	7, 19	-	-	14,454,354	-	-	-	-	14,454,354	6,118,333	
		-	-	14,454,354	-	-	1,940,338,894	1,940,338,894	1,954,793,248	76,105,610	
Balance at May 31, 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	

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		P 2,272,536,390	P 2,331,100,247	P 2,233,569,090
Adjustments for:				
Depreciation and amortization	17	674,366,688	596,218,687	586,000,800
Interest income	18	(158,430,647)	(256,954,193)	(195,026,435)
Interest expense	18	54,782,429	84,946,527	111,430,392
Other investment income from financial assets at fair value through profit or loss (FVTPL) and other comprehensive income (FVOCI) - net	7, 18	(135,765,791)	(83,493,242)	(81,978,784)
Impairment loss on receivables - net	6	44,419,663	72,030,624	36,406,764
Fair value gains from financial assets at FVTPL	7, 18	(54,142,481)	(52,999,380)	(42,109,638)
Reversal of accruals and other liabilities	18	(157,460,547)	(80,371,815)	(71,459,331)
Unrealized foreign exchange (gains) losses - net	13, 18	(140,367,379)	46,576,815	(57,364,609)
Gain on sale of investment property	9, 18	-	(7,486,783)	(84,832,396)
Share in net loss (income) of associates and joint venture	8	(22,298,100)	4,045,416	(3,609,227)
Operating income before working capital changes		2,377,640,225	2,653,612,903	2,431,026,626
Decrease (increase) in trade and other receivables		(202,015,674)	29,666,859	(133,273,167)
Increase in other assets		(363,656,106)	(104,629,983)	(144,544,245)
Increase (decrease) in trade and other payables		454,560,507	(391,525,718)	489,058,778
Increase (decrease) in deferred revenues		(25,711,013)	85,833,794	(27,120,200)
Increase (decrease) in post-employment benefit obligation		(13,998,463)	321,518	(8,186,376)
Increase in provisions		140,663	4,886,484	-
Increase (decrease) in other non-current liabilities		(4,855,342)	(642,394)	3,019,882
Cash generated from operations		2,222,104,797	2,277,523,463	2,609,981,298
Income taxes paid		(236,172,151)	(252,881,804)	(124,551,101)
Net Cash From Operating Activities		1,985,932,646	2,024,641,659	2,485,430,197
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposals and maturities of investment securities:				
Financial assets at FVPTL	7	2,594,218,612	3,063,568,223	2,807,353,515
Financial assets at FVOCI	7	1,738,562,819	2,155,870,404	1,108,119,295
Investment securities at amortized cost	7	264,897,378	63,009,836	168,336,647
Acquisition of investment securities:				
Financial assets at FVPTL	7	(2,387,836,556)	(2,478,067,839)	(2,550,373,868)
Financial assets at FVOCI	7	(2,021,721,018)	(1,821,600,863)	(1,974,439,274)
Investment securities at amortized cost	7	(5,800,000)	(10,000,000)	(82,952,764)
Acquisition of property and equipment	11	(1,277,581,952)	(1,040,030,277)	(677,507,425)
Interest received	7	294,196,438	340,447,435	277,005,219
Increase (decrease) in advances to suppliers and developers	10	(42,010,389)	(303,142,404)	43,492,636
Proceeds from disposal of investment property	9	-	9,151,785	121,751,787
Acquisition of investment properties	9	(8,883,207)	(6,700,600)	(109,940,581)
Decrease (increase) in advances to related parties	20	22,315,531	(27,592,766)	(8,002,803)
Investment in associates and joint venture	8	-	(4,886,759)	(280,000,000)
Acquisition of a subsidiary, net of cash acquired	8	(3,206,852)	-	-
Dividend received from an associate	8	6,772,386	2,769,218	897,435
Proceeds from disposal of property and equipment		292,790	4,267,340	-
Net Cash Used in Investing Activities		(825,784,020)	(52,937,267)	(1,156,260,181)
Balance carried forward		P 1,160,148,626	P 1,971,704,392	P 1,329,170,016

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
<i>Balance brought forward</i>		P 1,160,148,626	P 1,971,704,392	P 1,329,170,016
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	23, 22	(789,267,142)	(764,688,107)	(732,675,417)
Repayments of interest-bearing loans	14, 22	(526,258,503)	(226,258,504)	(426,258,504)
Proceeds from interest-bearing loans	14, 22	300,000,000	-	-
Repayment of lease liability	12	(10,184,140)	(10,853,300)	(11,422,506)
Interest paid	14, 18, 22	(50,531,673)	(85,437,772)	(112,888,660)
Acquisition of treasury shares	23	(1,254,256)	(5,911,941)	(33,079,285)
Additional investment of non-controlling interest in a subsidiary	23	24,500,000	-	-
Net Cash Used in Financing Activities		(1,052,995,714)	(1,093,149,624)	(1,316,324,372)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		4,747,038	(134,900,029)	2,214,697
NET INCREASE IN CASH AND CASH EQUIVALENTS		111,899,950	743,654,739	15,060,341
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,457,067,903	1,713,413,164	1,698,352,823
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,568,967,853	P 2,457,067,903	P 1,713,413,164

Supplementary Information on Non-cash Investing and Financing Activities:

- 1) The Group declared cash dividends totaling P785.0 million in 2026, P793.1 million in 2025, and P840.7 million in 2024, of which P431.1 million, P435.3 million, and P406.9 million, respectively, were not paid in the year of declaration (see Notes 13 and 23).
- 2) The Group reclassified certain property and equipment amounting to P0.3 million, P459.2 million, and P13.3 million in 2026, 2025, and 2024, respectively (see Note 11).
- 3) In 2025, the Group recognized additional right-of-use asset and lease liability amounting to P30.9 million (see Note 11).
- 4) In 2025, the Group acquired property and equipment amounting to P1.1 billion (see Note 11). The unpaid portion of the acquisition amounted to P14.0 million is presented as part of Trade and Other Payables in the 2025 statement of financial position (see Note 13).
- 5) In 2026, the Group acquired property and equipment amounting to P619.1 million from the newly consolidated subsidiary (see Note 11).

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures as of and for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Background of the University

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 and registered with the Philippine Securities and Exchange Commission (SEC) on October 27, 1933 and became a publicly-listed corporation with the Philippine Stock Exchange (PSE) on July 11, 1986.

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

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

FEU has been designated an Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012. In September 2024, the CHED confirmed that the University has retained its Autonomous Status for the years 2024 to 2027.

On top of existing highly accredited programs by local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges and Universities, (PAASCU), FEU received institutional accreditation from the ASEAN University Network (AUN) in December 2024. This institutional recognition complements the Group's existing 20 program-level AUN-QA accreditations, which affirm the competitiveness of its core academic offerings and opens doors for wider international collaborations.

As at May 31, 2026, 2025 and 2024, the University holds interest in subsidiaries, associates and a joint venture presented below:

Company Name	Percentage of Effective Ownership		
	2026	2025	2024
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	100.0%	100.0%	100.0%
Far Eastern College - Silang, Inc. (FECSI)	100.0%	100.0%	100.0%
FEU Alabang, Inc. (FEUAI)*	100.0%	100.0%	100.0%
FEU High School, Inc. (FEU High)	100.0%	100.0%	100.0%
Roosevelt College, Inc. (RCI)	97.7%	97.7%	97.7%
Roosevelt College Educational Enterprises (RCEE)**	97.7%	97.7%	97.7%
Edustria, Inc. (Edustria)	51.0%	51.0%	51.0%
Higher Academia, Inc. (HAI)***	51.0%	50.0%	50.0%
Fern Realty Corporation (FRC)	38.2%	38.2%	38.2%

Associates:

JPMC College of Health Sciences SDN BHD (JCHS)	40.0%	40.0%	40.0%
Good Samaritan Colleges, Inc. (GSC)	34.0%	34.0%	34.0%

*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, 2026 and 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

*** Effective July 1, 2025, the University subscribed to additional equity investment that resulted in total ownership of 51%. Prior to the additional subscription, HAI was classified and accounted for as a joint venture.

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

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

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

1.2 Other Corporate Information

The registered offices and principal places of business of the University, its subsidiaries, and associates are as follows:

FEU, FRC and	
FEU High	- Nicanor Reyes Street, Sampaloc, Manila
EACCI	- P. Paredes Street, Sampaloc, Manila
FECSI	- Metrogate Silang Estates, Silang, Cavite

FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
RCI	-	J. P. Rizal Street, Malanday, Marikina City
RCEE	-	Roosevelt College Compound, Sumulong Highway, Cainta, Rizal
Edustria	-	Block R & T, Lima Technology Center, Brgy. Bugtong ng Pulo, Lipa City, Batangas
HAI	-	McArthur Highway, San Isidro City of San Fernando, Pampanga
JCHS	-	Block 2C East Wing, Ong Sum Ping Condominium Jalan Ong Sum Ping, Bandar Seri Begawan BA1311, Brunei Darussalam
GSC	-	Burgos Avenue, Cabanatuan City, Nueva Ecija

The University also has a campus in Makati City, which offers programs mainly in Law, Accountancy and Business Administration.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

The University prepares these consolidated financial statements as required under Philippine Financial Reporting Standards (PFRS) Accounting Standards and is available for public use.

2.1 Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards are adopted by the Financial Sustainability and Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The recognition and measurement bases are more fully described in the accounting policies that follow.

2.2 Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents the consolidated statements of comprehensive income separate from the consolidated statements of profit or loss.

The Group presents three comparative periods for the consolidated statements of financial position regardless of whether the Group has or does not have retrospective restatement of items in its consolidated financial statements or reclassifies items in the consolidated financial statements.

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 21 (Amendments), *Lack of Exchangeability* (effective from January 1, 2025)

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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 2026, which are adopted by the FSRSC. Adoption of these pronouncements is not expected to have a significant impact on the Group's financial statements. Management will adopt the following relevant pronouncements in accordance with their transitional provisions.

Effective beginning on or after January 1, 2026

- (i) Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments*

- (iii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*
- (iv) Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- o Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- o Amendments to PFRS 7, *Gain or Loss on Derecognition*
- o Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- o Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- o Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- (v) PFRS 7, *Insurance Contracts*
- (vi) PFRS 18, *Presentation and Disclosure in Financial Statements*

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.

- (vii) PFRS 19, *Subsidiaries without Public Accountability*
- (viii) PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred Effectivity

- (ix) 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*

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 segment are as follows:

- (a) *FEU Main* - principally refers to the academic operations of the Parent Company, being the largest semestral entity;
- (b) *Trimestral Schools* - subsidiary schools that primarily offer engineering and information technology programs, and which operates 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 FECSE, 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 include all operating assets used by a segment and consist primarily of operating cash and cash equivalents, trade and other receivables, financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), investment securities at amortized cost, investment properties and property and equipment.

Segment assets do not include deferred tax assets and other assets which are not allocated to any segment's assets.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position, except for deferred tax liabilities.

4.3 *Intersegment Transactions*

Segment revenues, expenses and performance include revenues and purchases between segments. Such revenues 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 years ended May 31, 2026, 2025 and 2024 are presented below and in the succeeding pages (in thousands).

<i>(Amounts in PHP)</i>	FEU Main	Trimestral Schools	Other Schools	Total
<u>May 31, 2026</u>				
Segment revenues				
From external customers	2,834,229	1,984,085	1,120,324	5,938,638
Intersegment revenues	54,085	-	-	54,085
Total revenue	2,888,314	1,984,085	1,120,324	5,992,723
Operating expenses excluding depreciation and amortization and impairment loss	(2,092,669)	(963,676)	(768,989)	(3,825,334)
	795,645	1,020,409	351,335	2,167,389
Depreciation and amortization	(281,572)	(219,393)	(139,086)	(640,051)
Impairment loss - net	(17,740)	(7,077)	(19,437)	(44,254)
Finance income	436,443	219,009	9,809	665,261
Finance cost	(107,370)	(18,653)	(27,552)	(153,575)
Other income - net	106,160	148,773	39,484	294,417
Income before tax	931,566	1,143,068	214,553	2,289,187
Tax expense	(78,606)	(121,465)	(27,528)	(227,599)
Segment net income	852,960	1,021,603	187,025	2,061,588
Segment assets	10,082,910	9,678,462	5,573,995	25,335,367
Segment liabilities	2,568,430	1,182,546	1,593,631	5,344,607
<u>May 31, 2025</u>				
Segment revenues				
From external customers	2,852,621	1,898,728	985,777	5,737,126
Intersegment revenues	44,044	-	-	44,044
Total revenue	2,896,665	1,898,728	985,777	5,781,170
Operating expenses excluding depreciation and amortization and impairment loss	(1,816,564)	(833,078)	(606,393)	(3,256,035)
	1,080,101	1,065,650	379,384	2,525,135
Depreciation and amortization	(301,543)	(252,940)	(177,522)	(732,005)
Impairment loss	(3,564)	(12,965)	(33,964)	(50,493)
Finance income	255,039	200,844	6,187	462,070
Finance cost	(203,422)	(18,059)	(23,940)	(245,421)
Other income - net	191,280	116,826	36,024	344,130
Income before tax	1,017,891	1,099,356	186,169	2,303,416
Tax expense	(86,689)	(115,600)	(23,180)	(225,469)
Segment net income	931,202	983,756	162,989	2,077,947
Segment assets	9,996,742	8,425,956	4,040,826	22,463,524
Segment liabilities	2,604,689	1,493,876	1,076,789	5,175,354

<i>(Amounts in PHP)</i>	FEU Main	Trimestral Schools	Other Schools	Total
<u>May 31, 2024</u>				
Segment revenues				
From external customers	2,836,725	1,712,856	871,437	5,421,018
Intersegment revenues	43,500	-	-	43,500
Total revenue	<u>2,880,225</u>	<u>1,712,856</u>	<u>871,437</u>	<u>5,464,518</u>
Operating expenses excluding depreciation and amortization and impairment loss	<u>(1,732,945)</u>	<u>(734,599)</u>	<u>(553,626)</u>	<u>(3,021,170)</u>
	1,147,280	978,257	317,811	2,443,348
Depreciation and amortization	(319,426)	(250,930)	(151,076)	(721,432)
Impairment loss	(6,846)	(16,217)	(13,344)	(36,407)
Finance income	422,556	158,158	9,663	590,377
Finance cost	(219,558)	(21,117)	(33,561)	(274,236)
Other income - net	98,681	76,264	21,989	196,934
Income before tax	<u>1,122,687</u>	<u>924,415</u>	<u>151,482</u>	<u>2,198,584</u>
Tax expense	<u>(84,664)</u>	<u>(86,793)</u>	<u>(20,234)</u>	<u>(191,691)</u>
Segment net income	<u>1,038,023</u>	<u>837,622</u>	<u>131,248</u>	<u>2,006,893</u>
Segment assets	<u>10,620,084</u>	<u>6,991,679</u>	<u>4,350,530</u>	<u>21,962,293</u>
Segment liabilities	<u>3,427,305</u>	<u>713,514</u>	<u>1,497,716</u>	<u>5,638,535</u>

The Group's geographical segment, which is based on the location of all the Group's school campuses for the years ended May 31, 2026, 2025 and 2024 follows (in thousands):

<i>(Amounts in PHP)</i>	NCR	Outside NCR	Total
<u>May 31, 2026</u>			
Segment revenues			
From external customers	5,046,571	892,067	5,938,638
Intersegment revenues	54,085	-	54,085
Total revenues	<u>5,100,656</u>	<u>892,067</u>	<u>5,992,723</u>
Operating expenses excluding depreciation and amortization and impairment loss	<u>(3,242,486)</u>	<u>(582,848)</u>	<u>(3,825,334)</u>
	1,858,170	309,219	2,167,389
Depreciation and amortization	(511,730)	(128,321)	(640,051)
Impairment loss - net	(28,303)	(15,951)	(44,254)
Finance income	662,740	2,521	665,261
Finance cost	(140,674)	(12,901)	(153,575)
Other income - net	277,265	17,152	294,417
Income before tax	<u>2,117,468</u>	<u>171,719</u>	<u>2,289,187</u>
Tax expense	<u>(205,302)</u>	<u>(22,297)</u>	<u>(227,599)</u>
Segment net income	<u>1,912,166</u>	<u>149,422</u>	<u>2,061,588</u>
Segment assets	<u>20,304,878</u>	<u>5,030,489</u>	<u>25,335,367</u>
Segment liabilities	<u>4,051,279</u>	<u>1,293,328</u>	<u>5,344,607</u>

<i>(Amounts in PHP)</i>	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
May 31, 2025			
Segment revenues			
From external customers	4,987,383	749,743	5,737,126
Intersegment revenues	44,044	-	44,044
Total revenues	<u>5,031,427</u>	<u>749,743</u>	<u>5,781,170</u>
Operating expenses excluding depreciation and amortization and impairment loss	<u>(2,790,992)</u>	<u>(465,043)</u>	<u>(3,256,035)</u>
	2,240,435	284,700	2,525,135
Depreciation and amortization	(609,250)	(122,755)	(732,005)
Impairment loss	(20,254)	(30,239)	(50,493)
Finance income	459,247	2,823	462,070
Finance cost	(223,041)	(22,380)	(245,421)
Other income - net	325,581	18,549	344,130
Income before tax	<u>2,172,718</u>	<u>130,698</u>	<u>2,303,416</u>
Tax expense	<u>(202,289)</u>	<u>(23,180)</u>	<u>(225,469)</u>
Segment net income	<u>1,970,429</u>	<u>107,518</u>	<u>2,077,947</u>
Segment assets	<u>18,749,032</u>	<u>3,714,492</u>	<u>22,463,524</u>
Segment liabilities	<u>4,182,281</u>	<u>993,073</u>	<u>5,175,354</u>
May 31, 2024			
Segment revenues			
From external customers	4,792,475	628,543	5,421,018
Intersegment revenues	43,500	-	43,500
Total revenues	<u>4,835,975</u>	<u>628,543</u>	<u>5,464,518</u>
Operating expenses excluding depreciation and amortization and impairment loss	<u>(2,602,082)</u>	<u>(419,088)</u>	<u>(3,021,170)</u>
	2,233,893	209,455	2,443,348
Depreciation and amortization	(623,179)	(98,253)	(721,432)
Impairment loss	(26,799)	(9,608)	(36,407)
Finance income	589,538	839	590,377
Finance cost	(244,914)	(29,322)	(274,236)
Other income - net	176,813	20,121	196,934
Income before tax	<u>2,105,352</u>	<u>93,232</u>	<u>2,198,584</u>
Tax expense	<u>(177,181)</u>	<u>(14,510)</u>	<u>(191,691)</u>
Segment net income	<u>1,928,171</u>	<u>78,722</u>	<u>2,006,893</u>
Segment assets	<u>18,026,626</u>	<u>3,935,667</u>	<u>21,962,293</u>
Segment liabilities	<u>4,349,704</u>	<u>1,288,831</u>	<u>5,638,535</u>

4.5 Reconciliation

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

<i>(Amounts in PHP)</i>	2026	2025	2024
Revenues			
Total segment revenues	5,992,723	5,781,170	5,464,518
Elimination of intersegment revenues	(54,085)	(44,044)	(43,500)
Unallocated corporate revenues	19,602	1,500	8,841
Revenues as reported in consolidated profit or loss	<u>5,958,240</u>	<u>5,738,626</u>	<u>5,429,859</u>
Profit or loss			
Segment net income	2,061,588	2,077,947	2,006,893
Elimination of intersegment transactions	(213,207)	(75,966)	(145,823)
Unallocated corporate net income	149,191	88,575	149,256
Group net profit as reported in consolidated profit or loss	<u>1,997,572</u>	<u>2,090,556</u>	<u>2,010,326</u>
Assets			
Segment assets	25,335,367	22,463,524	21,962,293
Elimination of intercompany accounts	(6,666,970)	(5,191,532)	(5,387,108)
Unallocated corporate assets	1,983,675	1,825,659	1,759,140
Goodwill	186,487	186,487	186,487
Total Assets	<u>20,838,559</u>	<u>19,284,138</u>	<u>18,520,812</u>
Liabilities			
Segment liabilities	5,344,607	5,175,354	5,638,535
Elimination of intercompany accounts	(2,166,267)	(2,001,255)	(1,944,366)
Unallocated corporate liabilities	162,342	117,309	145,286
Total Liabilities	<u>3,340,682</u>	<u>3,291,408</u>	<u>3,839,455</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

<i>(Amounts in PHP)</i>	2026	2025	2024
Cash on hand and in banks	977,770,691	953,165,617	571,373,159
Short-term placements	<u>1,591,197,162</u>	<u>1,503,902,286</u>	<u>1,142,040,005</u>
	<u>2,568,967,853</u>	<u>2,457,067,903</u>	<u>1,713,413,164</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group.

These placements earn effective annual interest as follows:

	2026	2025	2024
Peso placements	2.6% to 5.75%	5.5% to 6.4%	5.4% to 6.4%
US Dollar placements	2.0% to 3.0%	4.5%	4.5%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 18.1). The related interest receivable from placements as at May 31, 2026, 2025 and 2024 is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Non-related parties:				
Tuition and other school fees		1,147,358,978	1,106,461,683	1,010,723,897
Rental receivables		58,236,619	40,062,119	78,542,116
		<u>1,205,595,597</u>	<u>1,146,523,802</u>	<u>1,089,266,013</u>
Receivable from related parties	20.1, 20.2	<u>32,992,551</u>	<u>47,450,297</u>	<u>67,482,466</u>
Others:				
Accrued interest	5, 7, 10	46,478,551	45,297,604	47,688,755
Advances to officers and employees		41,359,848	21,829,054	34,226,733
Miscellaneous	20.4	35,699,274	14,063,685	106,741,178
		<u>123,537,673</u>	<u>81,190,343</u>	<u>188,656,666</u>
Allowance for impairment		<u>(192,201,523)</u>	<u>(226,788,016)</u>	<u>(206,129,178)</u>
		<u>1,169,924,298</u>	<u>1,048,376,426</u>	<u>1,139,275,967</u>

Non-related parties' rental receivables relate to FRC's receivables.

Advances to officers and employees consist of unsecured and noninterest-bearing advances which are subject to liquidation within 15 days from the earlier date between the release of the advances and the event to which the advances are utilized.

A significant portion of miscellaneous receivables pertain to amounts due from brokers related to the Group's trust funds as well as various receivables from non-related parties.

A reconciliation of the allowance for impairment on receivables at the beginning and end of each of the reporting period is shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	226,788,016	206,129,178	228,965,476
Receivables written-off during the year	(79,006,156)	(51,371,786)	(59,243,062)
Impairment losses during the year	57,719,663	72,030,624	36,406,764
Reversal of allowance	(13,300,000)	-	-
Balance at end of year	<u>192,201,523</u>	<u>226,788,016</u>	<u>206,129,178</u>

The allowance for impairment of receivables is composed of the following:

<i>(Amounts in PHP)</i>	2026	2025	2024
Tuition and other fees	154,119,359	153,946,577	158,678,245
Related parties	31,771,612	44,927,485	41,140,381
Others	6,310,552	27,913,954	6,310,552
	<u>192,201,523</u>	<u>226,788,016</u>	<u>206,129,178</u>

All of the Group's receivables, which are subject to credit risk exposure [see Note 15.2(b)] have been reviewed for impairment.

During the years ended May 31, 2026, 2025 and 2024, tuition and other school fees receivables were assessed for impairment and corresponding impairment losses were recognized as Net Impairment Loss on Financial Assets in the consolidated statements of profit or loss.

7. FINANCIAL ASSETS

7.1 *Financial Assets at FVTPL*

The types of investments classified under financial assets at FVTPL as of May 31 are shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Unit Investment Trust Fund (UITF)	937,562,146	834,259,488	814,536,532
Quoted equity securities	630,022,638	822,557,664	829,910,608
	<u>1,567,584,784</u>	<u>1,656,817,152</u>	<u>1,644,447,140</u>

The breakdown of financial assets at FVTPL as to currency denomination is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Local	709,499,026	1,167,490,394	879,759,630
Foreign	858,085,758	489,326,758	764,687,510
	<u>1,567,584,784</u>	<u>1,656,817,152</u>	<u>1,644,447,140</u>

An analysis of the movements in the carrying amounts of the Group's investments is presented below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	1,656,817,152	1,644,447,140	1,834,217,950
Disposals	(2,594,218,612)	(2,481,499,874)	(2,807,353,515)
Additions	2,387,836,556	2,478,067,839	2,550,373,868
Foreign currency gains (losses) - net	63,007,207	(37,197,333)	25,099,199
Fair value gains - net	<u>54,142,481</u>	<u>52,999,380</u>	<u>42,109,638</u>
Balance at end of year	<u>1,567,584,784</u>	<u>1,656,817,152</u>	<u>1,644,447,140</u>

Investment income or losses from FVTPL financial assets, which include dividend income and gain or loss on disposal have been reinvested as part of additions to financial assets at FVTPL. In 2026, 2025 and 2024, the total investment income, including changes in fair values amounted to P105.1 million, P133.6 million and P130.0 million, respectively, and is presented separately as Other investment income from financial assets at FVTPL under Finance Income in the consolidated statements of profit or loss (see Note 18.1).

7.2 Financial Assets at FVOCI

As of May 31, the Group's financial assets at FVOCI are classified in the consolidated statements of financial position as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current	902,496,241	654,696,399	358,572,543
Non-current	<u>2,280,997,226</u>	<u>2,177,793,892</u>	<u>2,736,452,925</u>
	<u>3,183,493,467</u>	<u>2,832,490,291</u>	<u>3,095,025,468</u>

The types of investments classified under financial assets at FVOCI as of May 31 are shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Quoted debt securities:			
Government	2,192,518,773	2,010,120,861	2,226,338,163
Corporate	802,804,155	772,325,173	789,547,559
	<u>2,995,322,928</u>	<u>2,782,446,034</u>	<u>3,015,885,722</u>
Equity securities:			
Quoted corporate shares	182,570,539	46,344,257	75,939,746
Golf club shares	5,600,000	3,700,000	3,200,000
	<u>188,170,539</u>	<u>50,044,257</u>	<u>79,139,746</u>
	<u>3,183,493,467</u>	<u>2,832,490,291</u>	<u>3,095,025,468</u>

Government securities bear annual interest rates ranging from 1.95% to 12.13% in 2026, 1.95% to 12.13% in 2025 and 2.0% to 12.1% in 2024. Corporate bonds bear interest rates ranging from 3.1% to 6.4% in 2026, 2.1% to 7.4% in 2025 and 2.0% to 6.4% in 2024. These securities were not used as collaterals for any borrowings of the Group.

The breakdown of financial assets at FVOCI as to currency denomination is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Local	2,342,331,042	2,091,711,933	2,252,278,830
Foreign	<u>841,162,425</u>	<u>740,778,358</u>	<u>842,746,638</u>
	<u>3,183,493,467</u>	<u>2,832,490,291</u>	<u>3,095,025,468</u>

Analyses of the movements in the carrying amounts of the Group's financial assets at FVOCI are presented below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	2,832,490,291	3,095,025,468	2,190,551,315
Additions	2,021,721,018	1,821,600,863	1,974,439,274
Disposals	(1,738,562,819)	(2,155,870,404)	(1,108,119,295)
Unrealized foreign currency gains - net	64,728,735	56,907,811	22,885,656
Fair value gains - net	<u>3,116,242</u>	<u>14,826,553</u>	<u>15,268,518</u>
Balance at end of year	<u>3,183,493,467</u>	<u>2,832,490,291</u>	<u>3,095,025,468</u>

The total investment income from financial assets at FVOCI, which includes interest income, dividend income, gain or loss on disposal, and realized fair value gains or losses totaling P138.0 million, P127.7 million, and P110.5 million for the years ended May 31, 2026, 2025 and 2024, respectively, has been reinvested as part of additions to financial assets at FVOCI and is presented separately as Interest income from financial assets at FVOCI and as Other investment income from financial assets at FVOCI under Finance Income in the consolidated statements of profit or loss (see Note 18.1). The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The total fair value changes from equity securities resulted in gains amounting to P10.6 million, P35.3 million and P0.6 million for the years ended May 31, 2026, 2025 and 2024, respectively, and are presented as an item that will not be reclassified subsequently to profit or loss in the consolidated statements of comprehensive income. The total fair value changes from debt securities resulted in losses amounting to P0.2 million, P2.3 million and P1.7 million in 2025 and 2024, respectively, and are presented as an item that will be reclassified to profit or loss in the consolidated statements of comprehensive income.

7.3 Investment Securities at Amortized Cost

As of May 31, the Group's investment securities at amortized cost are classified in the consolidated statements of financial position as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current	48,080,221	17,145,386	75,487,826
Non-current	118,920,399	401,026,124	401,796,531
	<u>167,000,620</u>	<u>418,171,510</u>	<u>477,284,357</u>

These consist of investments in corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging 2.1% to 6.8% in 2026, 2.1% to 6.8% per annum in 2025, and from 2.1% to 7.8% per annum in 2024. These debt securities have maturities ranging from one to 10 years.

The breakdown of quoted investment securities at amortized cost as to currency denomination is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Local	154,682,620	307,022,510	336,019,998
Foreign	<u>12,318,000</u>	<u>111,149,000</u>	<u>141,264,359</u>
	<u>167,000,620</u>	<u>418,171,510</u>	<u>477,284,357</u>

An analysis of the movements in the carrying amount of the Group's investment securities at amortized cost for the years ended May 31, 2026, 2025 and 2024 is presented below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	418,171,510	477,284,357	555,633,585
Maturities	(264,897,378)	(63,009,836)	(168,336,647)
Additions	5,800,000	10,000,000	82,952,764
Unrealized foreign currency gains (losses) - net	7,884,399	(5,781,931)	7,165,057
Amortization of premium (discount) - net	42,089	(321,080)	(130,402)
Balance at end of year	<u>167,000,620</u>	<u>418,171,510</u>	<u>477,284,357</u>

Net amortization of premium (discount) amounting to P0.04 million, P0.32 million and P0.13 million for the years ended May 31, 2026, 2025 and 2024, respectively, are offset against Interest income from investment securities at amortized cost (see Note 18.1).

7.4 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 the years ended May 31, 2026, 2025 and 2024.

<i>(Amounts in PHP)</i>	Level 1	Level 2	Level 3	Total
<u>May 31, 2026</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	2,192,518,773	-	-	2,192,518,773
Corporate	802,804,155	-	-	802,804,155
Equity securities	182,570,539	-	-	182,570,539
Golf club shares	-	5,600,000	-	5,600,000
Financial assets at FVTPL:				
Equity securities	630,022,638	-	-	630,022,638
UITF	-	937,562,146	-	937,562,146
Investment securities at amortized cost	<u>158,985,422</u>	<u>-</u>	<u>-</u>	<u>158,985,422</u>
	<u>3,966,901,527</u>	<u>943,162,146</u>	<u>-</u>	<u>4,910,063,673</u>

<i>(Amounts in PHP)</i>	Level 1	Level 2	Level 3	Total
<u>May 31, 2025</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	2,010,120,862	-	-	2,010,120,862
Corporate	772,325,172	-	-	772,325,172
Equity securities	46,344,257	-	-	46,344,257
Golf club shares	-	3,700,000	-	3,700,000
Financial assets at FVTPL:				
Equity securities	822,557,664	-	-	822,557,664
UITF	-	834,259,488	-	834,259,488
Investment securities at amortized cost	418,171,510	-	-	418,171,510
	<u>4,069,519,465</u>	<u>837,959,488</u>	<u>-</u>	<u>4,907,478,953</u>
<u>May 31, 2024</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	2,226,338,163	-	-	2,226,338,163
Corporate	789,547,559	-	-	789,547,559
Equity securities	75,939,746	-	-	75,939,746
Golf club shares	-	3,200,000	-	3,200,000
Financial assets at FVTPL:				
Equity securities	829,910,608	-	-	829,910,608
UITF	-	814,536,532	-	814,536,532
Investment securities at amortized cost	474,520,710	-	-	474,520,710
	<u>4,396,256,786</u>	<u>817,736,532</u>	<u>-</u>	<u>5,213,993,318</u>

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

7.5 Carrying Amounts and Fair Value 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:

		2026		2025		2024	
(Amounts in PHP)	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets							
At FVOCI:	7.2						
Debt securities		2,995,322,928	2,995,322,928	2,782,446,034	2,782,446,034	3,015,885,722	3,015,885,722
Equity securities		182,570,539	182,570,539	46,344,257	46,344,257	75,939,746	75,939,746
Golf club shares		5,600,000	5,600,000	3,700,000	3,700,000	3,200,000	3,200,000
		<u>3,183,493,467</u>	<u>3,183,493,467</u>	<u>2,832,490,291</u>	<u>2,832,490,291</u>	<u>3,095,025,468</u>	<u>3,095,025,468</u>
At FVTPL:	7.1						
Equity securities		630,022,638	630,022,638	822,557,664	822,557,664	829,910,608	829,910,608
UITF		937,562,146	937,562,146	834,259,488	834,259,488	814,536,532	814,536,532
		<u>1,567,584,784</u>	<u>1,567,584,784</u>	<u>1,656,817,152</u>	<u>1,656,817,152</u>	<u>1,644,447,140</u>	<u>1,644,447,140</u>
At Amortized Cost:							
Investments - Debt securities	7.3	167,000,620	158,985,422	418,171,510	464,898,784	477,284,357	474,520,710
		<u>4,918,078,871</u>	<u>4,910,063,673</u>	<u>4,907,478,953</u>	<u>4,954,206,227</u>	<u>5,216,756,965</u>	<u>5,213,993,318</u>
Financial Liabilities							
At amortized cost -							
Interest-bearing loans	14	932,823,129	901,930,073	1,159,081,632	1,166,537,860	1,385,340,136	1,127,376,045

Except for the financial assets and financial liabilities presented above, the Group has other financial assets or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of May 31, 2026, 2025 and 2024. Management determined that the carrying amounts of the other financial instruments that are carried at amortized costs are equal to or approximate their fair values.

See Note 26.4 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 15.

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

This account consists of the following:

(Amounts in PHP)	2026	2025	2024
Associates:			
Investment in JCHS	15,851,720	62,319,348	84,457,558
Investment in GSC	123,487,582	101,662,608	81,914,398
Joint venture -			
Investment in HAI	-	276,812,689	276,350,564
	<u>139,339,302</u>	<u>440,794,645</u>	<u>442,722,520</u>

A reconciliation of the carrying amount of investment in associates and joint venture at beginning and end of the reporting period is shown below:

<i>(Amounts in PHP)</i>	JCHS	GSC	HAI	Total
Balance at June 1, 2025	62,319,348	101,662,608	276,812,689	440,794,645
Acquisition cost	-	-	(4,886,759)	(4,886,759)
Share in net income (loss) for the year	(46,467,628)	28,597,360	(4,427,832)*	(22,298,100)
Dividend declaration	-	(6,772,386)	-	(6,772,386)
Adjustment for consolidation	-	-	(267,498,098)	(267,498,098)
Balance at May 31, 2026	15,851,720	123,487,582	-	139,339,302
Balance at June 1, 2024	84,457,558	81,914,398	276,350,564	442,722,520
Acquisition cost	-	-	4,886,759	4,886,759
Share in net income (loss) for the year	(22,138,210)	22,517,428	(4,424,634)	(4,045,416)
Dividend declaration	-	(2,769,218)	-	(2,769,218)
Balance at May 31, 2025	62,319,348	101,662,608	276,812,689	440,794,645
Balance at June 1, 2023	85,066,802	74,943,926	-	160,010,728
Acquisition cost	-	-	280,000,000	280,000,000
Share in net income (loss) for the year	(609,244)	7,867,907	(3,649,436)	3,609,227
Dividend declaration	-	(897,435)	-	(897,435)
Balance at May 31, 2024	84,457,558	81,914,398	276,350,564	442,722,520

*Share in net loss for HAI represents FEU share on net loss for the period covering June 2025, as HAI became a subsidiary starting July 1, 2025.

The share in the net income of investments in associates and joint venture are included as part of Other Income (see Note 18) in the consolidated statements of profit or loss.

A reconciliation of the summarized financial information to the carrying amount of the investments in associates and joint venture as of May 31, 2026, 2025 and 2024 is shown below:

<i>(Amounts in PHP)</i>	JCHS	GSC	HAI*
2026:			
Net assets	40,143,384	336,002,379	
Proportion of ownership interest	40%	34%	
Ownership shares in net assets	16,057,354	114,240,809	
Nominal goodwill		9,246,773	
Valuation adjustment	(205,634)	-	
	15,851,720	123,487,582	
2025:			
Net assets	151,537,037	271,811,280	553,625,378
Proportion of ownership interest	40%	34%	50%
Ownership shares in net assets	60,614,815	92,415,835	276,812,689
Nominal goodwill	-	9,246,773	-
Valuation adjustment	1,704,533	-	-
	62,319,348	101,662,608	276,812,689

<i>(Amounts in PHP)</i>	JCHS	GSC	HAI*
2024:			
Net assets	212,746,950	213,728,309	552,701,128
Proportion of ownership interest	40%	34%	50%
Ownership shares in net assets	85,098,780	72,667,625	276,350,564
Nominal goodwill	-	9,246,773	-
Valuation adjustment	(641,222)	-	-
	<u>84,457,558</u>	<u>81,914,398</u>	<u>276,350,564</u>

* The Company's investment in HAI was accounted for as a joint venture only until June 30, 2025.

The associates are private companies. No quoted prices are available for their shares of stock.

8.1 Investment in JCHS

In July 2022, by virtue of an Investment Agreement, the University and Jerudong Park Medical Centre Sendirian Berhad (JPMC) of Brunei agreed to invest a total of Brunei Dollar (BND) 5.5 million in JCHS, with the University and JPMC having equity ownerships of 40% and 60%, respectively. JCHS was incorporated to operate a private tertiary school of health sciences in Brunei Darussalam, wherein the University will provide technical management services.

8.2 Investment in GSC

GSC is an educational institution that offers junior and senior high school, tertiary, and graduate school courses. In August 2022, with the approval of its Board of Trustees (BOT), the University entered into an Investment Agreement for the acquisition of 77,273 common shares of GSC, representing 34% equity ownership.

8.3 Investment in HAI

In October 2023, the University and MGHI Holdings, Inc. (MGHI) entered into a Shareholders' Agreement to invest a total of P600.0 million in HAI, with the University and MGHI both investing P300.0 million for an equal equity ownership, or 50% each. Accordingly, HAI was incorporated with its primary purpose to establish, maintain, operate and administer an educational institution.

In the same month, the University made its initial investment in HAI amounting to P280.0 million. Except for the remaining investment commitment amounting to P20.0 million, which represents half of the unsubscribed capital of P40.0 million, the Group does not have any commitments made to HAI as at May 31, 2025.

Acquisition of control on HAI through step up acquisition

On June 17, 2025, the University's BOT approved an additional equity investment of P11.4 million in HAI. This investment resulted in the acquisition of 114,286 common shares from unissued shares of HAI. Following the transaction, the University's total shareholding increased to 2,914,286 shares, representing 51% of HAI's total outstanding capital. The subscription agreement between University and HAI was finalized and signed, establishing the University as its majority owner, effective July 1, 2025, the acquisition date.

The Group has elected to measure the non-controlling interests in HAI at proportionate share of its interest in HAI's identifiable net assets.

The acquisition was undertaken to align the University's ownership with its responsibility for providing strategic direction, academic leadership, and operational oversight of the institution. Majority ownership is considered fundamental to safeguarding the integrity and reputation of the FEU brand, ensuring adherence to FEU's academic standards, and strengthening governance and accountability over the institution's operations. Accordingly, the transaction was driven primarily by governance, academic control, brand protection, and strategic considerations rather than solely by financial or investment objectives.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of HAI as at the date of acquisition were:

(Amounts in PHP)	Note	Fair Value recognized on acquisition
Assets:		
Cash and cash equivalents		8,221,748
Trade and other receivables		1,934,617
Subscription receivable		11,428,600
Prepayments and other current assets		8,400
Property and equipment	11	619,055,569
Deferred tax assets		1,998,382
Other noncurrent assets		967,321
		<u>643,614,637</u>
Liabilities:		
Trade and other payables		(17,266,757)
Payable to related parties		(10,000,000)
Deferred tax liability		(7,584,094)
		<u>(34,850,851)</u>
Total identifiable net assets at fair value		<u>608,763,786</u>
Non-controlling interest measured at		
49% of net assets		(298,294,255)
Bargain surplus arising on acquisition		(373,338)
Purchase consideration transferred		<u>310,096,193</u>

The acquisition date fair value of the property and equipment, particularly on land, buildings and other land improvements where HAI is situated, is based on the fair value of the properties using market approach for land, and cost approach for buildings and other land improvements.

The deferred tax liability mainly comprises the tax effect of the fair value gain on the valuation of the property and equipment amounting to P31.5 million (see Note 18.4).

From the date of acquisition, HAI contributed P61.6 million of revenue and P6.7 million to net loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been P61.6 million and net loss before tax from continuing operations for the Group would have been P12.2 million.

Analysis of the cash flows on acquisition:

<i>(Amounts in PHP)</i>	Amount
Net cash acquired with the subsidiary (included in cash flows from investing activities)	8,221,748
Cash paid	(11,428,600)
Net cash flow on acquisition	(3,206,852)

The net assets recognized in May 31, 2026 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for land and buildings owned by HAI.

8.4 Investment in University of Nueva Caceres - Bataan

On March 9, 2026, the University 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, the University will acquire 76.92% of the land on which BPEII operates and will subscribe to BPEII shares. As of May 31, 2026, the conditions precedent to closing had not yet been completed. Accordingly, no payments had been made, no shares had been subscribed to or issued, and no other transactions contemplated under the agreement had been consummated.

Following the completion of these transactions, the University 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 the University'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.

8.5 Financial Information of Associates and Joint Venture

Presented below and in the succeeding page are the Associates' and Joint Venture's summary of financial information based on the most recent unaudited financial statements as of and for the years ended May 31, 2026, 2025 and 2024.

<i>(Amounts in PHP)</i>	JCHS	GSC	HAI*
2026:			
Total current assets	93,576,533	146,806,431	-
Total non-current assets	370,684,292	269,449,512	-
Total current liabilities	45,589,632	56,909,516	-
Total non-current liabilities	378,527,809	23,344,048	-
Revenues	137,110,201	293,673,604	-
Net income (loss)	(116,169,070)	84,109,882	(8,855,664)**
2025:			
Total current assets	86,416,235	98,862,848	8,032,867
Total non-current assets	372,857,362	231,980,718	548,121,234
Total current liabilities	30,898,158	44,031,198	2,528,723
Total non-current liabilities	276,838,402	15,001,088	-
Revenues	90,161,101	246,336,822	44,298,134
Net income (loss)	(55,345,526)	66,227,730	(8,849,268)

<i>(Amounts in PHP)</i>	JCHS	GSC	HAI*
2024:			
Total current assets	238,291,265	94,944,179	19,679,588*
Total non-current assets	408,814,663	188,328,839	533,539,276
Total current liabilities	47,601,265	44,233,102	517,736*
Total non-current liabilities	386,757,713	25,311,607	-
Revenues	14,601,121	145,516,805	-
Net income (loss)	(16,198,811)	27,391,792	(7,298,872)

*HAI's total current assets relate only to cash. Also, the joint venture does not have any other financial liabilities as of May 31, 2024 except for accrued expenses which are payable in cash.

**The Company's investment in HAI was accounted for as a joint venture only until June 30, 2025.

As of May 31, 2026, 2025 and 2024, management believes that the carrying amounts of the investment in associates are fully recoverable.

9. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation and amortization of investment properties at the beginning and end of each of the reporting period are shown below and in the succeeding page:

<i>(Amounts in PHP)</i>	Land	Land Improvements	Building and Improvements	Total
May 31, 2026				
Cost	81,438,530	35,012,970	556,655,815	673,107,315
Accumulated depreciation and amortization	-	(24,428,334)	(428,587,820)	(453,016,154)
Net carrying amount	<u>81,438,530</u>	<u>10,584,636</u>	<u>128,067,995</u>	<u>220,091,161</u>
May 31, 2025				
Cost	81,438,530	31,576,953	551,208,625	664,224,108
Accumulated depreciation and amortization	-	(20,078,324)	(418,947,892)	(439,026,216)
Net carrying amount	<u>81,438,530</u>	<u>11,498,629</u>	<u>132,260,733</u>	<u>225,197,892</u>
May 31, 2024				
Cost	83,103,532	24,956,710	543,257,580	651,317,822
Accumulated depreciation and amortization	-	(16,558,735)	(389,266,152)	(405,824,887)
Net carrying amount	<u>83,103,532</u>	<u>8,397,975</u>	<u>153,991,428</u>	<u>245,492,935</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of each reporting period are shown below:

<i>(Amounts in PHP)</i>	Land	Land Improvements	Building and Improvements	Total
Balance at June 1, 2025, net of accumulated depreciation and amortization	81,438,530	11,498,629	132,260,733	225,197,892
Additions	-	3,436,017	5,447,190	8,883,207
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Depreciation and amortization charges for the year	-	(4,350,010)	(9,639,928)	(13,989,938)
Balance at May 31, 2026, net of accumulated depreciation and amortization	<u>81,438,530</u>	<u>10,584,636</u>	<u>128,067,995</u>	<u>220,091,161</u>
Balance at June 1, 2024, net of accumulated depreciation and amortization	83,103,532	8,397,975	153,991,428	245,492,935
Additions	-	6,700,600	-	6,700,600
Disposals	(1,665,002)	-	-	(1,665,002)
Reclassifications	-	-	17,188,815	17,188,815
Depreciation and amortization charges for the year	-	(3,599,946)	(38,919,510)	(42,519,456)
Balance at May 31, 2025, net of accumulated depreciation and amortization	<u>81,438,530</u>	<u>11,498,629</u>	<u>132,260,733</u>	<u>225,197,892</u>
Balance at June 1, 2023, net of accumulated depreciation and amortization	83,103,532	12,274,056	107,713,911	203,091,499
Additions	-	277,696	109,662,885	109,940,581
Disposals	-	(500,000)	(36,419,391)	(36,919,391)
Reclassifications	-	-	13,301,447	13,301,447
Depreciation and amortization charges for the year	-	(3,653,777)	(40,267,424)	(43,921,201)
Balance at May 31, 2024, net of accumulated depreciation and amortization	<u>83,103,532</u>	<u>8,397,975</u>	<u>153,991,428</u>	<u>245,492,935</u>

The Group recognized gain on sale from the disposal of investment property amounting to nil, P7.5 million and P84.8 million for the years ended May 31, 2026, 2025 and 2024, respectively, presented as part of Other Operating Income in the consolidated statements of profit or loss (see Note 18.3). The total proceeds from such sales amounted to nil, P9.2 million and P121.8 million for 2026, 2025 and 2024, respectively.

In the normal course of business, the Group reclassifies investment properties to property and equipment upon commencement of occupation of entities within the Group. Likewise, certain property and equipment are reclassified back to investment properties when the properties are leased out to third parties.

9.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounting to P40.6 million, P22.0 million and P27.5 million for the years ended May 31, 2026, 2025 and 2024, respectively, are presented as Rentals in the Revenues section of the consolidated statements of profit or loss. The direct operating expenses, which include property insurance, depreciation and amortization, and real property taxes incurred by the Group relating to investment properties, are presented as part of Insurance, Depreciation and amortization and Taxes and licenses under Operating Expenses in the consolidated statements of profit or loss (see Note 17).

9.2 Fair Values of Investment Properties

The fair values (which 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 October 2025 covering the year ended May 31, 2026, in July 2024 and November 2023 covering the year ended May 31, 2025, and in November 2023 covering the year ended May 31, 2024.

The valuation process was conducted by an independent 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.

<i>(Amounts in PHP)</i>	2026	2025	2024
Land	644,673,600	604,611,170	606,684,771
Building and improvements	138,652,632	143,759,360	162,389,403
At appraised values	<u>783,326,232</u>	<u>748,370,530</u>	<u>769,074,174</u>

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

10. OTHER ASSETS

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current:			
Prepaid expenses	142,062,507	131,874,895	82,879,809
Real estate held-for-sale	103,319,726	123,437,126	118,782,542
Short-term investments	406,391,878	109,863,728	86,138,456
Inventories	36,791,245	47,906,598	37,447,650
Input value-added tax (VAT)	38,060,208	37,098,364	36,817,583
Others	67,487,237	24,183,443	19,071,715
	<u>794,112,801</u>	<u>474,364,154</u>	<u>381,137,755</u>
Allowance for impairment of input VAT	<u>(34,864,866)</u>	<u>(34,864,866)</u>	<u>(34,864,866)</u>
	<u>759,247,935</u>	<u>439,499,288</u>	<u>346,272,889</u>

<i>(Amounts in PHP)</i>	2026	2025	2024
Non-current:			
Advances to suppliers and developers	510,551,174	468,540,785	165,398,381
Refundable deposits	21,585,147	21,379,585	18,541,875
Long-term investments	3,694,963	3,694,963	3,694,963
Others	44,852,405	5,212,026	2,173,477
	<u>580,683,689</u>	<u>498,827,359</u>	<u>189,808,696</u>
Allowance for impairment of long-term investments	<u>(3,694,963)</u>	<u>(3,694,963)</u>	<u>(3,694,963)</u>
	<u>576,988,726</u>	<u>495,132,396</u>	<u>186,113,733</u>

Real estate held-for-sale represents the inventory of the Group's lots and townhouse units for sale located in Silang, Cavite and Ferndale Villas in Quezon City. In 2025, the Group sold a real estate property costing P0.5 million and repurchased the same for P5.2 million. The Group recognized a gain on sale of certain real estate property amounting to P75.2 million in 2026 (nil in 2025 and 2024), which is presented as part of Other Operating Income in the consolidated statements of comprehensive income (see Note 18.3).

Management assessed that the carrying values of these assets are lower than their net realizable values considering present market values; hence, no impairment loss is recognized in fiscal years 2026, 2025 and 2024.

Short-term investments consist of time deposit or special savings deposit accounts. These investments, which earn interest ranging from 1.8% to 5.6% for 2026, 3.0% to 6.0% for 2025, and 1.1% to 6.4% for 2024, have maturities beyond three months but within one year from the end of each reporting period. Interest income earned from short-term investments are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 18.1). The related accrued interest is presented as part of the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

Inventories consist of merchandise inventory items relating to the University's bookstore.

Advances to suppliers pertain to advances made by the Group to its suppliers for various projects, which will be applied as payment for progress billings of the contractors and suppliers. Advances to developers represent the amount paid for FRC's condominium units purchased at pre-selling stage that are not yet ready for occupancy or fully constructed at the end of the reporting periods.

Long-term investments refer to investments that earn effective interest rates ranging from 2.13% to 7.4% and are maturing beyond one year from the date of placement as of the end of each reporting period.

Other non-current assets include non-current portion of installment contract receivables from sales of real estate held-for-sale amounting to P42.4 million in 2026.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of each of the reporting period are as follows:

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
May 31, 2026							
Cost	3,763,354,006	9,063,547,529	1,586,058,574	736,040,235	1,221,651,316	30,891,882	16,401,543,542
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(4,210,739,926)	(1,296,843,998)	(583,520,405)	-	(19,736,480)	(6,110,840,809)
Net carrying amount	<u>3,763,354,006</u>	<u>4,850,003,201</u>	<u>289,214,576</u>	<u>152,519,830</u>	<u>1,221,651,316</u>	<u>11,155,402</u>	<u>10,287,898,331</u>
May 31, 2025							
Cost	3,341,732,582	8,589,081,972	1,494,255,404	661,717,294	433,182,306	30,891,882	14,550,861,440
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(3,779,500,942)	(1,170,953,694)	(522,232,459)	-	(9,439,192)	(5,482,126,287)
Net carrying amount	<u>3,341,732,582</u>	<u>4,806,776,628</u>	<u>323,301,710</u>	<u>139,484,835</u>	<u>433,182,306</u>	<u>21,452,690</u>	<u>9,065,930,751</u>
May 31, 2024							
Cost	3,225,836,774	7,938,581,599	1,380,855,486	527,034,290	521,942,119	48,169,853	13,642,420,121
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(3,052,753,809)	(1,065,585,732)	(444,024,473)	-	(48,169,853)	(4,610,533,867)
Net carrying amount	<u>3,225,836,774</u>	<u>4,883,023,388</u>	<u>315,269,754</u>	<u>83,009,817</u>	<u>521,942,119</u>	<u>-</u>	<u>9,029,081,852</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2026, 2025 and 2024 is shown below and in the succeeding page.

<i>(Amounts in PHP)</i>	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2025, net of accumulated depreciation and impairment	3,341,732,582	4,806,776,628	323,301,710	139,484,835	433,182,306	21,452,690	9,065,930,751
Additions through business combination (Note 8.3)	421,161,379	189,809,898	4,990,236	3,094,056	-	-	619,055,569
Additions	460,045	20,242,814	85,126,712	75,032,450	1,082,719,530	-	1,263,581,551
Disposals	-	-	-	(292,790)	-	-	(292,790)
Reclassifications from (to) - net	-	284,282,197	9,968,323	-	(294,250,520)	-	-
Depreciation and amortization charges for the year	-	(451,108,336)	(134,172,405)	(64,798,721)	-	(10,297,288)	(660,376,750)
Balance at May 31, 2026 net of accumulated depreciation and amortization	<u>3,763,354,006</u>	<u>4,850,003,201</u>	<u>289,214,576</u>	<u>152,519,830</u>	<u>1,221,651,316</u>	<u>11,155,402</u>	<u>10,287,898,331</u>
Balance at June 1, 2024, net of accumulated depreciation and impairment	3,225,836,774	4,883,023,388	315,269,754	83,009,817	521,942,119	-	9,029,081,852
Additions	115,895,808	232,757,609	147,488,025	84,159,505	442,837,849	30,891,882	1,054,030,678
Disposals	-	(25,075)	(4,226,905)	(15,360)	-	-	(4,267,340)
Reclassifications from (to) - net	-	51,850,388	(5,140,036)	25,672,102	(531,597,662)	-	(459,215,208)
Depreciation and amortization charges for the year	-	(360,829,682)	(130,089,128)	(53,341,229)	-	(9,439,192)	(553,699,231)
Balance at May 31, 2025 net of accumulated depreciation and amortization	<u>3,341,732,582</u>	<u>4,806,776,628</u>	<u>323,301,710</u>	<u>139,484,835</u>	<u>433,182,306</u>	<u>21,452,690</u>	<u>9,065,930,751</u>

<i>(Amounts in PHP)</i>	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2023, net of accumulated depreciation and impairment	3,212,523,179	5,241,198,849	277,925,894	47,986,793	117,144,337	10,176,421	8,906,955,473
Additions	13,313,595	44,268,724	143,586,824	71,540,500	404,797,782	-	677,507,425
Reclassifications from (to) - net	-	(13,301,447)	-	-	-	-	(13,301,447)
Depreciation and amortization charges for the year	-	(389,142,738)	(106,242,964)	(36,517,476)	-	(10,176,421)	(542,079,599)
Balance at May 31, 2024 net of accumulated depreciation and amortization	<u>3,225,836,774</u>	<u>4,883,023,388</u>	<u>315,269,754</u>	<u>83,009,817</u>	<u>521,942,119</u>	<u>-</u>	<u>9,029,081,852</u>

Construction in progress pertains to the costs incurred for the on-going construction of the school building of RCI in Rizal and various on-going building additions and improvements of EACCI and the University in Manila. Contractual commitments relating to the acquisition and construction of property and equipment are disclosed in Note 28.3 - *Construction Commitments*.

RCI capitalized borrowing costs amounting to P8.0 million and P2.9 million in 2026 and 2025, respectively, (nil in 2024), representing the actual borrowing costs incurred on loans obtained to fund the construction project (see Note 18.2).

As of May 31, 2026, 2025 and 2024, certain fully depreciated assets with acquisition cost of P2,392.7 million, P2,132.3 million, and P1,910.9 million, respectively, are still being used in the Group's operations.

As at May 31, 2026, 2025 and 2024, none of the Group's property and equipment are used as collateral for any of the Group's interest-bearing loans and borrowings.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset for the years ended May 31, 2026, 2025 and 2024, which is recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
2026					
Building and lot	2	2 years	1.1 years	2	2
2025					
Building and lot	2	3 years	2.1 years	2	2
2024					
Building and lot	2	2 – 4.5 years	1 month	2	2

As at May 31, 2026, 2025 and 2024, none of the Group's right-of-use assets are used as collateral for any of the Group's interest-bearing loans and borrowings.

The amount of depreciation on property and equipment and right-of-use assets is presented as part of Depreciation and amortization presented under Other Operating Expenses (see Note 17).

12. LEASES

The Group has leases for certain school building and facilities and lot. With the exception of leases of low-value underlying assets, Right-of-use Assets and the current portion of lease liabilities are presented under Property and Equipment and Trade and Other Payables, respectively (see Notes 11 and 13). The non-current portion of lease liabilities, on the other hand, has been presented separately in the consolidated statements of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet 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 substantive 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 leases over offices, the Group must keep those properties in a good state of repair and return the properties in good condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

12.1 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at May 31, 2026, 2025 and 2024 as follows:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Current	13	11,321,441	10,184,140	2,443,276
Non-current		<u>976,277</u>	<u>12,297,718</u>	<u>-</u>
		<u>12,297,718</u>	<u>22,481,858</u>	<u>2,443,276</u>

The rollforward analysis of lease liabilities as at and for the years ended May 31, 2026, 2025 and 2024 are as follows:

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Balance at June 1	22,481,858	2,443,276	13,865,782
Additions	-	30,891,882	-
Interest expense	1,006,542	1,403,853	465,871
Interest paid	(1,006,542)	(1,403,853)	(1,739,872)
Lease payments	<u>(10,184,140)</u>	<u>(10,853,300)</u>	<u>(10,148,505)</u>
Balance at May 31	<u>12,297,718</u>	<u>22,481,858</u>	<u>2,443,276</u>

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at May 31, 2026, 2025 and 2024 is presented below and in the succeeding page:

<i>(Amounts in PHP)</i>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>Total</u>
2026			
Lease payments	11,725,695	980,856	12,706,551
Finance charges	<u>(404,254)</u>	<u>(4,579)</u>	<u>(408,833)</u>
Net present value	<u>11,321,441</u>	<u>976,277</u>	<u>12,297,718</u>

<i>(Amounts in PHP)</i>	Within 1 year	1 to 2 years	Total
2025			
Lease payments	11,190,682	12,706,551	23,897,233
Finance charges	(1,006,542)	(408,833)	(1,415,375)
Net present value	10,184,140	12,297,718	22,481,858
2024			
Lease payments	2,909,147	-	2,909,147
Finance charges	(465,871)	-	(465,871)
Net present value	2,443,276	-	2,443,276

The use of extension and termination options gives the Group added flexibility in the event it identifies more suitable premises in terms of cost and/or location, or determines that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

12.2 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for leases of low-value assets and short-term leases. Payments made under such leases are expensed on a straight-line basis and are presented as part of Rental under Operating Expenses in the consolidated statements of profit or loss (see Note 17).

Future cash outflows on these low-value assets are not significant to warrant close monitoring and reporting.

12.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P11.2 million, P20.0 million and P11.9 million in 2026, 2025 and 2024, respectively. Interest expense in relation to lease liabilities amounted to P1.0 million, P1.4 million and P0.5 million for the years ended May 31, 2026, 2025 and 2024, respectively, and is presented as part of Interest expense under Finance Costs in the consolidated statements of profit or loss (see Note 18.2).

13. TRADE AND OTHER PAYABLES

This account consists of:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Non-related parties:				
Accrued expenses	14	578,573,511	508,065,982	811,808,701
Dividends payable	22,			
	23.4(b)	431,079,787	435,342,284	406,890,377
Trade payables		180,502,400	330,046,037	296,559,045
National Service Training Program (NSTP) and other funds		142,090,603	151,307,660	179,843,491
Amounts due to students		252,395,362	139,252,519	139,946,110
Deposits payable		395,376,061	113,836,134	315,574,022
Retention payable		80,707,442	13,702,627	12,263,576
Lease liabilities	12.1, 20.3	11,321,441	10,184,140	2,443,276
		<u>2,072,046,607</u>	<u>1,701,737,383</u>	<u>2,165,328,598</u>
Related parties -				
Due to related parties	20.8	<u>22,471,541</u>	<u>23,257,950</u>	<u>24,387,586</u>
Others:				
Withholding and other taxes payable		13,309,346	78,308,271	44,890,641
Miscellaneous		29,483,579	22,515,593	13,407,979
		<u>42,792,925</u>	<u>100,823,864</u>	<u>58,298,620</u>
		<u>2,137,311,073</u>	<u>1,825,819,197</u>	<u>2,248,014,804</u>

Accrued expenses include the Group's accrual for salaries, employee benefits, professional fees, interest, utilities, rentals and various contracted services, among others.

Deposits payable are amounts held by the Group on behalf of students and third parties for various specific purposes relating to an activity or event. Long-outstanding deposits payable are routinely assessed for status of utilization and ascertained whether no future obligations will be called against it.

In 2026, 2025 and 2024, certain deposit payables, accruals, funds and other liabilities amounting to P157.5 million, P80.4 million, and P71.5 million, respectively, were reversed and recognized as income because the purpose for which the amounts were held or accrued have already been fulfilled. The related gains are presented as part of Other Income in the consolidated statements of profit or loss (see Note 18.4).

As of May 31, 2026, 2025 and 2024, retention payable includes the portion of the consideration given for the acquisition of RCI which is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the share purchase agreement. This amounts to P5.4 million as of May 31, 2026, 2025 and 2024, and is currently set aside for the eventual settlement. On the other hand, the remaining portion of retention payable pertains to the amounts owed to the Group's contractors of its ongoing construction projects (see Note 11).

Amounts due to students represent excess payments of tuition and miscellaneous fees that are refundable to them.

The NSTP trust funds collected from students amounted to P39.9 million, P43.0 million and P42.3 million for the years ended May 31, 2026, 2025 and 2024, respectively. As of May 31, 2026, 2025 and 2024, the remaining balance is presented as part of NSTP and other funds in the consolidated statements of financial position.

14. INTEREST-BEARING LOANS

The Group's interest-bearing loans as of May 31, 2026, 2025 and 2024 are as follows:

(Amounts in PHP)

Original Principal Amount	Outstanding Principal Balance (in Million pesos)			Interest Charges (in Million Pesos)			Accrued Interest (in Million Pesos)			Current Interest Rate	Security	Maturity Date	Principal Repayment
	2026	2025	2024	2026	2025	2024	2026	2025	2024				
542.9	129.3	232.7	336.1	12.1	19.9	26.8	1.0	1.9	2.7	5.84%	Unsecured	July 2027	Quarterly
500.0	119.0	214.3	309.5	11.1	18.4	24.6	0.9	1.7	2.4	5.84%	Unsecured	July 2027	Quarterly
425.0	101.2	182.1	263.1	9.5	15.6	20.9	0.8	1.5	2.1	5.84%	Unsecured	July 2027	Quarterly
300.0	71.4	128.6	185.7	5.8	10.5	15.2	0.5	1.0	1.5	4.70%	Unsecured	July 2027	Quarterly
100.0	-	100.0	-	3.2	-	-	-	-	-	6.38%	Unsecured	June 2025	-
100.0	100.0	100.0	-	6.3	2.3	-	-	0.2	-	4.30%	Unsecured	May 2032	Quarterly
100.0	100.0	-	-	3.0	-	-	-	-	-	5.98%	Unsecured	November 2032	Quarterly
100.0	100.0	-	-	1.3	-	-	-	-	-	6.00%	Unsecured	July 2026	-
150.0	35.7	64.3	92.8	3.3	5.5	7.4	0.3	0.5	0.7	5.84%	Unsecured	July 2027	Quarterly
120.0	28.6	51.4	74.3	2.7	4.4	5.9	0.2	0.4	0.6	5.84%	Unsecured	July 2027	Quarterly
100.0	23.8	42.9	62.0	1.9	3.5	5.1	0.2	0.3	0.5	4.30%	Unsecured	July 2027	Quarterly
50.0	11.9	21.4	30.9	1.0	1.7	2.5	0.1	0.2	0.2	1.95%	Unsecured	July 2027	Quarterly
50.0	11.9	21.4	30.9	1.0	1.7	2.5	0.1	0.2	0.2	1.92%	Unsecured	July 2027	Quarterly
50.0	50.0	-	-	1.0	-	-	0.1	-	-	6.17%	Unsecured	May 2032	Quarterly
50.0	50.0	-	-	0.3	-	-	0.1	-	-	6.68%	Unsecured	May 2032	Quarterly
	<u>932.8</u>	<u>1,159.1</u>	<u>1,385.3</u>	<u>63.5</u>	<u>83.5</u>	<u>110.9</u>	<u>4.3</u>	<u>7.9</u>	<u>10.9</u>				

Interest-bearing loans are presented in the consolidated statements of financial position as at May 31, 2026, 2025 and 2024 as follows:

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Current	526,258,503	526,258,503	426,258,503
Non-current	<u>406,564,626</u>	<u>632,823,129</u>	<u>959,081,633</u>
	<u>932,823,129</u>	<u>1,159,081,632</u>	<u>1,385,340,136</u>

All of the Group's interest-bearing loans and borrowings are clean loans; no assets are used and/or required as collaterals as of May 31, 2026, 2025 and 2024.

The total interest incurred by the Group on all of these loans, which are already exclusive of the capitalized borrowing costs on the property and equipment of the Group, are presented as part of Interest expense under Finance Costs in the consolidated statements of profit or loss (see Notes 11 and 18.2), while any outstanding interest payable is recognized as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

Loans obtained with a local commercial bank are subject to loan covenants effective for the years ended May 31, 2026, 2025, and 2024, respectively, 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 May 31, 2026, 2025 and 2024, the Group has complied with its loan covenants.

15. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks arising from its use of financial instruments in the normal course of operations. Its primary objective in holding financial instruments is to support its academic, operational and capital funding requirements. 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 the trading of financial assets for speculative purposes, nor does it write options. The principal financial risks comprise market risk, credit risk and liquidity risk, which are discussed in the succeeding pages.

15.1 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 FVTPL, financial assets at FVOCI and investment securities at amortized cost that are primarily denominated in United States (US) dollars.

To mitigate the Group's exposure to foreign currency risk, the Group generally keeps the amount of its US dollar deposits at a level within BOT-approved limits.

Financial assets denominated in US dollars, translated into Philippine pesos at the closing rate as of May 31, are presented below:

(Amounts in PHP)	2026	2025	2024
Short-term exposure - Financial assets	<u>1,586,880,450</u>	<u>963,944,349</u>	<u>1,692,814,352</u>
Long-term exposure - Financial assets	<u>12,318,000</u>	<u>111,149,000</u>	<u>141,005,521</u>

The following table illustrates the sensitivity of the Group's profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the years ended May 31, 2026, 2025 and 2024) at a 95% confidence level.

		2026			2025			2024		
		Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
Php - US Dollar	12.19%		<u>194,984,945</u>	<u>175,486,450</u>	9.12%	<u>85,278,430</u>	<u>76,750,587</u>	9.50%	<u>174,252,437</u>	<u>156,827,193</u>

Exposures to US dollar exchange risk vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) Interest Rate Risk

The Group is exposed to interest rate risk through its cash and cash equivalents, short and long-term debt securities investments, and interest-bearing loans as of end of each reporting period, which are subject to variable interest rates, and are shown below. All other financial assets and financial liabilities have fixed interest rates.

(Amounts in PHP)	Notes	2026	2025	2024
Cash and cash equivalents	5	2,568,967,853	2,457,067,903	1,713,413,164
Financial assets at FVOCI	7.2	2,995,322,928	2,782,446,034	3,015,885,722
Investment securities at amortized cost	7.3	167,000,620	418,171,510	477,284,357
Short-term investments	10	406,391,878	109,863,728	86,138,456
Interest-bearing loans	14	<u>(932,823,129)</u>	<u>(1,159,081,632)</u>	<u>(1,385,340,136)</u>
		<u>5,204,860,150</u>	<u>4,608,467,543</u>	<u>3,907,381,563</u>

The table shown in the succeeding page illustrates the sensitivity of profit or loss before tax for the periods with regard to the Group's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the periods ended May 31, 2026, 2025 and 2024, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at May 31, 2026, 2025 and 2024.

(Amounts in PHP)	2026		2025		2024	
	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	+/-1.28%	32,795,471	+/-0.89%	21,914,757	+/-0.64%	10,888,940
Financial assets at FVOCI	+/-1.32%	42,520,548	+/-0.53%	14,662,550	+/-0.66%	19,834,775
Investment securities at amortized cost	+/-1.32%	2,230,555	+/-0.53%	2,203,622	+/-0.66%	3,138,988
Short-term investments	+/-1.12%	4,508,430	+/-0.75%	856,250	+/-1.02%	879,070
Interest-bearing loans	+/-1.32%	(12,459,316)	+/-0.53%	(6,107,968)	+/-0.66%	(9,111,058)
		<u>69,595,688</u>		<u>33,529,211</u>		<u>25,630,715</u>

(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 FVOCI and Financial Assets at FVTPL accounts in the consolidated statements of financial position. These consist of publicly listed equity securities which are carried at fair value.

Management monitors its equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

For equity securities listed in the Philippines, an average volatility has been observed for the years ended May 31, 2026, 2025 and 2024 which are shown on the table below.

(Amounts in PHP)	Effect on Total Comprehensive Income					
	+/-%	2026	+/-%	2025	+/-%	2024
Financial assets at FTVPL	4.22%	26,584,646	8.21%	67,490,887	4.99%	41,379,613
Financial assets at FVOCI	4.22%	2,230,387	8.21%	3,802,548	4.99%	3,786,380

Certain investments 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 in the Group's favor.

15.2 Credit Risk

Credit risk represents the loss that the Group would incur if the counterparty fails to perform its contractual obligations.

The Group is mainly exposed to credit risk relating to its tuition and other school fees receivables due primarily to the student's possible inability to pay and to fully settle his or her 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. 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.

Other than the foregoing, the Group is not exposed to significant credit risk and has no significant exposure to any individual customer or counterparty, nor it has any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties.

With respect to credit risk arising from debt instruments, the Group's maximum exposure is equal to the carrying amount, before any allowances for impairment, of these instruments.

The maximum exposure to credit risk at the end of the reporting period is as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	5	2,568,967,853	2,457,067,903	1,713,413,164
Trade and other receivables - net	6	1,128,564,450	1,026,547,372	1,105,049,234
Financial assets at FVOCI	7.2	2,995,322,928	2,782,446,034	3,015,885,722
Investment securities at amortized cost	7.3	167,000,620	418,171,509	477,284,357
Short-term investments	10	406,391,878	109,863,728	86,138,456
Refundable deposits	10	21,585,147	21,379,585	18,541,875
		<u>7,287,832,876</u>	<u>6,815,476,131</u>	<u>6,416,312,808</u>

a. *Cash and Cash Equivalents and Short-term Placements*

The credit risk for cash and cash equivalents and short-term placements is considered negligible or the probability of default from these reputable banks is remote.

Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P1.0 million per depositor per banking institution, as provided for under Republic Act R.A. No. 9576, *Amendment to Charter of PDIC*.

For cash and cash equivalents and financial assets of similar nature, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments.

It is the Group's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on lifetime ECL.

As at May 31, 2026, 2025 and 2024, management assessed that the allowance for ECL on these financial instruments is not material.

b. *Trade and Other Receivables*

The Group's trade and other receivables include tuition fees and other school receivables, rental receivables and miscellaneous receivables.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for tuition fees and other 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. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The loss rates are based on actual credit-impaired student accounts or those which are outstanding for at least two terms and have not enrolled for the succeeding term. In practice and considering the nature of its business, particularly with respect to its educational activities, the Group writes off such balances as collection becomes more unlikely as the concerned students did not return for enrollment. The Group also assesses impairment of tuition fees and other receivables on a collective basis as they possess shared credit risk characteristics. The historical loss rates, which are expressed as the relationship between the credit-impaired accounts and the related recognized tuition fees, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the students to settle the receivables. The Group assessed that the expected loss rates for tuition fees and other receivables are a reasonable approximation of the loss rates for these financial assets.

The Group incorporates forward-looking information (FLI) into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macro-economic variable used in the measurement of ECL is consumer spending as at May 31, 2026, 2025 and 2024 based on the correlation of historical loss rates and FLI.

Based on the application of ECL methodology on the receivables as of May 31, 2026, 2025 and 2024, the allowance for impairment, amounting to P192.20 million, P226.79 million and P206.13 million, respectively, is deemed to be adequate (see Note 6). The loss are as follows:

	<u>ECL Rate</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Allowance</u>
<u>2026</u>			
Tuition and other school fees			
Current semester	2% to 8%	913,534,893	28,282,680
Past 1 semester	9% to 45%	121,137,684	13,150,278
Past 2 semesters	100%	112,686,401	112,686,401
Rental receivables	0%	58,236,619	-
	96% to		
Receivables from related parties	100%	32,992,551	31,771,612
Other receivables	5%	123,537,673	6,310,552
		<u>1,362,125,821</u>	<u>192,201,523</u>

	<u>ECL Rate</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Allowance</u>
<u>2025</u>			
Tuition and other school fees			
Current semester	3% to 23%	925,014,574	56,653,125
Past 1 semester	5% to 31%	104,953,231	20,799,574
Past 2 semesters	100%	76,493,878	76,493,878
Rental receivables	0%	40,062,119	-
	96% to		
Receivables from related parties	100%	47,450,297	44,927,485
	10% to		
Other receivables	100%	81,190,343	27,913,954
		<u>1,275,164,442</u>	<u>226,788,016</u>
<u>2024</u>			
Tuition and other school fees			
Current semester	3% to 21%	869,772,612	71,688,261
Past 1 semester	10% to 75%	88,761,652	40,930,776
	85% to		
Past 2 semesters	100%	52,189,633	46,059,208
Rental receivables	0%	78,542,116	-
	96% to		
Receivables from related parties	100%	67,482,466	41,140,381
Other receivables	3%	188,656,666	6,310,552
		<u>1,345,405,145</u>	<u>206,129,178</u>

For the years ended May 31, 2026, 2025 and 2024, the Group recognized total impairment losses on receivables from tuition and other school fees amounting to P57.7 million, P72.0 million, and P36.4 million, respectively. A reconciliation of the allowance for ECL as at May 31, 2026, 2025 and 2024 to the opening loss allowance is presented in Note 6.

On the other hand, to calculate the ECL of rental receivables, these have been grouped based on shared credit risk characteristics and the days past due (age buckets). The rental receivables which relate to both third party and related party receivables have substantially the same risk characteristics. The Group has therefore concluded that the expected loss rates for all rental receivables, whether from third party or related party, are the same. The expected loss rates are based on the payment profiles of sales over a period of 36 months before May 31, 2026, 2025 and 2024, respectively, and the corresponding historical credit losses experienced within such period. The Group has identified the Philippine inflation rate to be the most relevant factor and has accordingly adjusted the historical loss rates based on expected changes in this factor. There are no past due rental receivables for the years ended May 31, 2026, 2025 and 2024.

On that basis, there is no additional loss allowance recognized based on management's assessment as of May 31, 2026, 2025 and 2024, as the expected credit losses are assessed to be insignificant to the Group's consolidated financial statements.

c. *Debt Instruments Classified as Financial Assets at FVOCI and Amortized Cost*

Debt securities measured at amortized cost and at FVOCI are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers “low credit risk” for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

In assessing the ECL, management used external benchmark information like probability of default (PD) rates as published by external credit rating agencies. Applicable loss rate per debt instrument depends on the credit rating by letter grade as assessed by the external rating agencies. For issuers of securities that were not rated by external rating agencies, credit rating based on country or location are used as benchmark.

The loss allowance is as follows:

(Amounts in PHP)

University Internal Credit Rating	External Credit Rating	ECL Rate	Estimated Gross Carrying Amount at Default	Allowance
<u>2026</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	AAA	0.00%	345,354,146	-
Underperforming	BB – BBB+	0.00% - 0.21%	141,701,655	-
<i>Financial Assets at FVOCI</i>				
Performing	AA+ - AAA	0.00%	399,898,039	-
Underperforming	BBB- - BBB+	0.00% - 0.09%	2,438,914,855	-
			<u>3,325,868,695</u>	<u>-</u>
<u>2025</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	AAA	0.00%	151,363,951	-
Underperforming	BB - BBB+	0.00% - 0.21%	266,807,650	-
<i>Financial Assets at FVOCI</i>				
Performing	AA+ - AAA	0.00%	287,190,663	-
Underperforming	BBB- - BBB+	0.00% - 0.09%	2,545,299,627	-
			<u>3,250,661,891</u>	<u>-</u>
<u>2024</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	A - AAA	0.00%	18,786,927	-
Underperforming	BB - BBB+	0.00% - 0.21%	-	-
<i>Financial Assets at FVOCI</i>				
Performing	A – AAA	0.00%	30,000,000	-
Underperforming	BBB+	0.00% - 0.09%	1,024,993,604	-
			<u>1,073,780,531</u>	<u>-</u>

d. *Refundable Deposits*

Management has assessed that these financial assets have low probability of default since these relate to continuing lease contracts and any outstanding deposit balance can be applied against future monthly rentals. Also, these are no longer discounted since management believes that the effect of discounting is not material to the consolidated financial statements.

15.3 *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 cash placements when excess cash is obtained from operations.

As at May 31, 2026, 2025 and 2024, the Group's financial liabilities (excluding lease liabilities - see Note 12) have contractual maturities which are presented below:

	Current		Non-current	Total
	Within 6 Months	6 to 12 Months	1 to 5 Years	
<u>2026</u>				
Trade and other payables	2,101,530,186	22,471,541	-	2,124,001,727
Interest-bearing loans	335,353,310	228,729,750	493,216,047	1,057,299,107
Refundable deposits (presented under Other Non-current Liabilities)	-	-	21,585,147	21,585,147
	<u>2,436,883,496</u>	<u>251,201,291</u>	<u>514,801,194</u>	<u>3,202,885,981</u>
<u>2025</u>				
Trade and other payables	1,724,252,976	23,257,950	-	1,747,510,926
Interest-bearing loans	349,411,515	239,021,867	698,438,114	1,286,871,496
Refundable deposits (presented under Other Non-current Liabilities)	-	-	21,379,585	21,379,585
	<u>2,073,664,491</u>	<u>262,279,817</u>	<u>719,817,699</u>	<u>3,055,762,007</u>
<u>2024</u>				
Trade and other payables	2,178,736,577	24,387,586	-	2,203,124,163
Interest-bearing loans	255,692,496	248,882,377	1,035,695,469	1,540,270,342
Refundable deposits (presented under Other Non-current Liabilities)	-	-	18,541,875	18,541,875
	<u>2,434,429,073</u>	<u>273,269,963</u>	<u>1,054,237,344</u>	<u>3,761,936,380</u>

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

15.4 Offsetting of Financial Assets and Financial Liabilities

The Group's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets - net account in the consolidated statements of financial position (see Notes 5 and 10) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2026, 2025 and 2024, such as loan agreements, as presented below.

	Gross Amounts Recognized in the Consolidated Statements of Financial Position		Net Amount Presented in the Consolidated Financial Statements of Position	Related Amounts not Set-off in the Consolidated Statements of Financial Position		Net Amount
	Financial liabilities	Financial assets instruments		Financial Instruments	Cash Collateral Received	
(Amounts in PHP)						
<u>May 31, 2026</u>						
Interest-bearing loans	932,823,129	-	932,823,129	(983,009,385)	-	(50,186,256)
<u>May 31, 2025</u>						
Interest-bearing loans	314,285,714	-	314,285,714	-	-	314,285,714
<u>May 31, 2024</u>						
Interest-bearing loans	1,385,340,136	-	1,385,340,136	(847,213,004)	-	538,127,132

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and financial liabilities (i.e., interest-bearing loans) when both elect to settle on a net basis.

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

16. EDUCATIONAL REVENUES

The details of net tuition and other school fees presented in the consolidated statements of profit or loss are as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Tuition fees	6,180,775,636	5,904,175,509	5,540,124,722
Less discounts:			
Scholarship	462,482,289	370,958,516	333,792,271
Cash	66,546,925	52,839,554	47,972,213
Family	12,178,022	15,629,054	10,592,483
	<u>541,207,236</u>	<u>439,427,124</u>	<u>392,356,967</u>
	5,639,568,400	5,464,748,385	5,147,767,755
Other school fees:			
Senior high school miscellaneous fees	79,214,179	74,912,881	78,885,869
Graduation and commencement fees	33,051,062	36,737,201	31,658,877
Various registration fees	73,538,563	23,759,551	40,457,871
Identification cards	20,524,723	18,690,171	20,767,359
Entrance fees	19,290,585	16,313,558	16,806,786
Transcript fees	17,510,524	16,150,645	15,589,787
Certification fees	13,303,995	15,575,330	12,138,686
Diplomas	11,225,290	11,537,987	12,971,175
Developmental fees	5,564,000	7,415,057	6,210,500
Miscellaneous	<u>4,877,062</u>	<u>30,801,316</u>	<u>19,106,578</u>
	<u>278,099,983</u>	<u>251,893,697</u>	<u>254,593,488</u>
	<u>5,917,668,383</u>	<u>5,716,642,082</u>	<u>5,402,361,243</u>

Miscellaneous fees include various fees such as insurance fees, laboratory fees, subject fees and other miscellaneous fees, which are required to be paid together with the tuition fees upon student enrollment.

16.1 Core Revenue Stream

The Group presents below the disaggregation of its core revenue for each reportable segment for the years ended May 31, 2026, 2025 and 2024. The Group recognizes revenues over time for tuition fees and point in time for other fees as follows:

<i>(Amounts in PHP)</i>		Business Segments			
Year	Nature	FEU Main	Trimestral Schools	Other Schools	Total
2026	Tuition fees - net	2,762,298,903	1,877,966,252	999,303,245	5,639,568,400
	Other school fees	61,420,269	99,283,156	117,396,558	278,099,983
	Total	<u>2,823,719,172</u>	<u>1,977,249,408</u>	<u>1,116,699,803</u>	<u>5,917,668,383</u>
2025	Tuition fees - net	2,782,661,697	1,807,875,229	874,211,459	5,464,748,385
	Other school fees	58,849,665	83,802,464	109,241,568	251,893,697
	Total	<u>2,841,511,362</u>	<u>1,891,677,693</u>	<u>983,453,027</u>	<u>5,716,642,082</u>

(Amounts in PHP)		Business Segments			
Year	Nature	FEU Main	Trimestral Schools	Other Schools	Total
2024	Tuition fees - net	2,763,852,230	1,660,047,373	723,868,152	5,147,767,755
	Other school fees	63,408,359	45,955,078	145,230,051	254,593,488
Total		2,827,260,589	1,706,002,451	869,098,203	5,402,361,243

16.2 Unearned Tuition Fees

For the years ended May 31, 2026, 2025 and 2024, the Group, except FRC, has collected advance tuition fee payments from students who enrolled for the next school term which amounted to P105.5 million, P131.3 million, and P45.4 million, respectively. These collections are presented as Deferred Revenues in the consolidated statements of financial position. These will be recognized as revenue once the performance obligation of the schools within the Group has been rendered, which is usually within 12 months of receipt.

17. OPERATING EXPENSES

Operating expenses consist of:

(Amounts in PHP)	Notes	2026	2025	2024
Salaries and employee benefits	19, 20.6	2,204,151,019	1,973,908,353	1,841,326,394
Depreciation and amortization	9, 11, 20.3	674,366,688	596,218,687	586,000,800
Licenses and subscriptions		286,525,197	168,746,173	156,372,756
Professional fees		261,593,844	227,587,757	178,934,232
Outside services		225,922,436	222,276,928	209,132,399
Utilities		205,771,024	184,575,890	174,837,959
Supplies and materials		134,160,580	146,062,230	146,979,745
Taxes and licenses		92,247,326	72,144,678	51,112,642
Trainings and seminars		89,652,540	68,118,046	60,037,464
Repairs and maintenance		83,370,973	93,339,989	107,101,854
Transportation and travel		35,435,440	32,525,296	38,294,594
Public relations and promotions		34,248,507	35,615,249	23,005,191
Director's bonus		23,630,000	20,841,961	19,291,713
Insurance		13,616,612	11,053,877	13,142,943
Rental	12.2	11,009,858	23,267,916	8,633,930
Research		8,130,847	3,350,580	1,095,089
Others		63,581,596	33,454,411	29,643,846
		<u>4,447,414,487</u>	<u>3,913,088,021</u>	<u>3,644,943,551</u>

18. OTHER OPERATING INCOME, FINANCE INCOME, FINANCE COSTS, AND OTHER INCOME

18.1 Finance Income

This consists of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Foreign exchange gain (loss) - net	7.1, 7.2, 7.3	140,367,379	(46,576,815)	57,364,609
Interest income from:				
Short-term investments	10	56,601,627	70,189,030	43,183,019
Financial assets at FVOCI	7.2	53,245,072	124,735,545	116,490,862
Cash and cash equivalents	5	45,812,685	45,234,794	20,036,249
Investment securities at amortized cost	7.3	2,771,263	16,794,824	15,316,305
Other investment income (loss) from:				
Financial assets at FVTPL	7.1	105,130,904	133,569,894	130,033,624
Financial assets at FVOCI	7.2	84,777,368	2,922,728	(5,945,202)
		<u>488,706,298</u>	<u>346,870,000</u>	<u>376,479,466</u>

18.2 Finance Costs

This account is broken down into the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Interest expense from:				
Interest-bearing loans	14	53,775,887	83,542,674	110,906,425
Lease liabilities	12.3	1,006,542	1,403,853	523,967
Others		<u>15,182,501</u>	<u>25,468,653</u>	<u>16,274,520</u>
		<u>69,964,930</u>	<u>110,415,180</u>	<u>127,704,912</u>

Other finance cost pertains to bank service charges for maintaining tuition collection facilities with depository banks, services provided by investment trust managers, wire transfer transactions, foreign currency payment transactions to suppliers, among others.

18.3 Other Operating Income

This account is broken down into the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Gain on sale of investment and real properties	9, 10	75,213,702	7,486,783	84,832,396
Others		<u>551,786</u>	<u>48,541,336</u>	<u>13,020,199</u>
		<u>75,765,488</u>	<u>56,028,119</u>	<u>97,852,595</u>

Gain on sale of investment and real properties relate to revenues recognized by FRC from its sale of lots and completed townhouses classified as investment properties and real estate held for sale.

Other operating income relates to incidental non-school related revenue streams of the Group.

18.4 Other Income - Net

This account is broken down into the following:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Reversal of accruals and other liabilities	13	157,460,547	80,371,815	71,459,331
Management fee	20.4	45,368,527	44,711,665	42,671,147
Academic and admin fees	26.8	34,518,036	22,289,345	9,889,764
Gain on remeasurement	8.3	31,542,833	-	-
Share in net income (loss) of investment in associates and joint venture	8	(22,298,100)	(4,045,416)	3,609,227
Sale of books and other educational-related merchandise	26.8	19,409,898	11,150,775	43,710
Gain on sale of property and equipment		13,853,061	1,541,748	764,024
Others		31,768,707	129,090,492	9,996,307
		<u>311,623,509</u>	<u>285,110,424</u>	<u>138,433,510</u>

Others include revenues from processing fees for various document requests of students, reimbursement of vaccine costs and clinic services of employees, fees for use of clinic and library by students of FEU High, convenience fees for third party payment platforms and reversal of other liabilities.

19. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Contribution and Defined Benefit Plans

(i) The University, FECSI, EACCI, FEUAI, and FEU High

As discussed in Note 26.13, the University, FECSI, EACCI, FEUAI and FEU High maintain tax-qualified, funded and contributory retirement plans, which fall under a defined contribution type of retirement plan, covering regular teaching and non-teaching personnel members. The University, FECSI, EACCI, FEUAI and FEU High's retirement plans were maintained since 1967, 2013, 2017, 2018, and 2019, respectively.

The respective retirement funds are under the administration of the following organizations (the Funds), through their respective Boards of Governors.

FEU	-	FEU Health Welfare and Retirement Fund (FEUHWRF)
FECSI	-	FEU Cavite Health Welfare and Retirement Fund (FEUCHWRF)
EACCI and FEUAI	-	Private Education Retirement Annuity Association (PERAA)
FEU High and RCI	-	Comprehensive Benefits Plan policy issued by Insular Life Assurance Co. Ltd. (Benefits Policy)

Contributions to these funds are in accordance with the defined contribution established by the Retirement Board, which is the sum of the employees' and the University, FECSI, EACCI, FEUAI and FEU High's contributions.

As a policy, any contributions made by the University, FECSI, EACCI, FEUAI and FEU High in the past years that were subsequently forfeited resulting from resignations of covered employees prior to the vesting of their retirement pay can be applied to reduce employer contributions in the succeeding years.

(ii) *RCI and FRC*

RCI and FRC have not yet established a formal post-employment plan. However, it accrues the estimated cost of post-employment benefits, actuarially determined, required by the provisions of RA No. 7641. It has the discretion when to fund the minimum post-employment benefits calculated; however, upon retirement of qualified employees, funds must be readily available for payment of employees' retirement benefits.

Retirement expense presented as part of Salaries and employee benefits under Operating Expenses in the consolidated statements of profit or loss amounted to P164.4 million, P144.1 million and P115.6 million for the years ended May 31, 2026, 2025 and 2024, respectively (see Note 17).

(b) *Explanation of Amounts Disclosed in the Consolidated Financial Statements*

Actuarial valuations are obtained: (i) to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan (for FECSI and FEU High); and, (ii) to update the retirement benefit costs for the others. For the University, EACCI and FEUAI, significant contributions to its fund, which consist of employees' contribution of 5% of basic salary, and the counterpart employers' contribution which is equivalent to 20% for the University and 15% (12% in 2025 and 2024) for EACCI and FEUAI, both based on basic salary, are determined to be sufficient to meet the estimated cost of post-employment benefits as required by the provisions of RA No. 7641.

All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary for the years ended May 31, 2026, 2025 and 2024 (for FECSI, FEU High, and RCI).

The post-employment benefit obligation amounting to P46.0 million, P62.5 million, and P49.6 million as of May 31, 2026, 2025 and 2024, respectively, pertains to FRC and RCI's defined benefit liability, which is presented under non-current liabilities in the consolidated statements of financial position.

The movements in the present value of the net post-employment benefit obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	62,544,676	49,625,573	63,116,118
Current service cost and/or accruals made	(12,525,242)	(2,698,471)	(10,481,364)
Interest expense	3,761,381	1,620,257	2,348,565
Remeasurements - actuarial losses (gain) arising from:			
Changes in financial assumptions	(3,513,371)	10,735,186	(4,011,847)
Experience adjustments	2,085,868	3,262,131	(1,345,899)
Benefits paid	(6,384,785)	-	-
Balance at end of year	<u>45,968,527</u>	<u>62,544,676</u>	<u>49,625,573</u>

The components of amounts recognized in profit or loss (as part of Employee benefits under Other Operating Expenses) and in other comprehensive income in respect of the post-employment defined benefit plan are shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
<i>Reported in profit or loss:</i>			
Current service cost	(12,525,242)	(2,698,471)	(10,481,364)
Interest expense	3,761,381	1,620,257	2,348,565
	<u>(8,763,861)</u>	<u>(1,078,214)</u>	<u>(8,132,799)</u>
<i>Reported in other comprehensive income -</i>			
Actuarial gains (losses) from:			
Changes in financial assumptions	3,513,371	(10,735,186)	4,011,847
Experience adjustments	(2,085,868)	(3,262,131)	1,345,899
	<u>1,427,503</u>	<u>(13,997,317)</u>	<u>5,357,746</u>

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), the following significant actuarial assumptions were used:

	2026	2025	2024
<u>RCI, EACCI, FECSI and FEUAI (2024); FEU, RCI, FECSI and FEU High (2025); RCI and FRC (2026)</u>			
Discount rates	6.79%-7.57%	5.69% - 6.56%	6.78% - 6.96%
Salary growth rate	5.00%-7.00%	3.00% - 5.00%	3.00% - 4.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 are as follows:

RCI	-	26 years for males and 25 years for females
FRC	-	1 year for both males and females

These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The defined contribution plans of FEU, FECSI, EACCI, FEUAI and FEU High are also accounted for as a defined benefit plan with minimum guarantee in accordance with the Philippine Interpretations Committee (PIC) Interpretation on PAS 19 (Revised). The fair value of the plan assets which comprise all contributions including interest income earned less benefits payments approximates the defined contribution liability, thus management opted not to recognize further any overfunding of the obligation for the years ended May 31, 2026, 2025 and 2024.

For the other entities with existing retirement plan, their respective unfunded retirement benefit obligation is insignificant to the consolidated balances in all years presented, hence, not reported herein, but are fully disclosed in their respective separate financial statements.

The movements in the fair value of plan assets are presented below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	1,262,720,049	1,167,920,004	1,020,654,604
Actual contributions	171,445,065	88,470,214	155,874,183
Remeasurement loss	(21,970,454)	(19,175,776)	(1,062,729)
Interest income	84,157,059	61,690,153	63,034,004
Benefits paid	(67,570,945)	(36,184,546)	(70,580,058)
Balance at end of year	<u>1,428,780,774</u>	<u>1,262,720,049</u>	<u>1,167,920,004</u>

The movements in the present value of the retirement benefit obligation are as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	1,325,264,725	1,217,545,577	1,083,770,722
Current service cost	158,919,823	85,771,743	144,207,712
Interest expense	87,918,440	63,310,410	65,382,569
Benefits paid	(73,955,730)	(36,184,546)	(70,580,058)
Actuarial gain	<u>(23,397,957)</u>	<u>(5,178,459)</u>	<u>(5,235,368)</u>
Balance at end of year	<u>1,474,749,301</u>	<u>1,325,264,725</u>	<u>1,217,545,577</u>

(c) *Risks Associated with the Retirement Plan*

The plan exposes the University, RCI, FECSI, EACCI, FEUAI and FEU High to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities.

Currently, the University's plan is significantly composed of equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plans efficiently. FECSI, on the other hand, has investments in cash and cash equivalents and loans.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the asset-liability matching strategy of the University, FECSI, EACCI, FEUAI, RCI and FEU High and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of respective report dates:

(Amounts in PHP)	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<u>May 31, 2026</u>			
RCI:			
Discount rate	+/-1.0%	(2,291,945)	2,892,216
Salary growth rate	+/-1.0%	2,856,058	(2,303,301)

(Amounts in PHP)	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<u>May 31, 2026</u>			
<i>FRC:</i>			
Discount rate	+/-0.5%	(134,461)	267,258
Salary growth rate	+/-0.5%	533,885	(173,379)
<u>May 31, 2025</u>			
<i>RCI:</i>			
Discount rate	+/-1.0%	(124,527)	134,676
Salary growth rate	+/-1.0%	149,131	(253,904)
<i>FECSI:</i>			
Discount rate	+/-1.0%	(136,247)	156,839
Salary growth rate	+/-1.0%	159,441	(140,302)
<i>FEU High:</i>			
Discount rate	+/-1.0%	(1,206)	1,988
Salary growth rate	+/-1.0%	1,986	(1,219)
<u>May 31, 2024</u>			
<i>RCI:</i>			
Discount rate	+/-1.0%	(124,527)	59,593
Salary growth rate	+/-1.0%	149,131	(285,664)
<i>FECSI:</i>			
Discount rate	+/-1.0%	(146,735)	168,159
Salary growth rate	+/-1.0%	173,086	(153,229)
<i>FEU High:</i>			
Discount rate	+/-1.0%	(356,827)	428,749
Salary growth rate	+/-1.0%	438,066	(372,271)

The sensitivity analysis shown in the previous page is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the University through its Retirement Board, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The University actively monitors how the duration and the expected yield of the investments match the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

There has been no change in the University's strategies to manage its risks from previous periods.

Currently, FECSI, EACCI, FEUAI, FEU High and RCI have no specific matching strategy between the plan assets and the plan liabilities.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country for defined benefit plans, the size of the fund, bearing that it is significantly under a defined contribution regime, is also sufficient to cover the vested benefits of the higher between the RA No. 7641 or the Group's retirement plan itself, when a significant number of employees are expected to retire in 13 to 20 years' time.

The University, FECSI, EACCI, FEUAI, and FEU High expects to make contributions to its plan in accordance with the defined contribution established by the Retirement Board of its respective Funds during the next reporting period.

The latest available audited statements of financial position of the University's Fund, which comprised of both employer and employee share contributions, show the following as of December 31:

<i>(Amounts in PHP)</i>	2026	2025	2024
Assets			
Cash and cash equivalents	204,466,856	196,131,164	121,638,678
Receivables - net	96,705,094	97,288,741	65,432,324
Investment in debt securities:			
Government securities	517,378,947	513,491,362	488,188,039
Corporate bonds and other debt instruments	69,925,293	56,225,599	94,654,887
Investment inequity securities:			
Corporate share	398,996,292	381,025,281	316,363,279
UITF	133,635,139	91,948,742	119,623,105
Others	199,387	182,900	177,456
	<u>1,421,307,008</u>	<u>1,336,293,789</u>	<u>1,206,077,768</u>
Liabilities	<u>(20,369,709)</u>	<u>(55,474,514)</u>	<u>(53,023,059)</u>
Net assets available for plan benefits	<u>1,400,937,299</u>	<u>1,280,819,275</u>	<u>1,153,054,709</u>

The University's Funds' plan assets are invested in various types of financial assets that are maintained in trust funds under credible trustee-banks under control by the Fund through its Board of Governors.

The subsidiaries' plan assets that are lodged with the FEUCHWRFP, PERAA and Benefits Policy have a fair value of P234.7 million, P184.2 million, and P202.8 million as of May 31, 2026, 2025 and 2024, respectively.

20. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management, key management personnel and others. The following are the Group's transactions with such related parties:

(Amounts in PHP)	Notes	2026		2025		2024		Terms	Conditions
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)		
Related Parties Under Common Management:									
Advances to related parties	20.1	(2,391,300)	16,757,577	(17,584,960)	19,148,877	18,963,016	37,019,990	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Reimbursement of expenses	20.2	(12,544,069)	15,415,774	2,173,901	27,959,843	3,673,885	25,785,942	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Lease liabilities	20.3	-	-	(1,599,360)	-	(1,739,873)	(1,599,360)	Interest bearing	Not applicable
Right-of-use asset	20.3	-	-	-	-	(2,330,598)	-	Not applicable	Not applicable
Management fees	20.4	45,368,527	-	44,711,665	286,153	42,671,147	14,600,000	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Due to related parties	20.8	(786,409)	(22,471,541)	(1,129,636)	(23,257,950)	(1,769,292)	(24,387,586)	Due and demandable; noninterest-bearing	Unsecured
Retirement Funds:									
Retirement plan assets	20.5	-	1,428,780,774	-	1,164,967,572	-	1,174,264,663	Not applicable	Not applicable
Reimbursement of expenses	20.2	477,623	819,200	(4,334,957)	341,577	1,276,951	4,676,534	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Others -									
Key management personnel compensation	20.6	216,084,165	-	241,126,860	-	190,311,680	-	Not applicable	Not applicable

In 2026, 2025 and 2024, the Group reviewed its receivables from related parties and, accordingly, assessed for impairment. Except for those receivables provided with corresponding allowance [see Note 20.1(a) and (d)], no impairment loss was deemed necessary to be recognized for all other receivables in all years presented.

The Related Party Transactions (RPT) Committee, which meet regularly and as necessary, review proposed RPT within the materiality threshold to determine whether or not the transaction is on terms no less favorable to the Group than terms available to any unconnected third party under the same or similar circumstances. On favorable review, the RPT Committee endorse transactions to the BOT for approval.

All material related party transactions shall be approved by at least two-thirds vote of the BOT, with at least a majority of the independent directors voting to approve the material related party transactions. In case a majority of the independent directors' is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Transactions amounting to 10% or more of the consolidated total resources based on the latest audited consolidated financial statements entered into with related parties are considered material.

20.1 Noninterest-bearing Advances

(a) Advances of the University to a Related Party

The University grants unsecured and noninterest-bearing advances, which are due and demandable to FEU Public Policy Center Foundation, Inc. (FEUPPCFI), a related party under common management of the Group in furtherance of certain research-related advocacy, for working capital purposes.

Summarized below are the outstanding receivables from these advances as of May 31, 2026, 2025 and 2024 recorded as part of Receivables from related parties (see Note 6) under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6):

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	13,861,923	12,584,963	9,501,803
Additional advances during the year	-	1,276,960	3,083,160
Payment	<u>(1,276,960)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>12,584,963</u>	<u>13,861,923</u>	<u>12,584,963</u>

On a year-on-year basis, management assessed the near-term recoverability of advances in relation to viability of projects undertaken by FEUPPCFI, as of May 31, 2026, 2025 and 2024 the entire amount of receivable is doubtful of immediate collection, therefore, full allowance for impairment on these receivables were recognized as part of Net Impairment Loss on Financial Assets in the consolidated statements of profit or loss.

(b) *Advances between EACCI and East Asia Educational Foundation, Inc. (EAEFI)*

EACCI granted EAEFI cash advances for working capital requirements and other purposes. These advances are noninterest-bearing, unsecured and payable in cash upon demand. As of May 31, 2026 and 2025, the outstanding advances to EAEFI amounting to P0.01 million (nil in 2024), which are presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

(c) *Advances between EACCI and Nicanor Reyes Educational Foundation, Inc. (NREFI)*

During the years ended May 31, 2026, 2025 and 2024, certain tuition and other school fees for the respective accounts of EACCI or NREFI were interchangeably digitally remitted by students. Subsequently, these collections were appropriately transmitted to the entities to which the related receivables are due. The receivable and payable accounts are unsecured, noninterest-bearing and payable in cash immediately upon demand. The outstanding receivable amounting to P1.3 million and P20.4 million as of May 31, 2025 and 2024, respectively, (nil in 2026) is presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

(d) *Advances of RCI to its Related Party*

RCI grants noninterest-bearing and unsecured advances to RCEE, Roosevelt College Scholarship Foundation and Roosevelt College Center for Teacher Education, related parties under common management, for working capital purposes. These advances are generally collectible in cash and are due upon demand or through offsetting arrangement. The outstanding balance from these transactions amounting to P4.2 million as of May 31, 2026, P3.9 million as of May 31, 2025 and P3.8 million of May 31, 2024, are presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

20.2 Reimbursement of Expenses

During the year ended May 31, 2026, 2025 and 2024, the University billed its related entities for the reimbursement of amounts it initially advanced to third party suppliers and service providers for certain expenses and various allocated expenses, at cost. These expenses pertain to those incurred in the normal course of operations of the University and its related entities, which include legal fees, various supplies, use of facilities, and salaries and benefits of seconded employees, among others.

Moreover, the University made initial payments to its retired employees which is then billed to its retirement fund and recorded as part of Receivables from related parties under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

<i>(Amounts in PHP)</i>	2026	2025	2024
Related Parties under Common Management:			
FEU Public Policy Center Foundation, Inc.	10,939,647	27,555,017	24,760,166
JCHS	296,180	316,527	316,527
NREFI	131,879	71,543	38,653
GSC	4,048,068	16,756	670,596
	<u>15,415,774</u>	<u>27,959,843</u>	<u>25,785,942</u>
Retirement Funds:			
FEUHWRF	819,200	341,577	4,676,534

20.3 Lease of Building from NREFI

The University has lease agreement with NREFI for its lease of facilities. The lease agreements are long-term and renewable.

Upon adoption of PFRS 16, the Group, as a lessee, recognized right-of-use asset and lease liabilities. Amortization of the right-of-use asset arising from these transactions amounting to P2.3 million in 2024, (nil in 2026 and 2025) and is presented as part of Depreciation and amortization under Other Operating Expenses in the consolidated statements of profit or loss (see Note 17). Total interest expense on lease liabilities amounting to P0.1 million for the years ended May 31, 2024, (nil in 2026 and 2025) and is presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statements of profit or loss (see Note 18.2). The outstanding balances arising from these transactions as at May 31, 2026, 2025 and 2024, are presented as part of right-of-use asset under Property and Equipment, and Lease Liabilities (current portion under Trade and Other Payables) in the consolidated statements of financial position.

20.4 Management Fees

In 2022, EACCI entered into an agreement with NREFI, a related party under common management, to manage and handle the offering of its Bachelor of Science in Business Administration program and shoulder all expenses related to managing the program. NREFI has agreed to pay EACCI management fees equivalent to 90% of the net tuition earned from the program. Total fees earned in 2026, 2025 and 2024 amounted to P45.4 million, P44.7 million and P42.7 million, respectively. Management fees are presented as part of Other Income in the consolidated statements of profit or loss. Outstanding receivables amounting to nil, P0.3 million and P14.6 million as of May 31, 2026, 2025 and 2024, respectively, is presented as part of Miscellaneous receivables under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

20.5 Retirement Funds

The University, FECSI, EACCI, FEUAI, FEU High and RCI's retirement funds are under the administration of their respective funds, through their respective Board of Governors [see Note 19(a)]. The fair value of the Group's retirement plan assets amounted to P1,428.8 million in 2026, P1,165.0 million in 2025, and P1,174.3 million in 2024 [see Note 19(b)]. The University, FECSI, EACCI, FEUAI, FEU High and RCI have no transactions with the retirement plans other than contributions and benefit payments in all periods presented.

None of the retirement plan assets are invested in or provided to the University, FECSI, EACCI, FEUAI, FEU High, RCI, their related parties, and to their officers in the form of advances or loans.

The retirement funds neither provide any guarantee nor surety for any obligation of the University, FECSI, EACCI, FEUAI, FEU High and RCI.

20.6 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the years ended May 31, 2026, 2025 and 2024, which are presented as part of Salaries and Employee benefits under Other Operating Expenses in the consolidated statements of profit or loss (see Notes 17 and 19), are as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Short-term benefits	193,073,167	196,380,532	168,984,196
Post-employment benefits	23,010,998	44,746,328	21,327,484
	<u>216,084,165</u>	<u>241,126,860</u>	<u>190,311,680</u>

20.7 Financial Guaranty for Subsidiaries' Loans

In March 2017 and January 2018, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a certain local commercial bank, the University gives its full consent and authority to act as surety up to P500.0 million for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary.

The outstanding balance of RCI's loans from the said local bank amounted to P319.0 million as of May 31, 2026, P314.3 million as of May 31, 2025 and P309.5 million as of May 31, 2024 (see Note 14).

20.8 Others

In July 2014, FRC's declaration of stock dividend resulted in 291 fractional shares amounting to P0.3 million, which FRC opted to treat as treasury shares.

In 2019, FRC's BOD approved the proposal to increase its par value from P1,000 to P10,000, resulting to fractional shares for stockholders owning less than ten shares. The unsecured, non-interest bearing outstanding liability amounting to P22.5 million, P23.3 million and P24.4 million as of May 31, 2026, 2025 and 2024, respectively are presented as part of Due to related parties under Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

21. INCOME TAXES

Under Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 25% will apply effective after July 2021 to the entire taxable income instead of the 10% preferential rate. Except FRC, which is subject to RCIT, all the schools within the group qualified to continue to avail of the 10% preferential rate given their respective revenue profile. In addition, they are also not covered by the minimum corporate income tax provision of the new tax code.

In March 2021, RA No. 11534 or the *Corporate Recovery and Tax Incentives for Enterprises Act* (CREATE) has been passed into law which provides for a reduced tax rate of proprietary schools to 1% from the previous 10%, effective July 2021 until June 2023.

Also in December 2021, RA No. 11635, *An Act Clarifying the Income Taxation of Proprietary Educational Institutions, Amending for the Purpose Section 27 (B) of the NIRC of 1997, As Amended*, was enacted such that proprietary schools were clarified to apply 1% reduced tax rate as originally intended by CREATE.

The schools within the Group used the reduced 9.3% income tax rate for the fiscal year ended May 31, 2024 to recognize its current tax expense.

In June 2023, BIR issued Revenue Memorandum Circular No. 69-2023, *Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to RA No. 11534*, which reverted the income tax rate of the schools within the Group to 10% effective July 1, 2023. Consequently, and in accordance with the requirements of PAS 12, *Income Taxes*, the schools within the group measured their deferred tax assets and liabilities at 10% as of May 31, 2026, 2025 and 2024.

The major components of tax expense reported in the consolidated statements of profit or loss are as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current tax expense:			
Special rate at 10% in 2026 and 2025; 9.3% in 2024	194,651,594	209,289,056	172,771,902
RCIT at 25%	28,268,943	30,725,705	32,829,825
Final tax at 20% and 15%	18,337,240	15,482,796	25,879,367
	<u>241,257,777</u>	<u>255,497,557</u>	<u>231,481,094</u>
Deferred tax expense (income) arising from the origination and reversal of temporary differences	<u>33,707,007</u>	<u>(14,953,297)</u>	<u>(8,238,175)</u>
	<u>274,964,784</u>	<u>240,544,260</u>	<u>223,242,919</u>

A reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense reported in consolidated profit or loss is presented below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Tax on pretax income at 10% and 1%	275,772,222	257,334,003	263,424,549
Adjustments for income subjected to:			
Final tax	7,210,214	4,748,092	11,164,798
Tax effects of:			
Non-taxable income	(52,100,367)	(27,568,836)	(47,028,966)
Effect of change in deferred tax rate	-	-	(10,149,364)
Non-deductible expenses	19,241,703	9,977,157	15,910,102
Excess of optional standard deduction over itemized deductions	-	(7,383,270)	(10,095,764)
Reversal of previously recognized DTA/ recognition of DTA	19,184,762	5,046,170	-
Unrecognized Net Operating Loss Carry Over (NOLCO)	3,688,633	(1,017,407)	135,403
Unrecognized deferred tax asset on allowance for impairment	-	-	4,826,406
Others	1,967,617	(591,649)	(4,944,245)
	<u>274,964,784</u>	<u>240,544,260</u>	<u>223,242,919</u>

The net deferred tax assets and net deferred tax liabilities of the Group as of May 31, 2026, 2025 and 2024, relate to the following:

(Amounts in PHP)	Consolidated Statements of					
	Financial Position			Profit or Loss		
	2026	2025	2024	2026	2025	2024
Deferred tax assets:						
Accrued rent expense	-	4,968,214	10,025,165	(4,968,214)	(5,056,951)	(10,025,165)
NOLCO	7,004,282	-	7,114,772	7,004,282	(7,114,772)	(5,612,698)
Allowance for impairment losses on trade and other receivables - net	4,713,788	19,913,202	9,899,619	(15,199,414)	17,607,892	(4,595,262)
Unrealized foreign currency losses (gains)	(182,881)	4,017,603	(3,688,156)	(4,200,484)	8,545,378	3,688,156
Unrealized fair value gains	-	(3,581,075)	(3,616,305)	3,581,075	35,230	3,616,305
Post-employment benefit	-	12,053,328	931,299	(12,053,328)	5,291,359	-
Prepaid expenses	-	(6,512,765)	(5,471,262)	6,512,765	(1,041,503)	-
Lease liabilities	-	457,030	-	(457,030)	457,030	-
Unearned rental income	-	(13,143,096)	-	13,143,096	(962,275)	-
Deferred tax assets - net	<u>11,535,189</u>	<u>18,172,441</u>	<u>15,195,132</u>			
Deferred tax expense (income)				<u>(6,637,252)</u>	<u>17,761,388</u>	<u>(12,928,664)</u>
Deferred tax liabilities:						
Accrued rent receivable	(24,891,127)	-	(13,588,805)	(24,891,127)	-	2,685,818
Accrued rent expense	5,312,541	-	-	5,312,541	-	-
Post-employment benefit	12,698,257	(2,194,930)	6,443,831	14,893,187	(2,808,091)	759,575
Prepaid expenses	(7,005,326)	-	(5,471,262)	(7,005,326)	-	(2,899,465)
Unrealized foreign currency gains	(12,409,868)	-	(839,619)	(12,409,868)	-	(1,016,555)
Allowance for impairment losses on trade and other receivables - net	11,725,581	2,123,047	-	9,602,534	-	(3,408,773)
Unrealized fair value gains	(5,390,616)	-	-	(5,390,616)	-	(6,438,742)
Fair value gain on property and equipment recognized on business combination	(7,584,094)	-	-	(7,584,094)	-	-
Unearned rental income	1,066,832	-	1,407,984	1,066,832	-	1,075,692
Accrual of expenses	-	-	-	-	-	(1,035,673)
DTL resulting from reversal of temporary decrease in tax rates	-	-	-	-	-	18,516,298
Deferred tax liabilities - net	<u>(26,477,820)</u>	<u>(71,883)</u>	<u>(12,047,871)</u>			
Deferred tax expense (income)				<u>(26,405,937)</u>	<u>(2,808,091)</u>	<u>8,238,175</u>
Deferred tax expense (income) - net				<u>(33,043,189)</u>	<u>14,953,297</u>	<u>(4,690,489)</u>

RCI and FRC's deferred tax expense amounting to P1.1 million, P2.4 million and P2.3 million relates to the remeasurement of post-employment benefit plan during the years ended May 31, 2026, 2025 and 2024, respectively, and is recognized as a component of tax expense reported in the consolidated statements of comprehensive income.

The net deferred tax assets of the University are not allowed to be offset against net deferred tax liabilities of other subsidiaries, or vice versa, for purposes of consolidation.

Presented below are the details of NOLCO of FECSI, Edustria and HAI:

(Amounts in PHP)

Period Incurred	Original Amount	Expired Balance	Applied Amount	Remaining Balance	Valid Until
May 31, 2026*	36,886,332	-	-	36,886,332	2029
May 31, 2025*	63,616,215	-	-	63,616,215	2028
May 31, 2024*	61,540,618	-	-	61,540,618	2027
May 31, 2023	58,032,853	(58,032,853)	-	-	2026
May 31, 2022	52,335,822	-	-	52,335,822	2027
May 31, 2021	60,922,423	(58,189,170)	(2,733,253)	-	2026
	<u>333,334,263</u>	<u>(116,222,023)</u>	<u>(2,733,253)</u>	<u>214,378,987</u>	

*Details of the NOLCO have been updated to include HAI's NOLCO amounting to P12.2 million, P15.7 million and P4.3 million, respectively, upon consolidation effective July 1, 2025.

The companies within the Group that were not entitled to avail of the preferential rate of 10% is subject to MCIT, which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher.

No deferred tax assets were recognized by certain subsidiaries since management of the respective subsidiaries believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period.

(Amounts in PHP)

	2026		2025		2024	
	Tax Base	Tax Effect	Tax Base	Tax Effect	Tax Base	Tax Effect
FECSI:						
NOLCO	-	-	20,726,235	2,072,624	7,114,772	711,477
Allowance for impairment	-	-	429,378	42,938	208,492	20,849
Edustria:						
NOLCO	132,126,265	13,212,627	176,722,110	17,672,211	139,101,798	13,910,180
HAI:						
NOLCO	12,209,903	1,220,990	-	-	-	-

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of liabilities arising from various financing activities in fiscal years 2026, 2025 and 2024:

(Amounts in PHP)	Interest-bearing Loans (see Note 14)	Lease Liabilities (see Note 12)	Dividends Payable (see Note 13)	Accrued Interest (see Note 14)	Total
Balance at June 1, 2025	1,159,081,632	22,481,858	435,342,284	7,813,798	1,624,719,572
Cash flows from financing activities:					
Repayment of loans	(526,258,503)	-	-	-	(526,258,503)
Availment of loans	300,000,000	-	-	-	300,000,000
Repayment of lease liabilities	-	(10,184,140)	-	-	(10,184,140)
Dividends paid	-	-	(789,267,142)	-	(789,267,142)
Interest paid	-	(1,006,542)	-	(49,525,131)	(50,531,673)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	1,006,542	-	-	1,006,542
Dividend declaration	-	-	785,004,645	-	785,004,645
Accrual of interest	-	-	-	45,962,089	45,962,089
Balance at May 31, 2026	<u>932,823,129</u>	<u>12,297,718</u>	<u>431,079,787</u>	<u>4,250,756</u>	<u>1,380,451,390</u>

(Amounts in PHP)	Interest-bearing Loans (see Note 14)	Lease Liabilities (see Note 12)	Dividends Payable (see Note 13)	Accrued Interest (see Note 14)	Total
Balance at June 1, 2024	1,385,340,136	2,443,276	406,890,377	10,970,822	1,805,644,611
Cash flows from financing activities:					
Repayment of loans	(226,258,504)	-	-	-	(226,258,504)
Repayment of lease liabilities	-	(10,853,300)	-	-	(10,853,300)
Dividends paid	-	-	(764,688,107)	-	(764,688,107)
Interest paid	-	(1,403,853)	-	(84,033,919)	(85,437,772)
Non-cash financing activities:					
Additional lease liabilities	-	30,891,882	-	-	30,891,882
Interest amortization in lease liabilities	-	1,403,853	-	-	1,403,853
Dividend declaration	-	-	793,140,014	-	793,140,014
Accrual of interest	-	-	-	80,876,895	80,876,895
Balance at May 31, 2025	<u>1,159,081,632</u>	<u>22,481,858</u>	<u>435,342,284</u>	<u>7,813,798</u>	<u>1,624,719,572</u>
Balance at June 1, 2023	1,811,598,640	13,865,782	298,839,580	12,429,090	2,136,733,092
Cash flows from financing activities:					
Repayment of loans	(426,258,504)	-	-	-	(426,258,504)
Repayment of lease liabilities	-	(11,422,506)	-	-	(11,422,506)
Dividends paid	-	-	(732,675,417)	-	(732,675,417)
Interest paid	-	(523,967)	-	(112,364,693)	(112,888,660)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	523,967	-	-	523,967
Dividend declaration	-	-	840,726,214	-	840,726,214
Accrual of interest	-	-	-	110,906,425	110,906,425
Balance at May 31, 2024	<u>1,385,340,136</u>	<u>2,443,276</u>	<u>406,890,377</u>	<u>10,970,822</u>	<u>1,805,644,611</u>

23. EQUITY

23.1 Capital Stock

As of May 31, 2026, the University's authorized capital stock consists of 50,000,000 shares with par value of P100 per share, of which 24,055,763 shares were issued and outstanding, net of 37,331 treasury shares.

Below is the ownership structure of the University's outstanding shares as of May 31, 2026, 2025 and 2024.

	2026	2025	2024
Number of shares held by related parties	15,360,247	15,243,974	15,084,775
Number of shares held by the public	<u>8,695,516</u>	<u>8,811,789</u>	<u>8,824,417</u>
	<u>24,055,763</u>	<u>24,055,763</u>	<u>23,909,192</u>

**Net of those held as Treasury Stock (see 23.2)*

As at May 31, 2026, 2025 and 2024, the public owns 36.14%, 36.63% and 36.91%, respectively, of the University's listed shares.

As at May 31, 2026, there are 1,234 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 P800.0 per share as at May 31, 2026 and 2025 and P699.5 per share as at May 31, 2024.

23.2 Treasury Stock

This account includes the University's common shares held and acquired by FRC on various dates during the respective reporting periods. It consists of 193,330 shares as at May 31, 2026, 189,446 shares as at May 31, 2025, and 183,902 shares as at May 31, 2024.

The Group acquired shares amounting to P1.3 million, P5.9 million and P33.1 million in 2026, 2025 and 2024, 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 cross-holding as of the end of the reporting period.

23.3 Revaluation Reserves and Other Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below and in the succeeding page:

<i>(Amounts in PHP)</i>	Financial Assets at FVOCI (see Note 7.2)	Retirement Benefit Obligation (see Note 19)	Total
Balance as of June 1, 2025	32,786,474	(17,391,751)	15,394,723
Remeasurements of retirement benefit obligation	-	2,637,164	2,637,164
Fair value loss on financial assets at FVOCI	(5,212,053)	-	(5,212,053)
Tax effect	521,205	(263,717)	257,488
Other comprehensive income (loss)	(4,690,848)	2,373,447	(2,317,401)
Balance as of May 31, 2026	28,095,626	(15,018,304)	13,077,322
Balance as of June 1, 2024	10,318,874	(5,090,209)	5,228,665
Remeasurements of retirement benefit obligation	-	(13,668,380)	(13,668,380)
Fair value gain on financial assets at FVOCI	24,964,000	-	24,964,000
Tax effect	(2,496,400)	1,366,838	(1,129,562)
Other comprehensive income (loss)	22,467,600	(12,301,542)	10,166,058
Balance as of May 31, 2025	32,786,474	(17,391,751)	15,394,723

<i>(Amounts in PHP)</i>	Financial Assets at FVOCI (see Note 7.2)	Retirement Benefit Obligation (see Note 19)	Total
Balance as of June 1, 2023	(6,020,176)	(3,205,513)	(9,225,689)
Remeasurements of retirement benefit obligation	-	(1,866,036)	(1,866,036)
Fair value gain on financial assets at FVOCI	16,177,277	-	16,177,277
Tax effect	161,773	(18,660)	143,113
Other comprehensive income (loss)	16,339,050	(1,884,696)	14,454,354
Balance as of May 31, 2024	10,318,874	(5,090,209)	5,228,665

Other reserves refer to the amount attributable to the parent company arising from change in the ownership of NCI in RCI in 2017.

23.4 Retained Earnings

Significant transactions affecting Retained Earnings are shown below:

(a) Appropriation of Retained Earnings

The University's appropriated retained earnings represent amounts specifically set aside by the Board of Trustees for identified capital expenditures, subsidiary expansion projects, strategic growth investments, probable contingencies, and treasury shares. These appropriations are intended to support the University's continuing campus development, infrastructure improvements, facility modernization, investments in subsidiaries, and other strategic expansion initiatives.

As of May 31, 2026, 2025 and 2024, the University's Appropriated Retained Earnings consists of appropriations approved by the Board of Trustees for the following purposes:

	2026	2025	2024
Board Approval Date	May 19, 2026	May 20, 2025	May 21, 2024
Property and investment acquisition	332,000,000	740,000,000	1,417,000,000
Purchase of equipment and improvements	308,000,000	354,000,000	662,000,000
Contingencies	90,000,000	90,000,000	90,000,000
Treasury stock	3,733,100	3,733,100	3,733,100
	733,733,100	1,187,733,100	2,172,733,100

The appropriation for property and investment acquisition pertains primarily to investments in and acquisitions relating to the expansion and development of the University's new and existing subsidiaries. These include strategic investments and development initiatives intended to support the growth and expansion of the University and its subsidiaries that are expected to be completed by the last quarter of next fiscal year.

The appropriation for purchase of equipment and improvements pertains to capital expenditures for campus development, building improvements, facility modernization, and the acquisition or upgrading of equipment and other assets necessary to support the University's operations and continuing development that are expected to be completed within the next twelve months.

The appropriation for contingencies represents amounts set aside by the Board of Trustees to provide for probable contingencies that may arise during the University's operations and strategic activities including property and investment acquisition and purchase of equipment and improvements within the next fiscal year. The appropriation for treasury stock represents an amount in relation to treasury shares already acquired by the University.

The appropriations are reviewed and reassessed annually by Management and the Board of Trustees based on the requirements and status of the underlying projects, their implementation schedules, and the University's available resources. Accordingly, the timing and amount of the appropriations are reassessed annually and may be adjusted, reversed, or reappropriated as project requirements, implementation priorities, and available resources change.

The changes in Appropriated Retained Earnings are shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	1,187,733,100	2,172,733,100	1,463,733,100
Appropriations	733,733,100	-	850,000,000
Reversal of appropriations	(1,187,733,100)	(985,000,000)	(141,000,000)
Balance at end of year	<u>733,733,100</u>	<u>1,187,733,100</u>	<u>2,172,733,100</u>

(b) Dividend Declaration

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

	Declaration	Date of Record	Payment/ Issuance	Amount in PHP
<u>May 31, 2026</u>				
Cash dividend of P16 per share	September 16, 2025	September 30, 2025	October 16, 2025	380,232,270
Cash dividend of P14 per share	February 24, 2026	March 10, 2026	March 24, 2026	<u>336,780,682</u>
				<u>717,012,952</u>
<u>May 31, 2025</u>				
Cash dividend of P16 per share	September 18, 2024	October 1, 2024	October 17, 2024	382,459,728
Cash dividend of P16 per share	February 19, 2025	March 4, 2025	March 18, 2025	<u>382,459,728</u>
				<u>764,919,456</u>
<u>May 31, 2024</u>				
Cash dividend of P16 per share	September 19, 2023	October 3, 2023	October 13, 2023	382,547,360
Cash dividend of P16 per share	February 20, 2024	March 5, 2024	March 20, 2024	<u>382,547,360</u>
				<u>765,094,720</u>

Unclaimed checks related to dividends declared as of May 31, 2026, 2025 and 2024 are presented as Dividends payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

(c) Unappropriated Retained earnings

Retained earnings include (a) undistributed earnings amounting to P5.9 billion, P4.8 billion and P3.7 billion as of May 31, 2026, 2025 and 2024, respectively, representing accumulated earnings of subsidiaries, which are not available for dividend declaration until received in the form of dividends from the subsidiaries, and (b) deferred income tax assets not available for dividend declaration amounting to P23.6 million, P14.2 million and P11.0 million as of May 31, 2026, 2025 and 2024, respectively.

23.5 Subsidiaries with Material Non-controlling Interest (NCI)

In the current and prior years, the University acquired controlling interest over a number of entities which are consolidated by the Group. The ownership stake of the minority interest are presented as Non-controlling Interest (NCI) in the consolidated statements of financial position and consolidated statements of changes in equity. The NCI is measured at P3,286.5 million, P2,983.2 million and P2,965.4 million as of May 31, 2026, 2025 and 2024, respectively.

These controlled entities declared dividends, of which the share of the minority interest amounted to P68.0 million in 2026, P28.2 million in 2025, and P75.6 million in 2024.

(a) FRC

As of May 31, 2026, 2025 and 2024, the University holds ownership interest of 38.18% in FRC. Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC [see Notes 1.1 and 27.1(g)]. The accumulated NCI of FRC amounted to P1,300.3 million, P1,200.6 million and P1,140.8 million as of May 31, 2026, 2025 and 2024, respectively.

A summary of financial information of FRC as of and for the years ended May 31, 2026, 2025 and 2024 before intragroup eliminations are shown below.

<i>(Amounts in PHP)</i>	2026	2025	2024
Current assets	552,560,013	539,304,527	328,158,045
Non-current assets	1,431,114,579	1,286,354,499	1,430,982,137
Current liabilities	92,886,405	68,879,920	107,858,900
Non-current liabilities	69,456,032	47,428,984	37,427,315
Total equity	1,821,332,155	1,708,350,122	1,613,853,967
Total revenue	259,462,863	193,264,327	231,709,412
Net profit for the year	149,190,598	80,634,598	138,349,913
Other comprehensive income for the year	12,047,283	16,173,497	4,832,827
Total comprehensive income for the year	161,237,881	96,808,095	143,182,740
Net profit allocated to NCI	92,229,628	49,848,308	85,527,916
Net cash from operating activities	104,621,178	85,797,436	96,328,413
Net cash from (used in) investing activities	2,007,245	(21,631,337)	(78,184,077)
Net cash used in financing activities	(23,011,807)	(41,389,401)	(20,350,627)
Net increase (decrease) in cash and cash equivalents	83,616,616	22,776,698	(2,206,291)

(b) EACCI and FEUAI

Prior to 2017, EACCI issued its newly authorized preferred shares to EAEFI, a related party under common management. In 2020 and 2019, EACCI also issued additional authorized preferred shares to NREFI, a related party under common management. Total cost of preferred shares issued and outstanding amounts to P1.2 billion as of May 31, 2026, 2025 and 2024.

In 2021, 2020 and 2019, FEUAI issued its newly authorized preferred shares to EAEF. Total cost of preferred shares issued and outstanding amounts to P750.0 million as of May 31, 2026, 2025 and 2024.

Both non-controlling interests in EACCI and FEUAI relate to non-voting shares.

EACCI and FEUAI's preferred shares have the following features:

- (a) Holders of the preferred stock have no pre-emptive right to subscribe to any or all issues or other disposition of shares of common stock or preferred stock of EACCI or FEUAI, including treasury stock, if any;
- (b) Subject to availability of retained earnings and sufficient cash as may be determined by EACCI's BOT or FEUAI's BOD, holders of the preferred stock are entitled to receive, out of unrestricted retained earnings of the EACCI or FEUAI, non-cumulative dividends at the rate of 2.5% per annum based on the issue value of each share, payable annually on such date as may be determined by the EACCI's BOT or FEUAI's BOD from time to time;
- (c) Preferred stock shall be non-voting (except in instances specifically provided by law) and non-participating as to the payment of dividends;

- (d) Preferred stock may be redeemed at the option of the issuer regardless of the existence of unrestricted retained earnings at an issue price equal to the issue value and under terms and conditions as determined by the EACCI's BOT or FEUIAI's BOD; and,
- (e) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of EACCI or FEUIAI's operations, the holders of preferred stock shall have preference and priority as to the net assets of EACCI or FEUIAI or proceeds thereof over the holders of common stock.

During the years ended May 31, 2026, 2025 and 2024, the BOT of EACCI declared cash dividends to all of their stockholders. Accordingly, the holders of its preferred stocks received P30.0 million from each of the said declarations in 2026, 2025 and 2024.

A summary of financial information of FEUIAI and EACCI as of and for the years ended May 31, 2026, 2025 and 2024, before intragroup eliminations are shown below and in the succeeding page (in thousands).

<i>(Amounts in PHP)</i>	<u>EACCI</u>	<u>FEUIAI</u>
<u>May 31, 2026</u>		
Current assets	3,245,958	689,951
Non-current assets	3,291,497	2,455,604
Current liabilities	379,619	249,848
Non-current liabilities	557,890	228
Total equity	5,599,946	2,895,479
Total revenue	1,498,577	443,365
Net income for the year	827,132	193,981
Other comprehensive income (loss) for the year	(975)	-
Total comprehensive income for the year	826,157	193,981
Net cash from operating activities	1,061,487	226,421
Net cash used in investing activities	(164,039)	(377,018)
Net cash used in financing activities	(414,209)	150,000
Net increase (decrease) in cash and cash equivalents	<u>483,239</u>	<u>(597)</u>

<i>(Amounts in PHP)</i>	<u>EACCI</u>	<u>FEUAI</u>
<u>May 31, 2025</u>		
Current assets	3,985,266	912,731
Non-current assets	2,100,672	1,427,288
Current liabilities	938,373	200,799
Non-current liabilities	1,105,577	187,500
Total equity	4,980,361	1,951,719
Total revenue	1,425,856	472,871
Net income for the year	807,456	176,301
Other comprehensive income for the year	6,054	-
Total comprehensive income for the year	813,510	176,301
Net cash from operating activities	1,155,312	298,076
Net cash used in investing activities	(299,813)	(318,726)
Net cash used in financing activities	(200,453)	(20,649)
Net increase (decrease) in cash and cash equivalents	<u>655,046</u>	<u>(41,299)</u>
<u>May 31, 2024</u>		
Current assets	2,291,364	617,051
Non-current assets	2,573,664	1,509,600
Current liabilities	323,376	167,621
Non-current liabilities	222,516	-
Total equity	4,319,136	1,959,030
Total revenue	1,284,468	428,389
Net income for the year	727,257	110,366
Other comprehensive income for the year	21,632	-
Total comprehensive income for the year	748,889	110,366
Net cash from operating activities	633,663	262,625
Net cash used in investing activities	(387,521)	(18,852)
Net cash from (used in) financing activities	(224,526)	187,082
Net increase in cash and cash equivalents	<u>21,616</u>	<u>430,855</u>

(c) *Edustria*

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. In December 2024, the NCI made a deposit for future subscription of P24.5 million, representing 49% of the total deposits.

The NCI of Edustria, amounting to P139.0 million as of May 31, 2026 and P151.2 million as of May 31, 2025, and P168.8 million as of 2024, is presented as part of Non-controlling Interest in the consolidated statements of financial position.

A summary of financial information of Edustria as of and for the years ended May 31, 2026, 2025 and 2024, before intragroup eliminations are shown below:

<i>Amounts in PHP</i>	2026	2025	2024
Current assets	28,440,696	26,386,012	28,513,848
Non-current assets	324,235,507	332,974,308	319,391,494
Current liabilities	18,112,910	14,059,497	3,366,522
Non-current liabilities	50,976,277	12,297,718	-
Total equity	283,587,016	308,503,105	344,538,820
Total revenue	13,630,602	8,397,323	4,328,063
Net loss and total comprehensive loss for the year	(24,916,086)	(36,035,716)	(38,505,852)
Net loss allocated to NCI	(12,208,882)	(17,641,110)	(18,867,867)
Net cash used in operating activities	(9,280,705)	(11,869,673)	(18,135,924)
Net cash used in investing activities	(4,059,510)	(4,203,168)	(4,050,603)
Net cash from (used in) financing activities	14,309,318	13,842,207	(10,148,505)
Net decrease in cash and cash equivalents	969,103	(2,230,634)	(32,335,032)

(d) *HAI*

In October 2023, the University and MGHI Holdings, Inc. (MGHI) entered into a Shareholders' Agreement to invest a total of P600.0 million in HAI, with the University and MGHI both investing P300.0 million for an equal equity ownership, or 50% each. Accordingly, HAI was incorporated with its primary purpose to establish, maintain, operate and administer an educational institution.

In the same month, the University made its initial investment in HAI amounting to P280.0 million. On June 17, 2025, the University's BOT approved additional equity investment of P11.4 million in HAI. This investment resulted in the acquisition of 114,286 common shares from unissued shares of HAI. Following the transaction, the University's total shareholding increased to 2,914,286 shares, representing 51% of HAI's total outstanding capital. On October 10, 2025, the subscription agreement between University and HAI was finalized, establishing the University as its majority owner, effective July 1, 2025, the acquisition date.

The Group measured the NCI of HAI at its proportionate share of the acquiree's identifiable net assets.

The NCI of HAI, amounting to P292.3 million as of May 31, 2026 and P298.3 million as of July 1, 2025, the date of acquisition, is presented as part of Non-controlling Interest in the consolidated statements of financial position.

A summary of financial information of HAI as of and for the years ended May 31, 2026 and July 1, 2025, the acquisition date, before intragroup eliminations are shown below:

<i>Amounts in PHP</i>	<u>May 31, 2026</u>	<u>July 1, 2025</u>
Current assets	14,388,429	215,849,965
Non-current assets	560,133,468	622,021,272
Current liabilities	(40,085,161)	(27,266,757)
Non-current liabilities	-	(7,584,094)
Total equity	(534,436,736)	(608,763,785)
Total revenue	61,642,862	-
Net loss and total comprehensive loss for the year	(12,209,904)	(6,139,705)
Net loss allocated to NCI	(5,982,853)	(3,008,455)
Net cash from (used in) operating activities	(8,980,259)	2,475,665
Net cash used in investing activities	(6,254,784)	(1,324,770)
Net cash from financing activities	10,635,863	-
Net increase (decrease) in cash and cash equivalents	<u>(4,599,179)</u>	<u>1,150,895</u>

24. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

<i>Amounts in PHP</i>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Net profit attributable to owners of the parent company	1,922,363,654	2,054,318,022	1,940,338,894
Divided by weighted average number of shares outstanding, net of treasury stock of 193,330 as of May 31, 2026, 189,446 as of May 31, 2025, and 183,902 as of May 31, 2024	<u>23,900,982</u>	<u>23,903,861</u>	<u>23,916,803</u>
Basic and diluted EPS	<u>80.43</u>	<u>85.94</u>	<u>81.13</u>

The weighted average number of shares outstanding as of May 31, 2026, 2025 and 2024 is computed below:

	Number of Shares	Months Outstanding	Weighted Number Of Shares
Balance at June 1, 2025	23,903,648	12	286,843,776
Purchase of treasury stock during the period -			
June 2025	(563)	12	(6,756)
August 2025	(1,168)	9	(10,512)
September 2025	(901)	8	(7,208)
November 2025	(1,252)	6	(7,512)
Balance at May 31, 2026	<u>23,899,764</u>		286,811,788
Divided by total months during the year			<u>12</u>
Weighted average number of shares outstanding as of May 31, 2026			<u>23,900,982</u>
Balance at June 1, 2024	23,909,192	12	286,910,304
Purchase of treasury stock during the period -			
June 2024	(4,174)	12	(50,088)
July 2024	(1,200)	11	(13,200)
February 2025	(170)	4	(680)
Balance at May 31, 2025	<u>23,903,648</u>		286,846,336
Divided by total months during the year			<u>12</u>
Weighted average number of shares outstanding as of May 31, 2025			<u>23,903,861</u>
Balance at June 1, 2023	23,956,364	12	287,476,368
Purchase of treasury stock during the period -			
June 2023	(1,560)	12	(18,720)
August 2023	(45,576)	10	(455,760)
November 2023	(36)	7	(252)
Balance at May 31, 2024	<u>23,909,192</u>		287,001,636
Divided by total months during the year			<u>12</u>
Weighted average number of shares outstanding as of May 31, 2024			<u>23,916,803</u>

The University has no potential dilutive common shares as of May 31, 2026, 2025 and 2024; accordingly, the diluted EPS is the same as the basic EPS in all the years presented.

25. 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 makes adjustments to it in the light of 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 monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

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

<i>Amounts in PHP</i>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Total adjusted liabilities	3,235,134,372	3,160,150,071	3,794,030,831
Total adjusted equity attributable to owners of the parent company	<u>14,374,932,563</u>	<u>13,169,581,862</u>	<u>11,880,183,296</u>
Debt-to-equity ratio	<u>0.23 : 1.00</u>	<u>0.24 : 1.00</u>	<u>0.32 : 1.00</u>

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00 : 1.00. This is in line with the Group's bank covenants related to its borrowings, which requires 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 (see Note 14).

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

There was no significant change in the Group's approach to capital management during the year.

26. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

26.1 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 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, 2026
RCEE	March 31, 2026
FECSI	May 31, 2026
FEU High	May 31, 2026
RCI	May 31, 2026
Edustria	May 31, 2026
HAI	May 31, 2026**
EACCI	June 30, 2026*
FEUAI	June 30, 2026*

**included in the Group's May 31, 2026 consolidated balances*

***included in the Group's May 31, 2026 consolidated balances starting July 1, 2025*

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.

The University accounts for its investments in subsidiaries and NCIs as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities over which the University has control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries (see Note 26.2).

(b) Investment in Associates and a Joint Venture

Investments in associates and joint venture are initially recognized at cost and subsequently accounted for using the equity method from the date on which the entity becomes an associate or when the joint venture entity is established.

Under the equity method, the investment in associates and a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the University's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statements of profit or loss.

The statements of profit or loss reflect the University's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the University's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the University recognizes its share of any changes, when applicable, in the statements of changes in equity. Unrealized gains and losses resulting from transactions between the University and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the University's share of profit or loss of an associate and a joint venture is shown on the face of the statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the University determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the University determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the University calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statements of profit or loss.

(c) *Transactions with NCIs*

The Group's transactions with NCIs that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share in the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments in NCIs result in gains and losses which the Group also recognizes in equity.

26.2 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the University elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

The University determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the University acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGU) 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.

26.3 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.

26.4 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 27.1(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 Note 15.2.

(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.

26.5 Real Estate Held-for-Sale

Acquisition costs of raw land intended for sale, including other costs and expenses incurred to effect the transfer of title of the property as well as related property development costs, are accumulated in this account.

Real estate held-for-sale is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

26.6 Property and Equipment

Property and equipment, except land, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in administration is stated at cost less any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Furniture and equipment	3 to 6 years
Miscellaneous equipment	5 years

Leasehold improvements are amortized over the estimated useful lives of 20 years or the remaining term of the lease, whichever is shorter.

Construction in progress represents assets currently under development and is carried at cost, less of any impairment. Cost includes construction expenditures, directly attributable costs, and borrowing costs incurred during the construction period. These assets are not depreciated until they are completed and available for their intended use.

26.7 Investment Properties

Investment properties of the Group, including those held by the parent entity, are carried at cost less accumulated depreciation and impairment, if any. These primarily consist of buildings and improvements, depreciated using the straight-line method over an estimated useful life of 20 years.

Investment properties also include construction in progress, such as condominium units of FRC, which are stated at cost. This includes construction costs, applicable borrowing costs, and other directly attributable expenses.

26.8 Revenue and Expense Recognition

Revenue arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from real estate and school campus' food concessionaires; and (ii) investment-related transactions such as investment income, dividend income from Financial Assets at FVTPL and at FVOCI, interest income and others (i.e., academic and admin fees).

The management determined that the revenues arising from educational and related activities are within the scope of PFRS 15, while rental income is covered by PFRS 16 (see Note 26.9). Investment-related revenues are subject to the provisions of PFRS 9 (see Note 26.4).

The Group enters into transactions involving the tuition fees and other school fees and other school-related activities such as sale of school merchandise and books, and sale of real estate. There are no significant judgments used in determining the transaction price and the amount allocated to the performance obligations. Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct service that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the school year or the semestral / trimestral period, whichever is applicable. With respect to the sale of school merchandise and books, the obligation is satisfied when the goods, particularly the merchandise and books are delivered to the customers. Hence, revenue is recognized at a point in time. As for real estate sales, the obligation is satisfied at the point the control over the properties is transferred by the FRC to the buyers.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 27.1(b)]:

- (a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Deferred Revenues account in the consolidated statements of financial position. Payment for tuition fees is due upon enrollment, which is before the school year starts, and can be made either in full payment or installment.

Revenues from NSTP trust fund are recognized upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as NSTP and other funds (liability) recorded as part of the Trade and Other Payables account in the consolidated statements of financial position.

- (b) *Sale of books and other educational-related merchandise* – Revenue is recognized at a point in time when the control of the goods have been passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made for the Group's students. Payment for the transaction price is due immediately at the point of purchases and recorded as part of Other income - net presented in the consolidated statements of profit or loss.
- (c) *Other fees and other income* – This pertains to but not limited to transcripts, certification and graduation fees and fees for diplomas and identification cards. Revenue is recognized at the point in time when the related academic document is made available to requestors. Official receipts for the services are issued once request from students have been fulfilled.
- (d) *Real estate sales* – This pertains to sale of lots and completed townhouses of FRC. Revenue is recognized at the point the control to the property is passed to the customer, that is, when the property is transferred to the buyer as part of Other operating income in the consolidated statements of profit or loss.

In obtaining customer contracts, the Group incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Group uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Group also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Group accounts for those costs in accordance with the applicable PFRS Accounting Standards.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

26.9 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) *Group as Lessor*

The University applies judgment in determining whether a lease contract is a finance or operating lease.

26.10 Impairment of Non-financial Assets

The Group's property and equipment, investment properties, investments in associates and a joint venture and certain other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment annually.

26.11 Events after the Reporting Period

Subsequent events that provide further evidence of conditions existing at the reporting date are incorporated into the Group's consolidated financial statements. Non-adjusting events, which arise after the reporting date and do not affect the financial position as of that date, are disclosed in the notes to the consolidated financial statements when considered material.

26.12 Earnings per Share

The Group presents earnings per share data for its common shares in the consolidated financial statements in accordance with PAS 33, *Earnings per Share*. Basic earnings per share is computed by dividing the net income attributable to equity holders of the parent by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Group has no dilutive potential common shares; thus, basic and diluted earnings per share are the same for all periods presented.

26.13 Income Taxes

The Group also complies with the requirements of Revenue Regulations No. 15-2010, which mandate disclosures of taxes, duties, and license fees paid or accrued during the year. Income tax expense includes current and deferred taxes.

Current tax is based on taxable income for the year using applicable tax rates. Deferred tax is recognized on temporary differences between financial and tax reporting, using the balance sheet liability method. Deferred tax assets are recognized when it is probable that future taxable income will allow recovery. Taxes related to items in other comprehensive income or equity are recognized accordingly.

26.14 Retirement Benefit Obligations

The Group provides post-employment benefits to employees through defined benefit plan and defined contribution plan subject to a minimum guarantee required by R.A. 7641, *The Retirement Pay Law*, which is accounted for as defined benefit plan. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 - *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of R.A. 7641*.

The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required age with the required credited year of service based on the provisions of RA 7641.

Accordingly, the Group accounts for its retirement obligations at each reporting date under the higher of the defined benefit obligation relating to the minimum guarantee and the sum of defined contribution liability and the present value of any excess of the projected defined benefit obligation over projected defined contribution obligation.

The defined benefit obligation and the present value of the excess of the projected defined benefit obligation over the defined contribution obligation are calculated by a qualified independent actuary using the projected unit credit method. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

The Group complies with Republic Act No. 7641, *Retirement Pay Law*, which mandates retirement benefits for qualified private sector employees in the absence of a formal retirement plan. Employees who have rendered at least five years of service and reach the age of 60 (optional) or 65 (compulsory) are entitled to a minimum retirement pay equivalent to one-half month salary for every year of service. This includes 15 days' pay, one-twelfth of the 13th month pay, and the cash equivalent of five days of service incentive leave.

Where formal retirement plans exist, the Group ensures that benefits provided are equal to or greater than those required under RA No. 7641. For entities without formal plans, actuarial valuations are performed to estimate the obligation, and funding is made available upon employee retirement.

27. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

27.1 Critical Management Judgements in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation. Presented below and in the succeeding pages are the judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of buildings, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Group did not include the renewal period as part of the lease term for leases of university buildings because the terms are renewable upon the mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) *Determination of Timing of Satisfaction of Performance Obligations*

The management determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the students. This demonstrates that the customers simultaneously receive and consume the benefits as the Group performs its obligation.

With respect to revenues from sale of merchandise and books and various other school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the merchandise, books and requested documents is transferred to the customers upon delivery.

With respect to sale of lots and completed townhouses, the Group satisfies the performance obligation at the point in time when the property is transferred to the customer (i.e., upon acknowledgment of the customer).

(c) *Determination of ECL on Tuition and Other Fee Receivables*

The Group uses a provision matrix to calculate ECL for tuition and other fee receivables. The loss rates are based on actual credit-impaired student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 15.2(b)].

The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the Group's tuition fees and other receivables are disclosed in Notes 15.2(b) and 6.

(d) *Application of ECL to Investment Securities at Amortized Cost and Financial Assets at FVOCI*

The Group uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs 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 origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(e) *Evaluation of Business Model Applied in Managing Financial Instruments*

The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows.

In determining the classification of a financial instrument under PFRS 9, the Group developed business models which reflect how it manages its portfolio of

financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Group as those relate to the Group's investment, or trading strategies.

(f) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(g) *Determination of Control of Entities in which the University Holds Less than 50%*

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 1.1).

(h) *Determination of Control of Entities in which the University holds 50%*

Management believes that the University maintains control over FEUAI despite holding only 50% of its ordinary shares and voting rights. This control is achieved through the University's 50% direct ownership and an additional 50% indirect ownership via its interest in EACCI, resulting in an effective 100% ownership of FEUAI.

(i) *Distinction between Investment Properties and Owner-managed Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services. Some properties comprise a portion that is held to earn rental or for capital appreciation, and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately under finance lease), the Group accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(j) *Distinction between Real Estate Held for Sale and Investment Properties*

Real estate held for sale comprise of lots that are held for sale in the ordinary course of business (see Note 10). Meanwhile, investment properties (see Note 9) comprised of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgement.

(k) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 28.

27.2 *Key Sources of Estimation Uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are presented below and in the succeeding pages.

(a) *Estimation of Allowance for Impairment of Financial Instruments*

The measurement of the allowance for ECL on financial assets at FVOCI and at investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 15.2.

The Group uses a provision matrix to calculate ECL for its trade receivables which are based on the Group's historical observed default rates. The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information.

(b) *Determination of Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's Financial Assets at FVTPL and at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 7.

(c) *Estimation of Useful Lives of Investment Properties and Property and Equipment*

The Group estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of investment properties, and property and equipment are presented in Notes 9 and 11, respectively. Based on management's assessment as at May 31, 2026, 2025 and 2024, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(d) *Determination of Fair Value of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in Note 9 is determined by the Group based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 9.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals and appropriate discount rates. These valuations are regularly compared to actual to market yield data, and actual transactions by the Group and those reported by the market.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2026, 2025 and 2024, the Group determined that there were no significant circumstances that may affect the fair value determination of investment properties.

(e) *Estimation of Impairment of Non-financial Assets*

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 26.10. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, no impairment loss is required to be recognized on the Group's investment properties, property and equipment, goodwill and certain other non-financial assets as for the years ended May 31, 2026, 2025 and 2024.

As at the acquisition date of RCI on May 12, 2017, the fair value of the University's share in RCI's net identifiable assets amounted to P621.8 million resulting in the recognition of goodwill amounting to P186.5 million. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the University and RCI. The goodwill recognized is subject to annual impairment testing (see Notes 26.2 and 26.10).

For purposes of assessing impairment, the Group determined the value in use of the CGU (that is, RCI) to which the carrying value of goodwill is compared. This methodology is in accordance with PAS 36, *Impairment of Assets*. The management considers that the benefits of acquisition accrue to the University as a whole and not to a specific business unit nor department only.

In determining the value in use, discounted cash flows method was used. Some of the key assumptions that have been considered which have significant impact on the results of the determination of the value in use are as follows:

- RCI will continue as a going concern entity and will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support its business needs;
- RCI's performance forecasts for the next five years from the end of each reporting period;
- In estimating the terminal value of the CGU, long-term growth rate of 1.0% as of May 31, 2026 and 2025 and 0.8% 2024 was used; and,
- In discounting the projected free cash flows, the weighted average cost of capital of 10.65%, 10.28% and 6.95% was used in 2026, 2025 and 2024, respectively.

For the years ended May 31, 2026, 2025 and 2024, the Group has assessed that the recoverable amount of the goodwill of P4.5 billion, P5.4 billion and P5.8 billion, respectively, exceeds its carrying amount. Accordingly, no impairment loss is required to be recognized in 2026, 2025 and 2024.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

(f) Determination of Recoverability of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets as at May 31, 2026, 2025 and 2024 are fully recoverable and will be fully utilized within the prescribed periods,

except for the related benefits of NOLCO and other temporary differences of certain subsidiaries which are not recognized, because it expects that the Group will generate sufficient taxable profits in the future against which the assets can be applied (see Note 21).

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 19(b).

28. COMMITMENTS AND CONTINGENCIES

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

28.1 Capital Commitments

As of May 31, 2026, 2025 and 2024, FRC has commitments of about P421.75 million, P445.1 million and P20.9 million, respectively, for the condominium units acquired at pre-selling stage that are currently under construction.

28.2 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 P28.4 million, P46.0 million, and P8.8 million as of May 31, 2026, 2025 and 2024, 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.

28.3 Construction Commitments

The Group enters into commitments for its ongoing construction of certain school buildings and other facilities. As of May 31, 2026, 2025 and 2024, the unfulfilled portion of these commitments amounted to P1,044.9 million, P570.1 million and P178.2 million, respectively.

28.4 Others

As of May 31, 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 [see Note 23.4(a)].

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.

29. APPROVAL OF THE FINANCIAL STATEMENTS

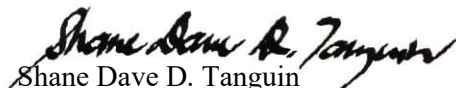
The consolidated financial statements of the Group as of and for the years ended May 31, 2026 and 2025 (including the comparative consolidated financial statements as of and for the year ended May 31, 2024) were authorized for issue by the University's BOT on August 18, 2026.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL SCHEDULES

The Stockholders and the Board of Trustees
Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes Street
Sampaloc, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Far Eastern University, Incorporated and Subsidiaries (the Group) as at and for the year ended May 31, 2026, included in this Form 17-A, and have issued our report thereon dated August 18, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Shane Dave D. Tanguin
Partner

CPA Certificate No. 0115818

Tax Identification No. 242-153-393

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115818-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

BIR Accreditation No. 08-001998-157-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10765136, January 2, 2026, Makati City

August 18, 2026



FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
INDEX TO SUPPLEMENTAL SCHEDULES
MAY 31, 2026

Statement of Management's Responsibility for the Consolidated Financial Statements

Independent Auditor's Report on the SEC Supplementary Schedules Filed Separately
from the Basic Financial Statements

Supplementary Schedules to Consolidated Financial Statements (Form 17-A, Item 7)

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FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
MAY 31, 2026

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>		<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Bank of the Philippine Islands (BPI) Trust Account:</i>				
Government Securities				
FXT2023	P	13,400,000	P	12,591,808
TBILL (USD)		211,500		12,849,663
RDB-BOND		200,000		12,737,921
BPI-NOTES		200,000		12,278,822
FXT7-71		12,000,000		11,520,959
FXT10-73		11,000,000		10,319,425
FXT2027		7,000,000		6,587,129
RTB05-19		5,544,188		5,350,466
FXT25-8		4,900,000		5,035,783
RTB5-14		5,000,000		4,938,656
RTB5-18		5,000,000		4,928,304
FXT10-71		5,000,000		4,810,223
FXT7-65		5,000,000		4,736,546
FXT1068		4,400,000		4,369,081
FXT1067		4,590,000		4,159,091
FXT2025		4,000,000		4,094,423
FXT25-6		3,700,000		4,019,682
FXT5-78		4,000,000		3,934,602
TBILL		3,950,000		3,921,350
FXT1069		4,000,000		3,894,192
FXT7-64		4,000,000		3,812,906
FXT2014		3,000,000		3,052,217
FXT7-67		2,000,000		1,975,729
FXT10-72		2,000,000		1,883,337
FXT2511MR		2,438,971		1,862,911
FXT2512		1,000,000		893,427
FXT25-7		350,000		358,795
Corporate Bonds				
SMPH-BOND	P	16,000,000	P	15,380,826
ALI-BOND		16,000,000		15,363,296
BPI-BOND		11,000,000		10,746,183
FLI-BOND		6,000,000		5,904,937
AP-BOND		5,000,000		4,814,926
AC-BOND		4,900,000		4,739,028
CNVRG-BOND		3,800,000		3,785,911
APC-BOND		2,000,000		1,983,738
ROCK-BOND		1,600,000		1,558,715
RLC-BOND		1,300,000		1,294,871
SMIC-BOND		1,300,000		1,289,987
Equity Securities				
Common Shares				
SM		21,047	P	12,080,978
BDO		105,051		11,986,319
BPI		116,840		10,971,276
SMPH		534,580		9,836,272
GLO		3,253		5,497,570
ALI		369,673		5,389,832
TEL		3,845		4,417,905
URC		67,210		4,160,299
JFC		32,080		4,070,952
ICT		2,650		1,994,125
MER		2,960		1,688,680
AEV		35,410		1,126,038
MBT		15,312		972,312
AC		1,235		539,201
			P	74,731,759

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
MAY 31, 2026

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Preferred Shares</i>			
ACPB3	10,000	P 19,900,000	
ACPAR	6,000	14,964,000	
ACPB4	2,500	4,925,000	P 39,789,000
Unit Investment Trust Fund (UITF)			
IWDA.ETF	3,791	P 33,638,576	
STF UITF	157,706	28,732,577	
AGGG.ETF	32,927	8,963,646	
PIMINIA	6,357	7,904,659	
BPI USSTIF	230	5,082,031	
ISAC.ETF	447	3,357,924	
BGWD2U	232	2,540,852	
JPAEDQD	2,061	2,226,997	
STF UITF (USD)	53	1,166,568	
GDX.ETF	177	975,569	P 94,589,399
Totals for BPI Trust Account (FEU)		P 426,890,024	

Bank of the Philippine Islands (BPI) Trust Account:

Government Securities

RTB5-18	P 109,500,000	P 109,238,805
TBILL 911-TX	106,600,000	106,264,639
RTB5-16	50,000,000	49,727,836
FXT25-8	37,900,000	40,468,731
ROP	32,142,857	35,957,593
FXT2025	30,000,000	32,973,916
FXT1068	30,300,000	30,844,570
FXT13-01	20,000,000	19,200,823
FXT2014	18,300,000	18,715,356
FXT1069	18,000,000	17,976,452
FXT7-67	17,000,000	17,019,711
FXT25-6	13,100,000	14,802,532
FXT10-71	12,200,000	12,069,377
RDB-BOND	9,943,182	11,168,166
FXT7-68	10,000,000	10,102,621
FXT5-78	10,000,000	9,949,031
FXT7-70	10,000,000	9,900,659
RTB5-19	10,000,000	9,788,064
FXT1067	8,180,000	7,577,735
FXT15-1	5,000,000	5,017,237
FXT7-65	5,000,000	4,791,624
FXT10-73	3,000,000	2,907,788
FXT2023	2,300,000	2,266,957
FXT25-7	350,000	371,984

Corporate Bonds

BPI-BOND	109,900,000	109,653,536
BPI-NOTES	79,463,182	83,809,334
FLI-BND	57,800,000	57,905,627
SMPH-BOND	54,000,000	52,996,015
SECB-NOTE	39,705,882	42,308,492
RCB-\$BOND	21,515,758	22,071,158
AEV BOND	21,800,000	21,502,406
MBT-NOTE	17,582,933	18,731,615
ACEN-BOND	13,800,000	13,722,181
MPTC-BOND	13,200,000	12,662,867
JFC-\$BOND	11,474,032	12,474,121
ALI BOND	10,400,000	10,001,141
FDC-BOND	8,800,000	8,801,751
AP-BOND	8,069,845	4,824,883
CLI-BOND	5,000,000	4,706,341
CNVRG-BND	3,800,000	3,778,206
ALI -BOND	3,400,000	3,337,236
RLC BOND 2027	2,200,000	2,194,765
SMCGP-BND	8,069,845	1,792,018
ROCK-BOND	1,600,000	1,555,432
AC-BOND	1,400,000	1,355,158
SMIC-BOND 3.81704%	1,300,000	1,287,977
BPI-NOTES	28,164,254	30,584,835
SMPH-BOND	23,100,000	23,100,000
TFS-NOTE	9,000,000	9,000,000
EDC-BOND	6,480,000	6,480,000

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
MAY 31, 2026

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>		<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
Equity Securities				
<i>Common Shares</i>				
BDO	193,672	P	22,950,251	
SM	38,845		22,918,550	
BPI	214,952		20,635,392	
SMPH	972,800		17,607,680	
MBT	197,140		12,814,100	
ALI	731,920		10,832,416	
URC	144,600		8,965,200	
TEL	7,090		8,011,700	
JFC	58,940		7,927,430	
JGS	295,700		7,836,050	
AC	18,260		7,632,680	
GTCAP	15,930		6,663,900	
ICT	12,900		3,586,700	
GLO	5,934		2,465,502	
MER	7,750		2,257,200	
AEV	59,240		1,948,996	
 <i>Bank of the Philippine Islands (BPI) Trust Account:</i>				
<i>Preferred Shares</i>				
ACPB3	10,000	P	19,870,000	
ACPAR	8,000		19,840,000	
ACPB4	2,500		4,877,500	
ACENB	3,000		3,117,000	
<i>Mutual Funds</i>				
IWDA.ETF	4,200	P	36,821,895	
PIMINIA	11,622		23,147,392	
AGGG.ETF	37,843		10,204,234	
JPAEDQD	3,638		3,821,412	
ISAC.EFT	347		2,573,981	
MERNEDU	1,347		2,420,911	
GDX.ETF	174		805,553	
<i>Unit Investment Trust Fund (UITF)</i>				
STF UITF	418,550	P	57,624,211	
BPI USSTF	1,299		50,739,944	
US-TBILL			53,498,212	
Totals for BPI Trust Account (EACCI)		P	1,594,155,290	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
MAY 31, 2026

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Banco De Oro (BDO) Trust Account:</i>			
Government Securities			
RETAIL TREASURY BOND (R5-15) IMA	80,235,500		79,631,924
ROP 33 (USD)	1,090,000		66,995,477
ROP 28N (USD)	950,000		58,869,754
FXTN 20-17 (TX) IMA-FVOCI	50,000,000		51,140,774
RETAIL TREASURY BOND (R5-17) IMA	46,200,000		45,609,473
RETAIL TREASURY BOND (R5-19) IMA	46,718,111		45,084,095
US T-BILL IMA-TX	500,000		30,662,335
FXTN 7-70 (IMA-TX) - FVOCI	21,300,000		20,746,787
FXTN 10-63 (TX) IMA	18,000,000		17,889,651
FXTN 10-64 (IMA-TX)	14,600,000		14,575,184
ROP 30 VTA-TX (USD)	200,000		12,274,148
FXTN 07-71 IMA-TX	12,000,000		11,520,429
FXTN 07-69 (TX) IMA	11,800,000		11,379,930
FXTN 10-71 (TX) IMA-FVOCI	10,000,000		9,620,199
ROP 27N (USD)	130,000		8,117,593
FXTN 7-67 (IMA-TX) - FVOCI	7,600,000		7,507,622
RETAIL TREASURY BOND 10-05 (TX-IMA)	1,000,000		994,104
FXTN 20-14 (TX-IMA)	200,000		203,496
Corporate Bonds			
AEV Fixed Rate Bonds (IMA-TX)	P 5,200,000	P	5,196,974
Converge ICT Solutions FRB (IMA-TX)	4,900,000		4,898,408
Robinsons Land Corp FRB (IMA-TX)	2,600,000		3,697,846
ALI Fixed Rate Bonds (IMA-TX)	3,000,000		2,995,272
BDO Fixed Rate ASEAN Bonds IMA	2,500,000		2,498,540
BPI Sigla Bonds Due 2028 (IM)	1,800,000		1,798,949
Aboitiz Power Corp Bonds (IMA-TX)	1,000,000		998,692
Ayala Land Inc FRB (IMA-TXT) HT	600,000		599,054
<i>Banco De Oro (BDO) Trust Account (continuation):</i>			
Equity Securities			
Common Shares			
ICT	44,240	P	33,290,600
SM	21,638		12,420,212
BDO	100,193		11,432,021
RCR	1,462,770		10,473,433
BPI	96,568		9,067,735
SMPH	452,725		8,330,140
MER	12,510		7,136,955
AREIT	170,970		6,471,215
MREIT	411,300		5,675,940
MBT	86,413		5,487,226
AC	10,574		4,616,608
RRHI	88,300		4,075,045
TEL	2,792		3,208,008
ALI	218,221		3,181,662
JFC	23,825		3,023,393
AEV	82,510		2,623,818
URC	39,236		2,428,708
GLOPP	1,200		2,426,400
GLO	1,330		2,247,700
JGS	66,120		1,844,748
RLC	109,540		1,785,502
AP	40,600		1,745,800
PGOLD	33,340		1,500,300
GTCAP	2,659		1,276,320
MWC	19,500		761,475
CNVRG	69,120		760,320
FILRT	175,500		510,705
MONDE	50,000		354,000
ACEN	72,792		240,214

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
MAY 31, 2026

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Preferred Shares</i>			
DD	49,000	P	4,625,600
<i>UITF</i>			
BDO Global Equity Index Feeder Fund (BDO GEIFF)	3,644	P	54,092,962
BDO DOLLAR MONEY MARKET FUND	1,616		16,412,198
BDO US Equity Index Feeder Fund (BDO USEIFF)	708		8,889,312
BDO-TRUST & INV	3,370		6,500,000
BDO Global EM Equity Index Feeder Fund (BDO GEMEIFF)	52		572,172
Totals for BDO Trust Account (FEU)		P	754,995,157
<i>Banco De Oro (BDO) Trust Account:</i>			
<i>Government Securities</i>			
RETAIL TREAS BOND (R5-19) TX IMA	P 100,000,000	P	97,879,470
RETAIL TREAS BOND (R5-15) TX IMA	97,150,000		96,608,817
RETAIL TREAS BOND (R5-17) TXIVOCI	94,800,000		94,491,502
FXTN 7-70 (IMA-TX)	74,600,000		73,858,641
FXTN 03-30 (IMA-TX)	70,700,000		70,770,604
RETAIL TREAS BOND (R5-16) TX IMA	65,000,000		64,645,446
FXTN 7-68 (IMA-TX)	50,000,000		50,513,307
FXTN 7-71 (IMA-TX)	35,000,000		34,315,282
FXTM 20-17 (IMA-TX)	19,900,000		20,742,340
FXTN 10-63 (IMA-TX)	18,000,000		17,976,430
FXTN 10-71 (IMA-TX)	15,000,000		14,839,334
FXTN 10-64 (IMA-TX)	7,200,000		7,274,231
FXTN 10-69 (IMA-TX)	3,000,000		2,996,071
RETAIL TREASURY BOND 15-1 (TX-IMA)	2,540,000		2,543,165
FXTM 7-65 (IMA-TX)	2,450,000		2,347,777
<i>Corporate Bonds</i>			
Aboitiz Power Corp Bonds (TX-I)	P 35,100,000	P	35,055,950
Aboitiz Equity Ventures (TXI)	15,800,000		15,791,073
Converge ICT Solutions FRB	5,900,000		5,898,153
SMC Series J Bonds	4,400,000		4,391,737
Ayala Land Corp Bond Trnche2 (I)	900,000		898,640
Ayala Corp. Fixed Rate Bond (TX)	800,000		798,498
ROP 28N (USD)	1,261,000		77,769,572
ROP 33 (USD)	1,260,000		77,354,576
ROP 27N (USD)	1,023,000		63,500,055
US Treasury Bill IMA-FVOCI	665,000		40,751,314
BDO FIXED RATE ASEAN BONDS IMA	4,300,000		4,222,068
BPI SIGLA BONDS DUE 2028 (IMA-	3,000,000		2,959,384
<i>Equity Securities</i>			
<i>Common Shares</i>			
INT	47,325	P	42,119,250
BDO	93,007		11,021,330
BPI	104,558		10,037,568
FILINVEST REIT	2,753,400		8,122,530
AREIT	128,420		4,796,487
AYA C	11,255		4,704,590
AYA L	247,270		3,659,596
CITI	780,000		2,730,000
GLO	1,255		2,381,990
GTCAP	4,699		2,279,015
GLO - PS	900		1,799,100
AEV	44,640		1,468,656
APC	25,000		1,023,750
JGS	36,260		960,890
CONV	70,820		716,698
AC EC	134,095		404,967

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
MAY 31, 2026

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
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Banco De Oro (BDO) Trust Account:

SMI	22,140	P	13,062,600
SMPH	465,110		8,418,491
MEC	13,693		7,805,010
MBT	80,194		5,212,610
MREIT	288,400		4,020,296
JFC	25,180		3,386,710
ROB R	62,460		2,948,112
PLD	2,585		2,921,050
RL COM	374,140		2,690,067
URC	40,820		2,530,840
MNC	242,970		1,751,814
MEG	346,880		721,510
ROB L	39,524		650,565
UITF			
BDO-TRUST & INV	1,395	P	2,700,000
BDO-TRUST & INV (USD)	3,211		44,735,484
Totals for BDO Trust Account (EACCI)		P	1,182,975,010

HSBC Account:

UITF			
SEI GBL MSTR FD PLC - GBL EQTY USD	58,896	P	115,424,988
SEI GBL MSTR FD PLC - US CORE FX INC	51,307		69,899,483
SEI GBL MSTR FD PLC - GBL OPP FX INC USD	25,799		35,020,339
SEI GBL MSTR FD PLC - GBL FX INC FD USD	30,830		34,880,828
PIMCO INCOME E USD MCSH	53,476		31,256,102
VINTAGE 2018 CARLYLE LP A USD	500,000		26,205,929
SEI GBL MSTR FD PLC - GBL MGD VOL FD USD H	17,370		24,766,467
SEI GBL MSTR FD PLC - SML CAP SEL FD	26,329		24,178,025
SEI GBL MSTR FD PLC - EMRG MKTS EQTY USD	4,706		20,249,999
SEI GBL MSTR FD PLC - HGH YLD FX INC USD	4,085		15,838,423
SEI GBL MSTR FD PLC - EMRG MKTS DBT FD USD	6,741		15,802,275
SCHRODER ISF GLOBAL CREDIT INCOME A USD MCS	2,901		15,309,376
AB SICAV I LOW VOLATILITY EQ AD	8,576		14,103,370
HSBC DIVERSIFIED LOAN SCSP RAIF A USD	500,000		1,620,348
Totals for HSBC Account (FEU)		P	444,555,952

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
MAY 31, 2026

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Other Investment Accounts</i>			
Equity Securities (BPI Securities)			
<i>Commons Shares</i>			
CEU	2,727,608	P 46,205,680	
FILRT	685,000	1,993,350	
IPO	2,800	19,740	
PHN	1,000	13,000	
Total		P 48,231,770	
UITF (BPI)			
AB SICAV I-LOW VOL EQ-AD USD	19,175	P 31,535,490	
JAN HND BAL A USD IN	34,095	31,375,553	
BPI SHORT TERM UITF (owned by FRC)	9,756	1,767,932	
BPI SHORT TERM UITF	1,122	204,416	
BPI US DOLLAR SHORT TERM FUND (owned by FRC)	529	11,473,082	
Total		P 76,356,474	
Corporate Bonds (BPI)			
RCBC -BOND (owned by FRC)	650,000	P 40,303,959	
US-TBILL USD (owned by FRC)	2,835,000	171,381,944	
ACPM Callable (owned by FRC)	500,000	26,834,370	
US-TNOTE (owned by FRC)	700,000	42,590,043	
SMIC-\$BND (owned by FRC)	1,000,000	61,606,369	
RTB5-18 (owned by FRC)	5,000,000	5,000,000	
ACPM	200,000	12,318,000	
BPI Notes(owned by FRC)	200,000	12,109,762	
JFC-BOND (owned by FRC)	200,000	12,174,748	
Total		P 384,319,195	
Others			
Club Share - Anvaya Cove Beach and Nature Club	1	4,000,000	
Club Share - Spa and Lodge at Tagaytay Highlands	1	1,100,000	
Club Share - Tagaytay Highlands The Country Club	1	500,000	
Total		P 5,600,000	
Grand Totals		P 4,918,078,871	P 255,895,589

Note:

The financial assets in this schedule is presented in the 2026 consolidated statement of financial position as follows.

Financial assets at fair value through profit or loss	P 1,567,584,784
Financial assets at fair value through other comprehensive income	3,183,493,467
Investment securities at amortized cost	167,000,620
	P 4,918,078,871

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
MAY 31, 2026

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
Administrative managers and supervisors	P 10,814,678	P 36,442,398	(P 34,666,710)	P -	P 12,590,366.17	P -	P 12,590,366.17
Administrative Rank and file	4,865,467.04	2,197,562.50	(3,188,096.20)	-	3,874,933.34	-	3,874,933.34
Teaching personnel	3,126,529	6,555,135	(6,659,891)	-	3,021,773	-	3,021,773
	P 18,806,674	P 45,195,096	(P 44,514,698)	P -	P 19,487,072	P -	P 19,487,072
Other advances to officers and employees, (including balances of subsidiaries)							21,872,775
TOTAL							P 41,359,848

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
MAY 31, 2026

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
FEU							
Reimbursement of expenses	P 163,300,218	-	(P 25,743,815)	P -	P 137,556,403	P -	P 137,556,403
Rental receivable	8,833,147	143,977,737	(147,308,366)	-	5,502,518	-	5,502,518
Dividend receivables	-	223,912,231	(223,912,231)	-	-	-	-
	<u>P 172,133,365</u>	<u>P 367,889,968</u>	<u>(P 396,964,412)</u>	<u>P -</u>	<u>P 143,058,921</u>	<u>P -</u>	<u>P 143,058,921</u>
FRC							
Rental receivable	<u>P 61,887,433</u>	<u>-</u>	<u>(P 54,641,263)</u>	<u>P -</u>	<u>P 7,246,170</u>	<u>P -</u>	<u>P 7,246,170</u>
FECSI							
Reimbursement of expenses	<u>P 5,095,740</u>	<u>P -</u>	<u>(P 838,061)</u>	<u>P -</u>	<u>P 4,257,679</u>	<u>P -</u>	<u>P 4,257,679</u>
EACCI							
Reimbursement of expenses	<u>P 7,276,685</u>	<u>P 3,826,322</u>	<u>-</u>	<u>P -</u>	<u>P 11,103,007</u>	<u>P -</u>	<u>P 11,103,007</u>
FEU High							
Interest-bearing loans to FEU	P -	P 110,000,000	-	P -	P 110,000,000	P -	P 110,000,000
Collections from students	<u>110,000</u>	<u>204,624</u>	<u>-</u>	<u>-</u>	<u>314,624</u>	<u>-</u>	<u>314,624</u>
	<u>P 110,000</u>	<u>P 110,204,624</u>	<u>-</u>	<u>-</u>	<u>P 110,314,624</u>	<u>-</u>	<u>P 110,314,624</u>
FEUAI							
Interest-bearing loans to FEU	P -	P 50,000,000	-	P -	P 50,000,000	P -	P 50,000,000
Reimbursement of expenses	<u>240,956</u>	<u>690,618</u>	<u>-</u>	<u>-</u>	<u>931,574</u>	<u>-</u>	<u>931,574</u>
	<u>P 240,956</u>	<u>P 50,690,618</u>	<u>-</u>	<u>-</u>	<u>P 50,931,574</u>	<u>-</u>	<u>P 50,931,574</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule D - Intangible Assets / Other Assets
MAY 31, 2026

Description	Balance at Beginning of Period	Additions (Disposals or Deductions) at Cost	Deductions		Other Changes	Balance at End of Period
			Charged to Cost and Expenses	Charged to Other Accounts	Additions (Deductions)	
<i>Intangible Asset</i>						
Goodwill	P 186,487,019	P -	P -	P -	P -	P 186,487,019
<i>Other Current Assets</i>						
Real estate held-for-sale	P 123,437,126	(P 20,117,400)	P -	P -	P -	P 103,319,726
Short-term investments	109,863,728	296,528,150	-	-	-	406,391,878
Prepaid expenses	131,874,895	10,187,612	-	-	-	142,062,507
Inventories	47,906,598	(11,115,353)	-	-	-	36,791,245
Input value-added tax (VAT) - net	2,233,498	961,844	-	-	-	3,195,342
Others	24,183,443	43,303,794	-	-	-	67,487,237
	<u>P 439,499,288</u>	<u>P 319,748,647</u>	<u>P -</u>	<u>-</u>	<u>P -</u>	<u>P 759,247,935</u>
<i>Other Non-current Assets</i>						
Advances to developers and suppliers	P 468,540,785	P 42,010,389	P -	-	P -	P 510,551,174
Refundable deposits	21,379,585	205,562	-	-	-	21,585,147
Others	5,212,026	39,640,379	-	-	-	44,852,405
	<u>P 495,132,396</u>	<u>P 81,856,330</u>	<u>P -</u>	<u>-</u>	<u>P -</u>	<u>P 576,988,726</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule E - Long Term Debt
MAY 31, 2026

<i>Title of Issue and Type of Obligation</i>		<i>Amount Authorized by Indenture</i>	<i>Amount Shown Under Caption "Current Portion of Long Term Debt" in Related Balance Sheet</i>	<i>Amount Shown Under Caption "Long Term Debt" in Related Balance Sheet</i>
Term Loan				
PN 800050201994 (Interest-bearing loan)	P	542,857,143	P 103,401,361	P 25,850,340
PN 800050203813 (Interest-bearing loan)		500,000,000	95,238,095	23,809,524
PN 800050196305 (Interest-bearing loan)		425,000,000	80,952,381	20,238,095
PN 800050197641 (Interest-bearing loan)		150,000,000	28,571,429	7,142,857
PN 800050199879 (Interest-bearing loan)		120,000,000	22,857,142	5,714,286
PN 800050196532 (Interest-bearing loan)		300,000,000	57,142,857	14,285,714
PN 800050197816 (Interest-bearing loan)		100,000,000	19,047,618	4,761,906
PN 800050487218 (Interest-bearing loan)*		100,000,000	-	100,000,000
PN 800050486959 (Interest-bearing loan)**		100,000,000	-	100,000,000
PN 800050203487 (Interest-bearing loan)		50,000,000	9,523,810	2,380,952
PN 800050203756 (Interest-bearing loan)		50,000,000	9,523,810	2,380,952
PN 800050543371 (Interest-bearing loan)		50,000,000	-	50,000,000
PN 800050564377 (Interest-bearing loan)		50,000,000	-	50,000,000
SUB TOTAL - TERM LOAN			P 426,258,503	P 406,564,626
Credit Line				
PN NO. 37002933 (Interest-bearing loan)		100,000,000	100,000,000	-
SUB TOTAL - CREDIT LINE			P 100,000,000	-
GRAND TOTAL			P 526,258,503	P 406,564,626

*Note 1 : FEU availment of a NEW Term Loan , initial installment payment by Nov 2028 (2 years Grace period)

*Note 2 : RCI's availment of a NEW Term Loan , initial installment payment by Nov 2027 (2.5 years Grace period)

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule F - Indebtedness to Related Parties
MAY 31, 2026

<i>Name of Related Party</i>	<i>Balance at Beginning of Year</i>	<i>Balance at End of Year</i>
------------------------------	---	-----------------------------------

-- Nothing to report --

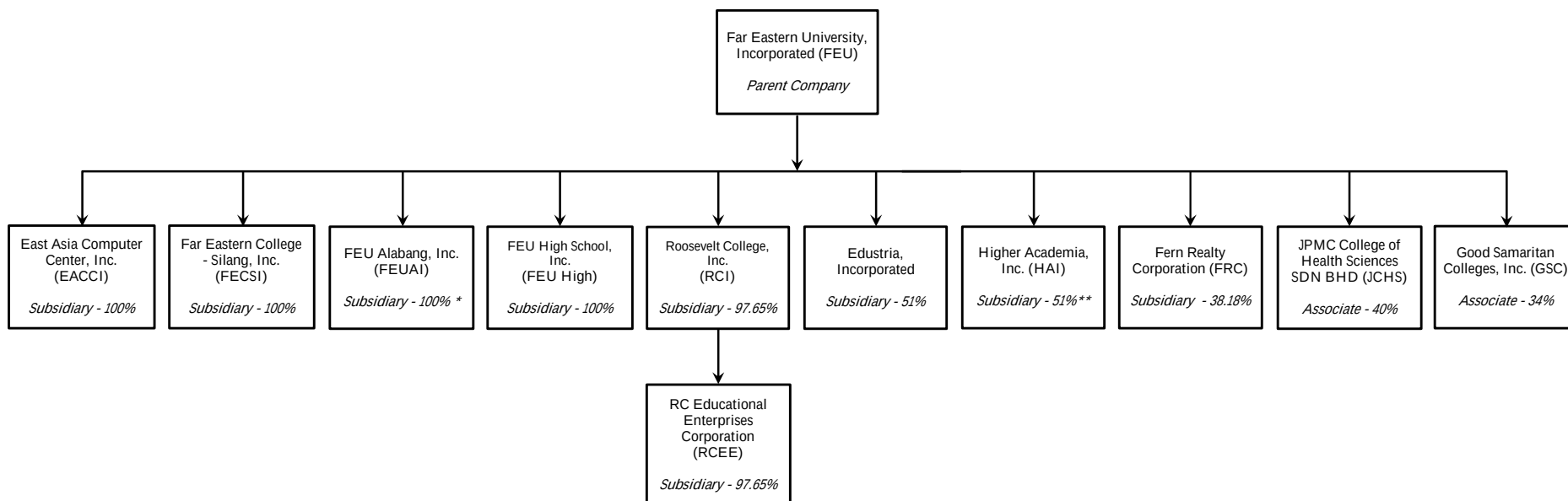
FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule H - Capital Stock
MAY 31, 2026

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and Other Rights</i>	<i>Number of Shares Held by Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares - P100 par value	50,000,000	24,055,763	-	14,634,096	729,801	8,691,866

FAR EASTERN UNIVERSITY, INCORPORATED
Nicanor Reyest St., Sampaloc, Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
MAY 31, 2026

Unappropriated Retained Earnings at Beginning of Year		P	3,714,099,072
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings			
Reversal of Retained Earning Appropriation/s	1,187,733,100		
Effect of restatements or prior-period adjustments	-		
Others	-		1,187,733,100
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings			
Dividend declaration during the reporting period	(721,672,890)		
Retained Earnings appropriated during the reporting period	(733,733,100)		
Effect of restatements or prior-period adjustments	-		
Others	-		(1,455,405,990)
Unappropriated Retained Earnings at Beginning of Year, as adjusted			3,446,426,182
Add/ Less: Net Income (Loss) for the Current Year			852,960,785
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)			
Equity in net income of associate/joint venture, net of dividends declared	-		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(77,094,007)		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(48,505,044)		
Unrealized fair value gain of investment property	-		
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS	-		
Sub-total			(125,599,051)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)			
Realized foreign exchange gain, except those attributable to cash and cash equivalents	40,517,046		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-		
Realized fair value gain of investment property	-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-		
Sub-total			40,517,046
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-		
Reversal of previously recorded fair value adjustment (mark-to-market loss) of financial instrument at FVTPL	32,871,634		
Reversal of previously recorded fair value gain of investment property	-		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-		
Sub-total			32,871,634
Adjusted Net Income/ Loss			4,247,176,596
Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)			
Depreciation on revaluation increment (after tax)	-		
Sub-total			-
Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others	-		
Sub-total			-
Add/ Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of treasury shares (except for reacquisition of redeemable shares)	-		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(8,864,762)		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others	-		
Sub-total			(8,864,762)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		P	<u>4,238,311,834</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Map Showing the Relationships Between and Among the University and Its Related Parties
MAY 31, 2026



Notes:

Percentages indicated pertain to FEU's effective ownership over the respective related parties, which are also disclosed in the consolidated financial statements.

* 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, 2026 and 2025, the University's effective ownership in FEUAI remains at 100%.

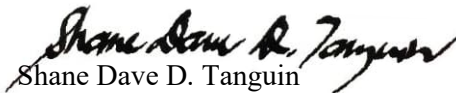
** Effective July 1, 2025, the University subscribed to additional equity investment that resulted in total ownership of 51%. Prior to the additional subscription, HAI was classified and accounted for as a joint venture.

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Trustees
Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes Street
Sampaloc, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Far Eastern University, Incorporated and Subsidiaries (the Group) as at and for the years ended May 31, 2026 and 2025, and have issued our report thereon dated August 18, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at May 31, 2026 and 2025 and for the years ended May 31, 2026 and 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Shane Dave D. Tanguin
Partner

CPA Certificate No. 0115818

Tax Identification No. 242-153-393

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115818-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

BIR Accreditation No. 08-001998-157-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10765136, January 2, 2026, Makati City

August 18, 2026



FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
For the Years Ended May 31, 2026 and 2025
(With Comparative Figures as at May 31, 2024)

Indicators	Formula	Ratios / Percentages / Amounts			
		2026	2025	2024	
Current ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	2.46	2.44	1.88	
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Trade and other receivables} - \text{net} + \text{Investments}}{\text{Total Current Liabilities}}$	2.33	2.31	1.79	
Debt-to-asset ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.16	0.17	0.21	
Equity-to-asset ratio	$\frac{\text{Total Equity}}{\text{Total Assets}}$	0.84	0.83	0.79	
Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	0.19	0.21	0.26	
Assets-to-equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.19	1.21	1.26	
Interest coverage ratio	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$	42.48	28.44	21.04	
Return on equity	$\frac{\text{Net Profit}}{\text{Total Equity}}$	12%	14%	14%	
Return on assets	$\frac{\text{Net Profit}}{\text{Total Assets}}$	10%	11%	11%	
Earnings per share	$\frac{\text{Net Profit}}{\text{Average outstanding shares}}$	P 80.43	P 85.94	P 81.13	

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended May 31, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Total Audit Fees	P 5,051,200	P 4,595,360
Non-audit service fees:		
Other assurance service	-	774,500
Tax service	-	-
All other service	-	-
Total Non-Audit Fees	<u>-</u>	<u>774,500</u>
Total Audit and Non-audit Fees	<u>P 5,051,200</u>	<u>P 5,369,860</u>

BUREAU OF INTERNAL REVENUE
AFS eSUBMISSION







Adrian Chris Arevalo
Feuregulatory

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Profile

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Transactions

Sign Out

File Upload



All files successfully uploaded

Transaction Code:
AFS-0-3RV2SRS20TMTVN4TPWYSW4NT0423ZNSPQ

Submission Date/Time:
Sep 09, 2026 10:03 AM

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FAR EASTERN UNIVERSITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

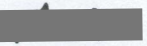
The management of **Far Eastern University, Incorporated (the University)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended May 31, 2026, 2025 and 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative to do so.

The Board of Trustees is responsible for overseeing the University's financial reporting process.

The Board of Trustees reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended May 31, 2026 and 2025, and Punongbayan & Araullo, the independent auditors appointed for the year ended May 31, 2024, audited the financial statements of **Far Eastern University, Incorporated** in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


AURELIO R. MONTINOLA III
Chairman of the Board and
Chief Executive Officer


JUAN MIGUEL R. MONTINOLA
President and Chief Operating Officer


ROSANNA E. SALCEDO
Chief Finance Officer and Treasurer

Signed this 18th day of August, 2026.

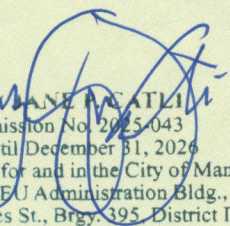
AUG 28 2026

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III		Philippines
Juan Miguel R. Montinola		Philippines
Rosanna E. Salcedo		Philippines

Doc. No. 339
Page No. 69
Book No. 11
Series of 2026

NOTARY PUBLIC


FELICIANO CATILI
Commission No. 2025-043
valid until December 31, 2026
Notary Public for and in the City of Manila
Rm. 310, FEU Administration Bldg.,
Nicanor Reyes St., Brgy. 395, District IV
Sampaloc, Manila
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
MCLE Compliance No. VIII-0003078, 06.30.2023
PTR No. 0385170, 01.08.2026, Manila
TIN-340-171-698
felvianecatlil4@gmail.com

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

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C	R	M	D
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	N	A	
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COMPANY INFORMATION

corpsec@feu.edu.ph

(02) 8735 8686

0995 252 6376

1,529

10/18

05/31

CONTACT PERSON INFORMATION	
NAME	_____
PHONE	_____
EMAIL	_____
ADDRESS	_____
CITY	_____
STATE	_____
ZIP	_____

The designated contact person **MUST** be an Officer of the Corporation

Atty. Anthony Raymond A. Goquingco

corpsecgroup@feu.edu.ph

	N/A
--	-----

0960 504 3941

CONTACT PERSON'S ADDRESS	
NAME	ADDRESS
TELEPHONE	CITY
TELETYPE	STATE
TELEX	ZIP
TELEFAX	

--

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Trustees
Far Eastern University, Incorporated
Nicanor Reyes Street
Sampaloc, Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Far Eastern University, Incorporated (the University), which comprise the parent company statements of financial position as at May 31, 2026 and 2025, and the parent company statements of profit and loss, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statement, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the University as at May 31, 2026 and 2025, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the University in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of the parent company financial statements of public interest entities in the Philippines and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the University as at and for the year ended May 31, 2024, which are presented for comparative purposes, were audited by another auditor who expressed an unqualified opinion on these statements on August 20, 2024.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the parent company financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



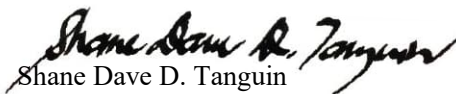
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 31 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the parent company financial statements. Such information is the responsibility of the management of Far Eastern University, Incorporated. The information has been subjected to the auditing procedures applied in our audit of the parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the parent company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Shane Dave D. Tanguin.

SYCIP GORRES VELAYO & CO.



Shane Dave D. Tanguin

Partner

CPA Certificate No. 0115818

Tax Identification No. 242-153-393

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

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Valid to cover audit of 2026 to 2030 financial statements

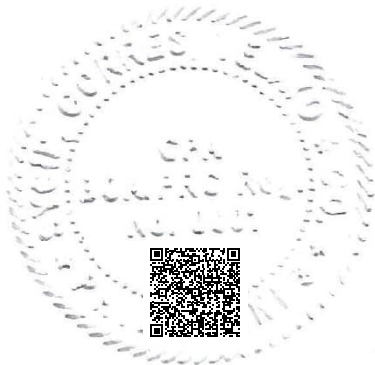
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

BIR Accreditation No. 08-001998-157-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10765136, January 2, 2026, Makati City

August 18, 2026



FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2026 and 2025
(With Comparative Figures as at May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	4	P 178,360,054	P 147,533,080	P 42,941,355
Receivables	5	653,029,945	642,112,452	669,771,646
Financial assets at fair value through profit or loss (FVTPL)	6	951,644,416	1,000,262,170	1,136,200,727
Financial assets at fair value through other comprehensive income (FVOCI)	6	156,438,963	105,798,492	64,594,433
Investment securities at amortized cost	6	19,514,343	17,145,386	29,279,056
Prepayments and other current assets	9	186,676,536	168,190,193	104,802,069
Total Current Assets		2,145,664,257	2,081,041,773	2,047,589,286
NON-CURRENT ASSETS				
Financial assets at FVOCI	6	607,021,248	640,144,904	1,000,541,187
Investment securities at amortized cost	6	15,487,392	17,782,685	18,786,927
Investments in subsidiaries, associates and joint venture	7	3,021,177,241	2,984,248,641	2,984,183,828
Investment properties	8	1,267,302,593	1,292,653,367	1,297,843,260
Property and equipment	10	2,973,388,641	2,929,690,198	3,254,938,691
Deferred tax assets - net	21	-	1,800,943	1,664,553
Other non-current assets		52,868,716	49,379,000	14,535,916
Total Non-current Assets		7,937,245,831	7,915,699,738	8,572,494,362
TOTAL ASSETS		P 10,082,910,088	P 9,996,741,511	P 10,620,083,648
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	12	P 1,045,712,721	P 1,021,022,242	P 1,131,332,793
Interest-bearing loan	13	431,020,408	431,020,408	331,020,408
Unearned tuition fees	15	43,499,190	42,624,918	27,619,048
Loans from related parties	20	170,000,000	-	-
Income tax payable		17,043,448	-	418,412
Total Current Liabilities		1,707,275,767	1,494,667,568	1,490,390,661
NON-CURRENT LIABILITIES				
Interest-bearing loans	13	182,755,102	413,775,510	744,795,918
Lease liabilities	11	664,336,070	696,246,054	1,185,428,533
Deferred tax liabilities - net	21	14,063,540	-	-
Total Non-current Liabilities		861,154,712	1,110,021,564	1,930,224,451
Total Liabilities		2,568,430,479	2,604,689,132	3,420,615,112
EQUITY				
Capital stock	23	2,409,309,400	2,409,309,400	2,409,309,400
Treasury stock - at cost	23	(3,733,100)	(3,733,100)	(3,733,100)
Revaluation reserves	6	4,195,505	13,056,170	(18,109,850)
Retained earnings	23			
Appropriated		733,733,100	1,187,733,100	2,172,733,100
Unappropriated		4,370,974,704	3,785,686,809	2,639,268,986
Total Equity		7,514,479,609	7,392,052,379	7,199,468,536
TOTAL LIABILITIES AND EQUITY		P 10,082,910,088	P 9,996,741,511	P 10,620,083,648

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
EDUCATIONAL REVENUES				
Tuition fees - net	15	P 2,762,298,903	P 2,782,661,697	P 2,763,852,230
Other school fees	15	<u>61,420,269</u>	<u>58,849,665</u>	<u>63,408,359</u>
		2,823,719,172	2,841,511,362	2,827,260,589
IMPAIRMENT LOSS - NET	5	(17,740,209)	(3,563,870)	(6,846,081)
OTHER OPERATING EXPENSES	16	(2,374,240,523)	(2,118,107,277)	(2,052,370,803)
OTHER OPERATING INCOME	8, 20	<u>64,595,041</u>	<u>55,153,879</u>	<u>52,964,470</u>
OPERATING INCOME		496,333,481	774,994,094	821,008,175
FINANCE INCOME	17	436,443,434	255,038,753	422,556,152
FINANCE COSTS	17	(107,370,033)	(203,421,761)	(219,557,923)
OTHER INCOME - NET	18	<u>106,160,379</u>	<u>191,280,261</u>	<u>104,181,098</u>
INCOME BEFORE TAX		931,567,261	1,017,891,347	1,128,187,502
TAX EXPENSE	21	(<u>78,606,476</u>)	(<u>86,689,108</u>)	(<u>77,973,757</u>)
NET INCOME		<u>P 852,960,785</u>	<u>P 931,202,239</u>	<u>P 1,050,213,745</u>
Earnings Per Share				
Basic and Diluted	24	<u>P 35.46</u>	<u>P 38.71</u>	<u>P 43.66</u>

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	<u>Note</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
NET INCOME		P 852,960,785	P 931,202,239	P 1,050,213,745
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value gains (losses) during the year	6	(16,851,196)	18,637,226	(23,419,431)
Net fair value losses (gains) reclassified to profit or loss on debt securities classified as FVOCI	6	(230,780)	(2,065,112)	2,827,751
Tax income (expense)		<u>1,708,198</u>	(<u>165,721</u>)	<u>205,917</u>
		(<u>15,373,778</u>)	<u>16,406,393</u>	(<u>20,385,763</u>)
Items that will not be reclassified subsequently to profit or loss				
Net fair value gains (losses) on equity securities classified as financial assets at FVOCI	6	7,236,792	14,908,714	6,640,692
Tax income (expense)		(<u>723,679</u>)	(<u>149,087</u>)	(<u>66,407</u>)
		<u>6,513,113</u>	<u>14,759,627</u>	<u>6,574,285</u>
Other Comprehensive Income (Loss)		(<u>8,860,665</u>)	<u>31,166,020</u>	(<u>13,811,478</u>)
TOTAL COMPREHENSIVE INCOME		<u>P 844,100,120</u>	<u>P 962,368,259</u>	<u>P 1,036,402,267</u>

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	Capital Stock (See Note 23)	Treasury Stock - at Cost (See Note 23)	Revaluation Reserves (See Note 6)	Retained Earnings (See Note 23)			Total Equity
				Appropriated	Unappropriated	Total	
Balance at June 1, 2025	P 2,409,309,400	(P 3,733,100)	P 13,056,170	P 1,187,733,100	P 3,785,686,809	P 4,973,419,909	P 7,392,052,379
Transaction with owners -							
Cash dividends	-	-	-	-	(721,672,890)	(721,672,890)	(721,672,890)
Appropriations of retained earnings -							
Appropriations during the year	-	-	-	733,733,100	(733,733,100)	-	-
Reversal of appropriations during the year	-	-	-	(1,187,733,100)	1,187,733,100	-	-
	-	-	-	(454,000,000)	454,000,000	-	-
Total comprehensive income (loss):							
Net income for the year	-	-	-	-	852,960,785	852,960,785	852,960,785
Other comprehensive loss - net	-	-	(8,860,665)	-	-	-	(8,860,665)
	-	-	(8,860,665)	-	852,960,785	852,960,785	844,100,120
Balance at May 31, 2026	<u>P 2,409,309,400</u>	<u>(P 3,733,100)</u>	<u>P 4,195,505</u>	<u>P 733,733,100</u>	<u>P 4,370,974,704</u>	<u>P 5,104,707,804</u>	<u>P 7,514,479,609</u>
Balance at June 1, 2024	P 2,409,309,400	(P 3,733,100)	(P 18,109,850)	P 2,172,733,100	P 2,639,268,986	P 4,812,002,086	P 7,199,468,536
Transaction with owners -							
Cash dividends	-	-	-	-	(769,784,416)	(769,784,416)	(769,784,416)
Appropriations of retained earnings -							
Appropriations during the year	-	-	-	-	-	-	-
Reversal of appropriations during the year	-	-	-	(985,000,000)	985,000,000	-	-
	-	-	-	(985,000,000)	985,000,000	-	-
Total comprehensive income:							
Net income for the year	-	-	-	-	931,202,239	931,202,239	931,202,239
Other comprehensive income - net	-	-	31,166,020	-	-	-	31,166,020
	-	-	31,166,020	-	931,202,239	931,202,239	962,368,259
Balance at May 31, 2025	<u>P 2,409,309,400</u>	<u>(P 3,733,100)</u>	<u>P 13,056,170</u>	<u>P 1,187,733,100</u>	<u>P 3,785,686,809</u>	<u>P 4,973,419,909</u>	<u>P 7,392,052,379</u>

	Capital Stock (See Note 23)	Treasury Stock - at Cost (See Note 23)	Revaluation Reserves (See Note 6)	Retained Earnings (See Note 23)			Total Equity
				Appropriated	Unappropriated	Total	
Balance at June 1, 2023	P 2,409,309,400	(P 3,733,100)	(P 4,298,372)	P 1,463,733,100	P 3,067,839,657	P 4,531,572,757	P 6,932,850,685
Transaction with owners -							
Cash dividends	-	-	-	-	(769,784,416)	(769,784,416)	(769,784,416)
Appropriations of retained earnings -							
Appropriations during the year	-	-	-	850,000,000	(850,000,000)	-	-
Reversal of appropriations during the year	-	-	-	(141,000,000)	141,000,000	-	-
	-	-	-	709,000,000	(709,000,000)	-	-
Total comprehensive income (loss):							
Net income for the year	-	-	-	-	1,050,213,745	1,050,213,745	1,050,213,745
Other comprehensive loss - net	-	-	(13,811,478)	-	-	-	(13,811,478)
	-	-	(13,811,478)	-	1,050,213,745	1,050,213,745	1,036,402,267
Balance at May 31, 2024	P 2,409,309,400	(P 3,733,100)	(P 18,109,850)	P 2,172,733,100	P 2,639,268,986	P 4,812,002,086	P 7,199,468,536

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

	Notes	2026	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		P 931,567,261	P 1,017,891,347	P 1,128,187,502
Adjustments for:				
Depreciation and amortization	16	305,433,880	301,543,492	319,426,393
Interest expense	17	96,893,226	190,849,150	205,973,791
Dividend income	7, 17	(219,252,293)	(141,889,441)	(225,074,822)
Other investment income from financial assets at FVTPL and financial assets at FVOCI - net	6, 17	(87,126,780)	(102,200,086)	(86,865,827)
Interest income	17	(42,712,519)	(56,219,796)	(73,733,944)
Unrealized foreign exchange (loss) gain - net	17	(87,351,842)	45,270,570	(36,881,559)
Reversal of accruals and other liabilities	18	(77,506,732)	(101,062,616)	(33,096,313)
Impairment loss - net	5	17,740,209	3,563,870	6,846,081
Gain on sale of property and equipment	18	(1,770,468)	(1,541,748)	-
Operating profit before working capital changes		835,913,942	1,156,204,742	1,204,781,302
Decrease (increase) in receivables		(28,657,702)	(25,904,676)	215,372,934
Decrease (increase) in prepayments and other current assets		(19,529,956)	(66,280,527)	(49,688,347)
Increase (decrease) in trade and other payables		75,077,349	(78,033,936)	38,931,324
Increase (decrease) in unearned tuition fees		874,272	15,005,870	(1,801,099)
Cash generated from operations		863,677,905	1,000,991,473	1,407,596,114
Interest received		5,839,512	3,446,199	13,302,678
Income taxes paid		(39,620,420)	(87,212,542)	(67,745,871)
Net Cash From Operating Activities		829,896,997	917,225,130	1,353,152,921
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposals and maturities of investment securities:				
Financial assets at FVOCI	6	320,913,443	975,707,324	250,138,327
Financial assets at FVTPL	6	1,128,462,610	536,971,886	1,459,334,163
Investment securities at amortized cost	6	6,000,000	16,809,000	69,409,482
Acquisition of investment securities:				
Financial assets at FVOCI	6	(323,167,197)	(594,478,715)	(408,626,735)
Financial assets at FVTPL	6	(965,273,387)	(336,138,086)	(1,354,348,823)
Investment securities at amortized cost	6	(4,900,000)	(5,000,000)	(11,900,000)
Acquisitions of property and equipment	10	(323,781,549)	(446,243,902)	(269,195,934)
Dividend received	7, 20	219,252,293	191,889,441	175,074,822
Increase in advances to suppliers and contractors		(8,524,228)	(31,982,049)	(11,139,159)
Interest received	6	69,790,938	15,518,048	23,430,711
Proceeds from disposals of property and equipment	10	1,770,468	1,666,406	-
Additional investment in a subsidiary	7	(36,928,600)	(64,813)	(235,571,594)
Additions to investment properties	8	-	-	(23,170,854)
Investment in associates and joint venture	7	-	-	(280,000,000)
Net Cash From (Used in) Investing Activities		83,614,791	324,654,540	(616,565,594)
Balance carried forward	P	913,511,788	P 1,241,879,670	P 736,587,327

	Notes	2026	2025	2024
<i>Balance brought forward</i>		P 913,511,788	P 1,241,879,670	P 736,587,327
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	22, 23	(690,664,256)	(763,390,933)	(705,219,677)
Proceeds from loans	13, 22	170,000,000	-	-
Repayment of interest-bearing loans	13, 22	(401,020,408)	(231,020,408)	(331,020,409)
Interest paid on loans payable	13, 22	(49,899,414)	(76,906,668)	(93,628,602)
Payment of lease liability	11, 22	(82,792,570)	(65,718,308)	(67,706,691)
Advances obtained from a related party	20, 22	920,000,000	545,000,000	695,000,000
Repayment of advances from a related party	20, 22	(750,000,000)	(545,000,000)	(695,000,000)
Net Cash Used in Financing Activities		(884,376,648)	(1,137,036,317)	(1,197,575,379)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		1,691,834	(251,628)	845,247
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		30,826,974	104,591,725	(460,142,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		147,533,080	42,941,355	503,084,160
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 178,360,054	P 147,533,080	P 42,941,355

See Notes to Financial Statements.

Supplementary Information on Non-cash Investing and Financing Activities:

- 1) In 2025, the University modified its lease contract resulting to an adjustment amounting to P470.0 million (see Notes 10 and 11).
- 2) The University reclassified certain property and equipment to investment properties amounting to P0.9 million in 2026 and P21.2 million and reversed certain accruals amounting to P5.0 million in 2025 (see Notes 8 and 10).
- 3) The University declared cash dividends totaling P721.7 million in 2026, P769.8 million in 2025 and 2024 and P673.6 million in 2023, of which P31.0 million in 2026, P6.4 million in 2025 and P64.6 million in 2024 were not paid in the year of declaration.
- 4) The University recognized dividend income from related parties in 2026, 2025 and 2024. The outstanding dividends amounting to P50.0 million in 2024 were collected as of May 31, 2025 (see Note 20). There were no uncollected dividends as of May 31, 2026 and 2025 (see Note 20).
- 5) In 2023, the University received an investment property from its subsidiary amounting to P23.2 million. The cost of the transferred asset remains unpaid as of May 31, 2023 (see Notes 8 and 20). This has been fully repaid by the University in 2024.

FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED MAY 31, 2026 AND 2025
(With Comparative Figures as of and for the Year Ended May 31, 2024)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Far Eastern University, Incorporated (the University or FEU) is a 98-year-old Philippine-based proprietary educational institution founded in June 1928 and registered with the Philippine Securities and Exchange Commission (SEC) on October 27, 1933. FEU was listed with the Philippine Stock Exchange (PSE) on July 11, 1986.

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

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

FEU has been designated an Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012. In September 2024, the CHED confirmed that the University has retained its Autonomous Status for the years 2024 to 2027.

On top of existing highly accredited programs by local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges and Universities, (PAASCU), FEU received institutional accreditation from the ASEAN University Network (AUN) in December 2024. This institutional recognition complements the Group's existing 20 program-level AUN-QA accreditations, which affirm the competitiveness of its core academic offerings and opens doors for wider international collaborations.

The registered office address and principal place of business of the University is located at Nicanor Reyes Street, Sampaloc, Manila. The University also has a campus in Makati, which offers programs mainly in Law, Accountancy and Business Administration.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared as the University's separate financial statements. The University also prepares consolidated financial statements as required under Philippine Financial Reporting Standards (PFRS) Accounting Standards and is available for public use.

2.1 Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the University have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The recognition and measurement bases of the accounting policies are more fully described in Note 26.

2.2 Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The University presents the statements of comprehensive income separate from the statements of profit or loss.

The University presents three comparative periods for the statements of financial position regardless whether the University has or does not have retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

These financial statements are presented in Philippine pesos, the University's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the University are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the University operates.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 University. The University 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 University's financial performance or position.

3.1 Effective in Fiscal Year 2026 that are Relevant to the University

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

PAS 21 (Amendments), *Lack of Exchangeability* (effective from January 1, 2025)

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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 2026, which are adopted by the FSRSC. Adoption of these pronouncements is not expected to have a significant impact on the University's financial statements. Management will adopt the following relevant pronouncements in accordance with their transitional provisions.

Effective beginning on or after January 1, 2026

- (i) Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments*
- (iii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*
- (iv) Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- o Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- o Amendments to PFRS 7, *Gain or Loss on Derecognition*
- o Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- o Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- o Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- (v) PFRS 7, *Insurance Contracts*
- (vi) PFRS 18, *Presentation and Disclosure in Financial Statements*

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.

- (vii) PFRS 19, *Subsidiaries without Public Accountability*
- (viii) PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred Effectivity

(ix) 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*

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

<i>(Amounts in PHP)</i>	2026	2025	2024
Cash on hand and in banks	175,940,878	147,533,080	37,595,254
Short-term placements	2,419,176	-	5,346,101
	<u>178,360,054</u>	<u>147,533,080</u>	<u>42,941,355</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate liquidity needs of the University.

Effective annual interest earned from these short-term placements made in 2026 ranges from 2.6% to 3.5%, in 2025 ranges from 5.5% to 6.4%, and in 2024 is at 5.9%.

Interest income earned from cash and cash equivalents is presented as part of Finance Income in the statements of profit or loss (see Note 17.1). The related interest receivable from short-term placements as at May 31, 2026, 2025 and 2024 is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 5).

5. RECEIVABLES

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Tuition and other school fees receivables		458,704,085	445,969,697	420,598,822
Receivables from related parties	20	171,879,116	195,604,977	261,631,148
Accrued interest	4, 6, 9	39,226,448	37,983,153	42,239,868
Advances to employees		21,167,252	20,417,454	14,350,453
Others		7,174,826	4,131,888	12,447,590
		<u>698,151,727</u>	<u>704,107,169</u>	<u>751,267,881</u>
Allowance for impairment		<u>(45,121,782)</u>	<u>(61,994,717)</u>	<u>(81,496,235)</u>
		<u>653,029,945</u>	<u>642,112,452</u>	<u>669,771,646</u>

Advances to employees is comprised of unsecured and noninterest-bearing advances given to officers and employees in the normal course of operations which are subject to liquidation within 15 days from the earlier between the release of the advances and the event to which the advances are utilized.

Others include receivables from brokers and various other receivables from third party debtors.

A reconciliation of the allowance for impairment on receivables at the beginning and end of May 31, 2026, 2025 and 2024 is presented below.

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	61,994,717	81,496,235	108,737,882
Receivables written-off during the year	(34,613,144)	(23,065,388)	(34,087,728)
Impairment losses during the year	31,040,209	3,563,870	6,846,081
Reversal of allowance	(13,300,000)	-	-
Balance at end of year	<u>45,121,782</u>	<u>61,994,717</u>	<u>81,496,235</u>

All of the University's receivables have been assessed for impairment. The University applies the PFRS 9 simplified approach in measuring expected credit losses (ECL) taking into consideration the expected loss rates determined through the assessment of credit impairment, which was observed for Tuition and other school fees that are outstanding for at least two semesters and which the student is unenrolled in the previous semester [see Note 14.2(b)].

During the years ended May 31, 2026, 2025 and 2024, tuition and other school fees receivables were assessed for impairment and corresponding impairment losses were recognized as Impairment Loss - net in the statements of profit or loss.

The breakdown of the allowance for impairment provided on receivables is as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Related parties	14.2(b)	27,608,998	40,908,998	37,345,129
Tuition and other school fees	14.2(b)	15,220,720	18,793,655	41,859,042
Others		<u>2,292,064</u>	<u>2,292,064</u>	<u>2,292,064</u>
		<u>45,121,782</u>	<u>61,994,717</u>	<u>81,496,235</u>

6. FINANCIAL ASSETS

6.1 Financial Assets at FVTPL

The types of investments classified under financial assets at FVTPL as of May 31 are shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Unit Investment Trust Funds (UITF)	688,727,454	685,051,725	745,912,925
Quoted equity securities	262,916,962	315,210,445	390,287,802
	<u>951,644,416</u>	<u>1,000,262,170</u>	<u>1,136,200,727</u>

The breakdown of financial assets at FVTPL as to currency denomination is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Foreign	653,290,460	635,051,402	683,644,926
Local	298,353,956	365,210,768	452,555,801
	<u>951,644,416</u>	<u>1,000,262,170</u>	<u>1,136,200,727</u>

An analysis of the movements in the carrying amounts of the University's investments is presented below:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Balance at beginning of year		1,000,262,170	1,136,200,727	1,148,825,052
Disposals		(1,128,462,610)	(476,627,364)	(1,428,713,898)
Additions		965,273,387	336,138,086	1,354,348,823
Fair value gains - net		53,894,493	36,524,038	36,163,045
Foreign currency gains (losses) - net	17.1	60,676,976	(31,973,317)	25,577,705
Balance at end of year		<u>951,644,416</u>	<u>1,000,262,170</u>	<u>1,136,200,727</u>

Investment income received from financial assets at FVTPL, which includes dividend income and gain or loss on disposal, has been reinvested as part of additions to financial assets at FVTPL. In 2026, 2025 and 2024, net investment income, including changes in fair values, amounted to P79.7 million, P96.9 million and P86.0 million, respectively. These are presented as Other investment income from financial assets at FVTPL under Finance Income in the statements of profit or loss (see Note 17.1).

6.2 Financial Assets at FVOCI

As of May 31, the University's financial assets at FVOCI are classified in the statements of financial position as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current	156,438,963	105,798,492	64,594,433
Non-current	607,021,248	640,144,904	1,000,541,187
	<u>763,460,211</u>	<u>745,943,396</u>	<u>1,065,135,620</u>

The types of investments classified under financial assets at FVOCI as of May 31 are shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Quoted debt securities:			
Government	643,740,425	653,900,896	1,003,013,318
Corporate	66,862,416	45,698,243	30,537,661
	<u>710,602,841</u>	<u>699,599,139</u>	<u>1,033,550,979</u>
Equity securities - Quoted corporate shares	<u>52,857,370</u>	<u>46,344,257</u>	<u>31,584,641</u>
	<u>763,460,211</u>	<u>745,943,396</u>	<u>1,065,135,620</u>

Government securities, which include Philippine and US government-issued securities, bear annual interest rates ranging from 2.7% to 7.4% in 2026, from 2.0% to 12.1% in 2025 and 2024. Corporate bonds bear interest ranging from 3.8% to 5.4% in 2026, 3.3% to 6.8% in 2025 and 3.8% to 5.1% in 2024. The fair values of the equity securities and debt securities have been determined based on quoted prices in active markets.

The breakdown of quoted financial assets at FVOCI as to currency denomination is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Local	548,674,500	494,559,404	849,854,237
Foreign	214,785,711	251,383,992	215,281,383
	<u>763,460,211</u>	<u>745,943,396</u>	<u>1,065,135,620</u>

An analysis of the movements in the carrying amounts of the University's financial assets at FVOCI is presented below.

<i>(Amounts in PHP)</i>	Note	2026	2025	2024
Balance at beginning of year		745,943,396	1,065,135,620	856,930,616
Additions		323,167,197	594,478,715	408,626,735
Disposals		(320,913,443)	(975,707,324)	(196,389,555)
Fair value gain (losses) - net		(8,860,665)	73,728,000	(13,811,478)
Foreign currency gains (losses) - net	17.1	23,814,032	(11,694,991)	9,268,476
Amortization of discount (premium) - net		309,694	3,376	510,826
Balance at end of year		<u>763,460,211</u>	<u>745,943,396</u>	<u>1,065,135,620</u>

Investment income from financial assets at FVOCI pertaining to interests and gain or loss on disposal has been reinvested as part of additions to financial assets at FVOCI. Net investment income from financial assets at FVOCI, including dividend income, totaling P42.6 million, P56.3 million, and P56.0 million for the years ended May 31, 2026, 2025 and 2024, respectively, is presented separately as Interest income from financial assets at FVOCI and as Other investment income from financial assets at FVOCI under Finance Income in the statements of profit or loss (see Note 17.1). The related outstanding interest is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 5).

The total fair value gains on debt securities classified as FVOCI amounting to P0.2 million and P2.1 million for the years ended May 31, 2026 and 2025, respectively, and the total fair values loss of P2.8 million for the year ended May 31, 2024, are presented as an item that will be reclassified subsequently to profit or loss in the statements of comprehensive income. The total fair value gains on equity securities classified as financial assets at FVOCI amounting to P7.2 million, P14.9 million, and P6.6 million, respectively, for the years ended May 31, 2026, 2025, and 2024, are presented as an item that will not be reclassified to profit or loss in the statements of comprehensive income.

6.3 Investment Securities at Amortized Cost

As of May 31, the University's investment securities at amortized cost are classified in the statements of financial position as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current	19,514,343	17,145,386	29,279,056
Non-current	<u>15,487,392</u>	<u>17,782,685</u>	<u>18,786,927</u>
Balance at end of year	<u>35,001,735</u>	<u>34,928,071</u>	<u>48,065,983</u>

As of May 31, 2026, 2025, and 2024, the fair value of debt securities above amounts to P32.2 million, P32.5 million and P45.3 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 6.4).

These investments are composed of corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging from 3.3% to 6.8% in 2026, and 3.0% to 6.8% in 2025 and 2024, and have maturities ranging from one to five years.

The breakdown of quoted investment securities at amortized cost as to currency denomination is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Foreign	12,318,000	11,149,000	29,279,056
Local	22,683,735	23,779,071	18,786,927
Balance at end of year	35,001,735	34,928,071	48,065,983

An analysis of the movements in the carrying amount of the University's investment securities at amortized cost for the years ended May 31, 2026, 2025 and 2024, is presented below:

<i>(Amounts in PHP)</i>	Note	2026	2025	2024
Balance at beginning of year		34,928,071	48,065,983	101,561,861
Maturities		(6,000,000)	(16,809,000)	(66,706,647)
Additions		4,900,000	5,000,000	11,900,000
Foreign currency gains (losses) - net	17.1	1,169,000	(1,350,632)	1,190,131
Amortization of discount - net		4,664	21,720	120,638
Balance at end of year		35,001,735	34,928,071	48,065,983

The unamortized discount relating to financial assets at amortized cost amounts to P0.1 million as of May 31, 2024 (nil in 2026 and 2025). Net amortization of discount during the years ended May 31, 2026, 2025 and 2024 is netted against Interest income from investment securities at amortized cost (see Note 17.1).

6.4 Financial Instruments Measurement at Fair Value

The tables presented below and in the succeeding page show the fair value hierarchy of the University's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of the years ended May 31, 2026, 2025 and 2024.

<i>(Amounts in PHP)</i>	Level 1	Level 2	Level 3	Total
<u>May 31, 2026</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	643,740,425	-	-	643,740,425
Corporate	66,862,416	-	-	66,862,416
Equity securities	52,857,370	-	-	52,857,370
Financial assets at FVTPL - equity securities	262,916,962	688,727,454	-	951,644,416
Investment securities at amortized cost	32,217,744	-	-	32,217,744
	1,058,594,917	688,727,454	-	1,747,322,371

(Amounts in PHP)	Level 1	Level 2	Level 3	Total
<u>May 31, 2025</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	653,900,896	-	-	653,900,896
Corporate	45,698,243	-	-	45,698,243
Equity securities	46,344,257	-	-	46,344,257
Financial assets at FVTPL -				
equity securities	315,210,445	685,051,725	-	1,000,262,170
Investment securities at				
amortized cost	32,474,957	-	-	32,474,957
	<u>1,093,628,798</u>	<u>685,051,725</u>	<u>-</u>	<u>1,778,680,523</u>
<u>May 31, 2024</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	1,003,013,318	-	-	1,003,013,318
Corporate	30,537,661	-	-	30,537,661
Equity securities	31,584,641	-	-	31,584,641
Financial assets at FVTPL -				
equity securities	390,287,802	745,912,925	-	1,136,200,727
Investment securities at				
amortized cost	45,302,336	-	-	45,302,336
	<u>1,500,725,758</u>	<u>745,912,925</u>	<u>-</u>	<u>2,246,638,683</u>

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

6.5 Carrying Amounts and Fair Values by Category

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

(Amounts in PHP)	Notes	2026		2025		2024	
		Carrying Values	Fair Values	Carrying Values	Fair Values	Carrying Values	Fair Values
<i>Financial Assets:</i>							
At FVOCI:	6.2						
Debt securities		710,602,841	710,602,841	699,599,139	699,599,139	1,033,550,979	1,033,550,979
Equity securities		52,857,370	52,857,370	46,344,257	46,344,257	31,584,641	31,584,641
		<u>763,460,211</u>	<u>763,460,211</u>	<u>745,943,396</u>	<u>745,943,396</u>	<u>1,065,135,620</u>	<u>1,065,135,620</u>
At FVTPL:	6.1						
Equity securities		262,916,962	262,916,962	315,210,445	315,210,445	390,287,802	390,287,802
UITF		688,727,454	688,727,454	685,051,725	685,051,725	745,912,925	745,912,925
		<u>951,644,416</u>	<u>951,644,416</u>	<u>1,000,262,170</u>	<u>1,000,262,170</u>	<u>1,136,200,727</u>	<u>1,136,200,727</u>
At amortized cost -							
Debt securities		35,001,735	32,217,744	34,928,071	32,474,957	48,065,983	45,302,336
Cash and cash equivalents	4	178,360,054	178,360,054	147,533,080	147,533,080	42,941,355	42,941,355
Short-term investments	9	58,019,274	58,019,274	46,801,765	46,801,765	14,363,980	14,363,980
Receivables*	5	631,862,693	631,862,693	621,694,998	621,694,998	655,421,193	655,421,193
Other non-current assets		1,100,000	1,100,000	3,273,477	3,273,477	3,273,477	3,273,477
		<u>904,343,756</u>	<u>901,559,765</u>	<u>854,231,391</u>	<u>851,778,277</u>	<u>764,065,988</u>	<u>761,302,341</u>
		<u>2,619,448,383</u>	<u>2,616,664,392</u>	<u>2,600,436,957</u>	<u>2,597,983,843</u>	<u>2,965,402,335</u>	<u>2,962,638,688</u>
<i>Financial Liabilities:</i>							
At amortized cost -							
Interest-bearing loans	13	613,775,510	570,870,947	844,795,918	854,927,156	1,075,816,326	875,488,642
<i>*Amount excludes advances to employees</i>							

*Amount excludes advances to employees

Except for the financial assets and financial liabilities presented above, the University has other financial assets and/or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of May 31, 2026, 2025 and 2024. Management determined that the carrying amounts of the other financial assets and financial liabilities that are carried at amortized costs are equal to or approximate their fair values.

See Note 26.1 for a description of the accounting policies for each category of financial instruments. A description of the University's risk management objectives and policies for financial instruments is provided in Note 14.

7. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURE

This account consists of the following investments as of May 31:

(Amounts in PHP)	% Interest Held	2026	2025	2024
Investment in:				
Subsidiaries				
Roosevelt College, Inc. (RCI)	97.70%	1,248,055,176	1,248,055,176	1,247,990,363
FEU Alabang, Inc. (FEUAI)*	100.00%	749,999,875	749,999,875	749,999,875
Edustria, Inc. (Edustria)	51.00%	280,499,997	254,999,997	254,999,997
East Asia Computer Center, Inc (EACCI)	100.00%	150,104,999	150,104,999	150,104,999
Fern Reality Corporation (FRC)	38.20%	64,419,300	64,419,300	64,419,300
Far Eastern College - Silang, Inc. (FECSI)	100.00%	51,000,000	51,000,000	51,000,000
FEU High School, Inc. (FEU High)	100.00%	24,999,500	24,999,500	24,999,500
Higher Academia, Inc. (HAI)**	51.00%	291,428,600	-	-
		<u>2,860,507,447</u>	<u>2,543,578,847</u>	<u>2,543,514,034</u>
Associates				
JPMC College of Health Sciences SDN				
BHD (JCHS)	40.00%	90,669,794	90,669,794	90,669,794
Good Samaritan Colleges, Inc. (GSC)	34.00%	70,000,000	70,000,000	70,000,000
		<u>160,669,794</u>	<u>160,669,794</u>	<u>160,669,794</u>
Joint venture				
Higher Academia, Inc. (HAI)**	50.00%	-	280,000,000	280,000,000
		<u>3,021,177,241</u>	<u>2,984,248,641</u>	<u>2,984,183,828</u>

* In 2025, EACCI acquired shares in FEUAI representing 50% of FEUAI's total shares. In 2024, the University held 100% ownership of FEUAI. The University retains control over FEUAI through its 50% direct ownership and 50% indirect ownership via its interest in EACCI. As of May 31, 2026 and 2025, the University's effective ownership in FEUAI remains at 100%.

** Effective July 1, 2025, the University subscribed to additional equity investment that resulted in total ownership of 51%. Prior to the additional subscription, HAI was classified and accounted for as a joint venture.

Except FRC, all subsidiaries, associates and joint venture are educational institutions. FRC primarily operates as a real estate lessor to the University and other related parties.

The subsidiaries', associates' and joint venture's places of incorporation which are the same as their sites of operations are summarized as follows:

RCI	-	J.P. Rizal Street, Mandalay, Marikina City
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
Edustria	-	Blocks R & T Lima Technology Center Barangay Bugtong na Pulo, Lipa City, Batangas
EACCI	-	P. Paredes Street, Sampaloc, Manila
FRC and FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
JCHS	-	Block 2C East Wing, Ong Sum Ping Condominium Jalan Ong Sum Ping, Bandar Seri Begawan BA 1311, Brunei Darussalam
GSC	-	Burgos Avenue, Cabanatuan City, Nueva Ecija
HAI	-	McArthur Highway, San Isidro, City of San Fernando, Pampanga

Management assessed that these investments are fully recoverable based on expected profitability of the investees in the coming years; hence, no impairment losses were recognized in 2026, 2025 and 2024.

Dividends earned by the University from its subsidiaries and associates were as follows (see Notes 17.1 and 20.1):

<i>(Amounts in PHP)</i>	2026	2025	2024
EACCI	173,469,107	110,109,423	134,559,307
FEU High	30,000,000	20,000,000	73,999,360
FRC	9,010,800	9,010,800	15,618,720
GSC	6,772,386	2,769,218	897,435
	<u>219,252,293</u>	<u>141,889,441</u>	<u>225,074,822</u>

7.1 Investment in RCI

In February 2025, the University acquired 12 additional shares of RCI for P64,813. This was fully paid in April 2025.

In January 2024, the University acquired an additional 43,615 shares of RCI for P235.6 million which was fully paid on the same date.

7.2 Investment in Edustria

In October 2025, the University made a P25.5 million deposit for a future subscription to shares of Edustria, representing 51% of the total deposits received for the future subscription.

7.3 Investment in JCHS

In July 2022, by virtue of an Investment Agreement, the University and Jerudong Park Medical Centre Sendirian Berhad (JPMC) of Brunei agreed to invest a total of Brunei Dollar (BND) 5.5 million in JCHS, with the University and JPMC having equity ownerships of 40% and 60%, respectively. JCHS was incorporated to operate a private tertiary school of health sciences in Brunei Darussalam, wherein the University will provide technical management services.

7.4 Investment in GSC

GSC is an educational institution that offers junior and senior high school, tertiary, and graduate school courses. In August 2022, with the approval of its Board of Trustees (BOT), the University entered into an Investment Agreement for the acquisition of 77,273 common shares of GSC, representing 34.0% equity ownership.

7.5 Investment in HAI

In October 2023, the University and MGHI Holdings, Inc. (MGHI) entered into a Shareholders' Agreement to invest a total of P600.0 million in HAI, with the University and MGHI both investing P300.0 million for an equal equity ownership, or 50% each. Accordingly, HAI was incorporated with its primary purpose to establish, maintain, operate and administer an educational institution.

In the same month, the University made its initial investment in HAI amounting to P280.0 million. Except for the remaining investment commitment amounting to P20.0 million, which represents half of the unsubscribed capital of P40.0 million, the University does not have any commitments made to HAI as at May 31, 2025.

On June 17, 2025, the University's BOT approved an additional equity investment of P11.4 million in HAI. This investment resulted in the acquisition of 114,286 common shares from unissued shares of HAI. Following the transaction, the University's total shareholding increased to 2,914,286 shares, representing 51% of HAI's total outstanding capital. The subscription agreement between University and HAI was finalized and signed, establishing the University as its majority owner, effective July 1, 2025, the acquisition date.

The acquisition was undertaken to align the University's ownership with its responsibility for providing strategic direction, academic leadership, and operational oversight of the institution. Majority ownership is considered fundamental to safeguarding the integrity and reputation of the FEU brand, ensuring adherence to FEU's academic standards, and strengthening governance and accountability over the institution's operations. Accordingly, the transaction was driven primarily by governance, academic control, brand protection, and strategic considerations rather than solely by financial or investment objectives.

7.6 Investment in University of Nueva Caceres - Bataan

On March 9, 2026, the University 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, the University will acquire 76.92% of the land on which BPEII operates and will subscribe to BPEII shares. As of May 31, 2026, the conditions precedent to closing had not yet been completed. Accordingly, no payments had been made, no shares had been subscribed to or issued, and no other transactions contemplated under the agreement had been consummated.

Following the completion of these transactions, the University 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 the University'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.

7.7 Financial Information of Associates and Joint Venture

Presented below are the Associates' and Joint Venture's summary of financial information based on the most recent unaudited financial statements as of and for the years ended May 31, 2026, 2025 and 2024.

<i>(Amounts in PHP)</i>	JCHS	GSC	HAI
2026:			
Total current assets	93,576,533	146,806,431	-
Total non-current assets	370,684,292	269,449,512	-
Total current liabilities	45,589,632	56,909,516	-
Total non-current liabilities	378,527,809	23,344,048	-
Revenues	137,110,201	293,673,604	-
Net income (loss)	(116,169,070)	84,109,882	(8,855,664)**
2025:			
Total current assets	86,416,235	98,862,848	8,032,867
Total non-current assets	372,857,362	231,980,718	548,121,234
Total current liabilities	30,898,158	44,031,198	2,528,723
Total non-current liabilities	276,838,402	15,001,088	-
Revenues	90,161,101	246,336,822	44,298,134
Net income (loss)	(55,345,526)	66,227,730	(8,849,268)
2024:			
Total current assets	238,291,265	94,944,179	19,679,588*
Total non-current assets	408,814,663	188,328,839	533,539,276
Total current liabilities	47,601,265	44,233,102	517,736*
Total non-current liabilities	386,757,713	25,311,607	-
Revenues	14,601,121	145,516,805	-
Net income (loss)	(16,198,811)	27,391,792	(7,298,872)

*HAI's total current assets relate only to cash. Also, the joint venture does not have any other financial liabilities as of May 31, 2024 except for accrued expenses which are payable in cash.

**The Company's investment in HAI was accounted for as a joint venture only until June 30, 2025.

As of May 31, 2026 the investments in JCHS and GSC, and 2025 and 2024, the investments in JCHS, GSC and HAI are carried at cost.

8. INVESTMENT PROPERTIES

This account consists of the building and improvements leased to FECSI and a parcel of land leased to FEUI where its building, gym, chapel and campus are situated. None of the University's investment properties as of May 31, 2026, 2025, and 2024 are used as collateral for any of the University's interest-bearing loans and borrowings.

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the years ended May 31, 2026, 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	Land	Building and Improvements	Total
May 31, 2026			
Cost	1,076,829,849	505,456,627	1,582,286,476
Accumulated depreciation	-	(314,983,883)	(314,983,883)
Net carrying amount	<u>1,076,829,849</u>	<u>190,472,744</u>	<u>1,267,302,593</u>
May 31, 2025			
Cost	1,076,829,849	504,604,083	1,581,433,932
Accumulated depreciation	-	(288,780,565)	(288,780,565)
Net carrying amount	<u>1,076,829,849</u>	<u>215,823,518</u>	<u>1,292,653,367</u>
May 31, 2024			
Cost	1,076,829,849	483,376,295	1,560,206,144
Accumulated depreciation	-	(262,362,884)	(262,362,884)
Net carrying amount	<u>1,076,829,849</u>	<u>221,013,411</u>	<u>1,297,843,260</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of the years ended May 31, 2026, 2025 and 2024 is shown below:

<i>(Amounts in PHP)</i>	Notes	Land	Building and Improvements	Total
Balance at June 1, 2025, net of accumulated depreciation		1,076,829,849	215,823,518	1,292,653,367
Reclassification		-	852,544	852,544
Depreciation charges for the year	16	-	(26,203,318)	(26,203,318)
Balance at May 31, 2026, net of accumulated depreciation		<u>1,076,829,849</u>	<u>190,472,744</u>	<u>1,267,302,593</u>
Balance at June 1, 2024, net of accumulated depreciation		1,076,829,849	221,013,411	1,297,843,260
Reclassification		-	21,227,788	21,227,788
Depreciation charges for the year	16	-	(26,417,681)	(26,417,681)
Balance at May 31, 2025, net of accumulated depreciation		<u>1,076,829,849</u>	<u>215,823,518</u>	<u>1,292,653,367</u>
Balance at June 1, 2023, net of accumulated depreciation		1,076,829,849	246,231,138	1,323,060,987
Depreciation charges for the year	16	-	(25,217,727)	(25,217,727)
Balance at May 31, 2024, net of accumulated depreciation		<u>1,076,829,849</u>	<u>221,013,411</u>	<u>1,297,843,260</u>

In 2026 and 2025, the Company reclassified certain property and equipment to investment property pertaining to the supply, installation, and repair of various elevator parts in a property leased to FECSI (see Note 10).

The total rental income earned from investment properties is presented as Other Operating Income in the statements of profit or loss (see Notes 20.4, 20.6, 20.7 and 20.8). The direct operating expenses, which include depreciation and amortization, insurance, and taxes and licenses incurred by the University relating to the investment properties, are presented as part of Depreciation and amortization, Insurance, and Taxes and licenses, respectively, under Operating Expenses in the statements of profit or loss (see Note 16).

The fair values (which is at Level 3) of the University's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in July 2026 covering the year ended May 31, 2026 and in July 2024 covering the years ended May 31, 2025 and 2024.

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 University'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.

The fair values of the investment properties are as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Land	5,552,112,000	4,815,424,000	4,815,424,000
Building and improvements	420,031,259	408,062,215	408,062,215
At appraised values	<u>5,972,143,259</u>	<u>5,223,486,215</u>	<u>5,223,486,215</u>

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

9. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Prepaid expenses	81,037,335	65,284,960	54,951,672
Short-term investments	58,019,274	46,801,765	14,363,980
Inventories	33,380,024	37,705,421	29,219,118
Input value-added tax (VAT)	34,864,866	34,864,866	34,864,866
Supplies	10,723,454	10,417,445	6,267,299
Prepaid income tax	2,517,358	2,381,511	-
Refundable deposit	999,091	1,599,091	-
Subscription deposit	-	4,000,000	-
	<u>221,541,402</u>	<u>203,055,059</u>	<u>139,666,935</u>
Allowance for impairment of input VAT	<u>(34,864,866)</u>	<u>(34,864,866)</u>	<u>(34,864,866)</u>
	<u>186,676,536</u>	<u>168,190,193</u>	<u>104,802,069</u>

Prepaid expenses mainly consist of rentals, insurance and licenses and subscriptions.

Short-term investments include investments in time deposit or special savings deposit accounts. These investments, which earn interest ranging from 1.8% to 5.6% for 2026, 1.1% to 5.0% for 2025, and 5.0% to 6.4% for 2024, have maturities beyond three months but within one year from the end of each of the reporting period. Related accrued interest is presented as part of the Receivables account in the statements of financial position (see Note 5). Interest income earned from short-term investments is presented as part of Finance income in the statements of profit or loss (see Note 17.1).

Inventories consist of merchandise inventory items relating to the University's bookstore. Inventories of the University are assessed for inventory write-down and are valued at the lower of cost and net realizable value. As of May 31, 2026, 2025 and 2024, all inventories are valued at cost.

No impairment on these assets was recognized in 2026, 2025 and 2024.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of years ended May 31, 2026, 2025 and 2024 are shown below:

<i>(Amounts in PHP)</i>	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
May 31, 2026								
Cost	561,199,433	2,883,335,913	900,538,540	952,278,348	308,615,408	218,405,043	661,990,544	6,486,363,229
Accumulated depreciation and amortization	-	(1,550,303,202)	(774,713,359)	(534,581,239)	(238,206,672)	-	(415,170,116)	(3,512,974,588)
Net carrying amount	<u>561,199,433</u>	<u>1,333,032,711</u>	<u>125,825,181</u>	<u>417,697,109</u>	<u>70,408,736</u>	<u>218,405,043</u>	<u>246,820,428</u>	<u>2,973,388,641</u>
May 31, 2025								
Cost	560,739,388	2,628,708,207	877,677,777	950,203,554	274,648,650	217,837,499	661,990,544	6,171,805,619
Accumulated depreciation and amortization	-	(1,421,610,922)	(724,663,503)	(488,055,809)	(216,476,930)	-	(391,308,257)	(3,242,115,421)
Net carrying amount	<u>560,739,388</u>	<u>1,207,097,285</u>	<u>153,014,274</u>	<u>462,147,745</u>	<u>58,171,720</u>	<u>217,837,499</u>	<u>270,682,287</u>	<u>2,929,690,198</u>
May 31, 2024								
Cost	444,974,270	2,535,637,877	801,342,209	895,435,991	248,835,325	205,059,360	1,129,568,096	6,260,853,128
Accumulated depreciation and amortization	-	(1,335,075,505)	(676,242,681)	(444,152,318)	(208,870,973)	-	(341,572,960)	(3,005,914,437)
Net carrying amount	<u>444,974,270</u>	<u>1,200,562,372</u>	<u>125,099,528</u>	<u>451,283,673</u>	<u>39,964,352</u>	<u>205,059,360</u>	<u>787,995,136</u>	<u>3,254,938,691</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2026, 2025 and 2024 is shown below and in the succeeding page.

<i>(Amounts in PHP)</i>	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2025, net of accumulated depreciation and amortization	560,739,388	1,207,097,285	153,014,274	462,147,745	58,171,720	217,837,499	270,682,287	2,929,690,198
Additions	460,045	2,589,455	29,532,671	453,048	34,912,175	255,834,155	-	323,781,549
Reclassification	-	252,038,251	1,606,614	1,621,746	(852,544)	(255,266,611)	-	(852,544)
Depreciation and amortization charges for the year	-	(128,692,280)	(58,328,378)	(46,525,430)	(21,822,615)	-	(23,861,859)	(279,230,562)
Balance at May, 31, 2026, net of accumulated depreciation and amortization	<u>561,199,433</u>	<u>1,333,032,711</u>	<u>125,825,181</u>	<u>417,697,109</u>	<u>70,408,736</u>	<u>218,405,043</u>	<u>246,820,428</u>	<u>2,973,388,641</u>
Balance at June 1, 2024, net of accumulated depreciation and amortization	444,974,270	1,200,562,372	125,099,528	451,283,673	39,964,352	205,059,360	787,995,136	3,254,938,691
Additions	115,765,118	27,647,955	84,456,391	53,265,694	33,578,751	116,111,795	15,418,198	446,243,902
Disposals	-	(25,075)	(84,225)	-	(15,360)	-	-	(124,660)
Reclassification	-	65,470,511	8,162,889	1,501,870	1,947,890	(103,333,656)	-	(26,250,496)
Modifications	-	-	-	-	-	-	(469,991,428)	(469,991,428)
Depreciation and amortization charges for the year	-	(86,558,478)	(64,620,309)	(43,903,492)	(17,303,913)	-	(62,739,619)	(275,125,811)
Balance at May, 31, 2025, net of accumulated depreciation and amortization	<u>560,739,388</u>	<u>1,207,097,285</u>	<u>153,014,274</u>	<u>462,147,745</u>	<u>58,171,720</u>	<u>217,837,499</u>	<u>270,682,287</u>	<u>2,929,690,198</u>

<i>(Amounts in PHP)</i>	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2023, net of accumulated depreciation and amortization	434,956,275	1,323,690,418	117,136,932	494,878,557	20,961,000	32,478,067	855,850,174	3,279,951,423
Additions	10,017,995	-	57,066,937	-	29,529,709	172,581,293	-	269,195,934
Reclassifications	-	-	-	-	-	-	-	-
Depreciation and amortization charges for the year	-	(123,128,046)	(49,104,341)	(43,594,884)	(10,526,357)	-	(67,855,038)	(294,208,666)
Balance at May, 31, 2024, net of accumulated depreciation and amortization	<u>444,974,270</u>	<u>1,200,562,372</u>	<u>125,099,528</u>	<u>451,283,673</u>	<u>39,964,352</u>	<u>205,059,360</u>	<u>787,995,136</u>	<u>3,254,938,691</u>

As of May 31, 2026, 2025 and 2024, certain fully depreciated and amortized assets with acquisition cost of P1,337.3 million, P1,268.2 million, and P1,147.2 million, respectively, are still being used in the University's operations.

The table below describes the nature of the University's leasing activities by type of Right-of-use asset (ROUA) for the years ended May 31, 2026, 2025 and 2024, which is recognized in the statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
Year ended May 31, 2026 University buildings	3	1 - 15 years	10 years	3	3
Years ended May 31, 2025 and 2024 University buildings	5	2 - 16 years	10 years	5	5

The amount of depreciation is presented as part of Depreciation and amortization which is presented under Operating Expenses account (see Note 16).

None of the University's property and equipment as at May 31, 2026 are used as collateral for any of the University's interest-bearing loans and borrowings.

11. LEASES

The University has leases for certain university buildings, transportation equipment, and event venues. With the exception of leases of low-value underlying assets pertaining to transportation equipment and event venues, each lease is reflected in the statements of financial position as ROUA under Property and Equipment (see Note 10) and as Lease Liabilities (current portion under Trade and Other Payables) [see Note 12].

Each lease generally imposes a restriction that, unless there is a contractual right for the University to sublet the asset to another party, the ROUA can only be used by the University. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an extension of the lease for a further term. The University is prohibited from selling or pledging the underlying leased assets as security. For leases of university buildings, the University 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 University must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

11.1 Lease Liabilities

The composition of the University's lease liabilities is shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current	32,653,431	33,755,830	13,740,397
Non-current	664,336,070	696,246,054	1,185,428,533
	<u>696,989,501</u>	<u>730,001,884</u>	<u>1,199,168,930</u>

The rollforward analysis of lease liabilities as at and for the years ended May 31, 2026, 2025 and 2024 are as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Balance at June 1		730,001,884	1,199,168,930	1,211,702,555
Additions	10	-	15,418,198	-
Modification	10, 28.1	-	(469,991,428)	-
Interest expense		49,780,187	113,942,482	113,996,846
Lease payments		(82,792,570)	(65,718,308)	(67,706,691)
Adjustment arising from reduced rent coverage	18	-	(62,817,990)	(58,823,780)
Balance at May 31		<u>696,989,501</u>	<u>730,001,884</u>	<u>1,199,168,930</u>

The University has no commitment to any unstarted lease contracts. The non-current portion is separately reported in the statements of financial position. The University has elected not to recognize a lease liability for rented low-value assets. Payments made under such leases are considered immaterial and are expensed on a straight-line basis.

The availability of options to extend, terminate or renegotiate gives the University flexibility in the event it identifies more suitable premises in terms of cost and/or location, or determines that it is advantageous to remain in a location beyond the original lease term. An option is exercised consistent to the University's markets strategy and the economic benefit of exercising the option exceeds the expected overall cost.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at May 31, 2026, 2025 and 2024 are as follows:

<i>(Amounts in PHP)</i>	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
2026							
Lease payments	83,516,869	77,637,405	78,435,946	79,274,413	80,154,803	737,502,543	1,136,521,979
Finance charges	<u>(50,863,438)</u>	<u>(48,768,086)</u>	<u>(46,680,362)</u>	<u>(44,361,146)</u>	<u>(41,787,368)</u>	<u>(207,072,078)</u>	<u>(439,532,478)</u>
Net present values	<u>32,653,431</u>	<u>28,869,319</u>	<u>31,755,584</u>	<u>34,913,267</u>	<u>38,367,435</u>	<u>530,430,465</u>	<u>696,989,501</u>
2025							
Lease payments	83,536,023	83,578,092	77,637,417	78,435,957	79,274,425	816,852,691	1,219,314,605
Finance charges	<u>(49,780,193)</u>	<u>(50,863,445)</u>	<u>(48,768,091)</u>	<u>(46,680,367)</u>	<u>(44,361,152)</u>	<u>(248,859,473)</u>	<u>(489,312,721)</u>
Net present values	<u>33,755,830</u>	<u>32,714,647</u>	<u>28,869,326</u>	<u>31,755,590</u>	<u>34,913,273</u>	<u>567,993,218</u>	<u>730,001,884</u>
2024							
Lease payments	14,106,437	227,959,736	122,597,858	128,727,751	135,164,138	1,860,015,682	2,488,571,602
Finance charges	<u>(366,040)</u>	<u>(226,574,757)</u>	<u>(112,658,783)</u>	<u>(111,393,029)</u>	<u>(109,375,657)</u>	<u>(729,034,406)</u>	<u>(1,289,402,672)</u>
Net present values	<u>13,740,397</u>	<u>1,384,979</u>	<u>9,939,075</u>	<u>17,334,722</u>	<u>25,788,481</u>	<u>1,130,981,276</u>	<u>1,199,168,930</u>

11.2 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P82.8 million in 2026, P65.7 million in 2025, P67.7 million in 2024 (see Note 22). Interest expense in relation to lease liabilities amounted to P49.8 million, P113.9 million, and P114.0 million for the years ended May 31, 2026, 2025 and 2024, respectively, is presented as part of Interest expense under Finance Costs in the statements of profit or loss, respectively (see Notes 17.2 and 22).

12. TRADE AND OTHER PAYABLES

The breakdown of this account follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Dividends payable	23.2(b)	393,394,813	362,386,179	355,992,696
Accounts payable		165,411,517	206,729,963	250,537,003
Deposits payable		95,036,544	112,699,659	136,854,333
National Service Training Program (NSTP) and other funds		86,989,756	76,263,253	116,713,285
Accrued salaries and employee benefits		86,871,314	76,712,144	63,024,262
Amounts due to students		75,518,371	67,600,178	62,524,972
Accrued expenses	13, 20.3	53,125,415	52,591,529	100,251,647
Lease liabilities	11	32,653,431	33,755,830	13,740,397
Retention payable		21,741,555	6,653,611	5,443,246
Withholding and other taxes payable		19,094,968	16,336,752	19,814,818
Others		15,875,037	9,293,144	6,436,134
		<u>1,045,712,721</u>	<u>1,021,022,242</u>	<u>1,131,332,793</u>

Accounts payable pertain to unpaid amounts for various incurred expenses already billed by the University's suppliers.

Deposits payable are monies held by the University on behalf of students and third parties for various specific purposes relating to an activity or event. Long-outstanding deposits payable are routinely assessed for status of utilization and ascertained whether no future obligations will be called against it.

The NSTP fees charged to students amounted to P23.5 million, P22.1 million, and P25.4 million for the years ended May 31, 2026, 2025 and 2024, respectively. The outstanding balance of the NSTP fund amounted to P68.5 million, P58.3 million, and P76.5 million as of May 31, 2026, 2025 and 2024, respectively.

Amounts due to students represent excess payment of tuition and miscellaneous fees that are payable to them once applied for refund, or automatically applied on the students' subsequent enrollment.

Accrued expenses pertain to the University's estimated expenses where billings are not yet received as of reporting date. These generally consist of accruals for utilities, professional fees, outside services, supplies and materials, and interest.

As of May 31, 2026, 2025 and 2024, after reconciliation was determined, certain deposit payables, accruals, funds and other liabilities amounting to P77.5 million, P101.1 million, and P33.1 million, respectively, were reversed and is presented as part of Reversal of accruals and other liabilities under the Other Income account in the statements of profit or loss (see Note 18), respectively, were reversed and is presented as part of Reversal of liabilities under the Other Income account in the statements of profit or loss (see Note 18).

Retention payable consists of amounts related to the acquisition of RCI and amounts withheld from billings of suppliers and contractors. Retention payable related to RCI represents the unpaid balance of its acquisition price in 2016. Such is retained by the University to ensure compliance by the selling shareholders of RCI to certain agreed terms. In 2024, the University paid P17.5 million of the retention payable in partial compliance with the agreement. No similar transaction occurred in 2026 and 2025.

Retention payable to suppliers and contractors represents amounts withheld from progress billings pending the fulfillment of applicable contractual conditions. The increase was mainly attributable to retentions related to the ARH project, NRH jet grouting works, and Engineering Food Court project.

13. INTEREST-BEARING LOANS

The University's interest-bearing loans as of May 31, 2026, 2025 and 2024 are as follows:

Original Principal Amount	Outstanding Principal Balance (in Million Pesos)			Interest Charges (in Million Pesos)			Accrued Interest (in Million Pesos)			Current Interest Rate*	Security	Maturity Date	Principal Repayment
	2026	2025	2024	2026	2025	2024	2026	2025	2024				
542.9	129.3	232.7	336.1	11.2	19.9	26.7	1.0	1.9	2.7	6.58%	Unsecured	July 2027	Quarterly
500.0	119.0	214.3	309.5	10.4	18.4	25.3	0.9	1.7	2.4	6.58%	Unsecured	July 2027	Quarterly
425.0	101.2	182.1	263.1	8.7	15.6	22.3	0.8	1.5	2.1	6.58%	Unsecured	July 2027	Quarterly
100.0	-	100.0	-	-	-	-	-	-	-	6.38%	Unsecured	June 2025	--
150.0	35.7	64.3	92.8	3.1	5.5	9.6	0.3	0.5	0.7	6.58%	Unsecured	July 2027	Quarterly
120.0	28.6	51.4	74.3	2.5	4.4	6.3	0.2	0.4	0.6	6.58%	Unsecured	July 2027	Quarterly
100.0	100.0	-	-	0.5	-	-	-	-	-	6.00%	Unsecured	July 2026	--
70.0	-	-	-	0.8	-	-	-	-	-	5.75%	Unsecured	January 2026	--
100.0	100.0	-	-	6.2	-	-	-	-	-	6.38%	Unsecured	Nov 2032	--
	<u>613.8</u>	<u>844.8</u>	<u>1,075.8</u>	<u>43.4</u>	<u>63.8</u>	<u>90.2</u>	<u>3.2</u>	<u>6.0</u>	<u>8.5</u>				

* For certain loans, interest rates are determined based on Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities plus 0.75% or prevailing rate on special deposit accounts.

All of the University's interest-bearing loans and borrowings are clean loans; no assets are used and/or required as collaterals as of May 31, 2026, 2025 and 2024.

In 2026, the Company obtained loans amounting to P170.0 million from the Bank of the Philippine Islands (BPI), of which P70.0 million was repaid during the same year.

The total interest incurred by the University on all these loans are presented as part of Interest expense under Finance Costs in the statements of profit or loss (see Note 17.2) while any outstanding interest payable is recognized as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 12).

Loans obtained with local commercial banks are subject to loan covenants effective for the years ended May 31, 2026, 2025 and 2024, which require the University to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2.00:1.00. As of May 31, 2026, 2025 and 2024, the University has complied with its loan covenants based on its financial statements for all years presented (see Note 25).

Interest-bearing loans are presented in the statements of financial position as at May 31, 2026, 2025 and 2024 as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Current	431,020,408	431,020,408	331,020,408
Non-current	182,755,102	413,775,510	744,795,918
	<u>613,775,510</u>	<u>844,795,918</u>	<u>1,075,816,326</u>

14. RISK MANAGEMENT OBJECTIVES AND POLICIES

The University is exposed to certain financial risks arising from its use of financial instruments in the normal course of operations. Its primary objective in holding financial instruments is to support its academic, operational and capital funding requirements. The BOT has overall responsibility for the establishment and oversight of the University's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the University's policies, which address risk management areas.

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

The University does not engage in the trading of financial assets for speculative purposes, nor does it write options. The principal financial risks comprise market risk, credit risk and liquidity risk, which are discussed below and in succeeding pages.

14.1 Market Risk

(a) Foreign Currency Risk

Most of the University's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange risk arise from certain cash and cash equivalents, investment securities at FVTPL, FVOCI and amortized cost that are primarily denominated in United States (US) dollars.

To mitigate the University's exposure to foreign currency risk, the University generally keeps the amount of its US dollar deposits at a level within BOT-approved limits.

Financial assets denominated in US dollar, translated into Philippine pesos at the closing rate, as of May 31 are presented below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Short-term exposure - Financial assets	<u>875,730,799</u>	<u>904,963,830</u>	<u>906,295,640</u>
Long-term exposure - Financial assets	<u>12,318,000</u>	<u>11,149,000</u>	<u>29,279,056</u>

The table below illustrates the sensitivity of the University's profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the periods ended May 31, 2026, 2025 and 2024) at a 95% confidence level.

	Reasonably possible change in rate	May 31, 2026		Reasonably possible change in rate	May 31, 2025		Reasonably possible change in rate	May 31, 2024	
		Effect in profit before tax	Effect in equity		Effect in profit before tax	Effect in equity		Effect in profit before tax	Effect in equity
PHP - USD	12.80%	<u>113,670,246</u>	<u>102,303,221</u>	9.12%	<u>83,571,671</u>	<u>75,214,504</u>	9.50%	<u>88,899,773</u>	<u>80,009,796</u>

Exposures to US dollar exchange risk vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is representative of the University's current risk.

(b) Interest Rate Risk

The University is exposed to changes in market interest rates through its cash and cash equivalents, debt securities investments and interest-bearing loans as of end of each reporting period, which are subject to variable interest rates, as shown below. All other financial assets and financial liabilities have fixed interest rates.

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Cash in bank and cash equivalents	4	178,360,054	147,533,080	42,941,355
Financial assets at FVOCI	6.2	710,602,841	699,599,139	1,033,550,979
Investments securities at amortized cost	6.3	35,001,735	34,928,071	48,065,983
Short-term investments	9	58,019,274	46,801,765	14,363,980
Interest-bearing loans	13	<u>(613,775,510)</u>	<u>(844,795,918)</u>	<u>(1,075,816,326)</u>
		<u>368,208,394</u>	<u>84,066,137</u>	<u>63,105,971</u>

The following table illustrates the sensitivity of profit or loss before tax regarding the University's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the years ended May 31, 2026, 2025 and 2024, estimated at 95% level of confidence. The sensitivity analysis is based on the University's financial instruments held at May 31, 2026, 2025 and 2024.

	May 31, 2026		May 31, 2025		May 31, 2024	
	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	+/-1.28%	2,276,946	+/-0.89%	1,320,339	+/-0.64%	272,897
Financial assets at FVOCI	+/-1.32%	461,886	+/-0.53%	184,059	+/-0.66%	316,119
Investment securities at amortized cost	+/-1.32%	9,377,168	+/-0.89%	3,686,651	+/-0.66%	6,797,423
Short-term investments	+/-1.12%	674,642	+/-0.75%	350,854	+/-1.02%	146,589
Interest-bearing loans	+/-1.32%	(8,099,428)	+/-0.53%	(4,451,789)	+/-0.66%	(7,075,393)
		<u>4,691,214</u>		<u>1,090,114</u>		<u>457,635</u>

(c) *Other Price Risk*

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

Management monitors its equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

For equity securities listed in the Philippines, an average volatility has been observed for the years ended May 31, 2026, 2025 and 2024 which is shown below:

(Amounts in PHP)	Change in Total Comprehensive Income					
	+/-%	2026	+/-%	2025	+/-%	2024
Financial assets at FVTPL	4.22%	11,094,132	8.21%	25,863,029	4.99%	19,459,877
Financial assets at FVOCI	0.38%	203,333	0.87%	403,194	0.74%	233,923

Certain investments are considered medium to long-term strategic investments. In accordance with the University'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 in the University's favor.

14.2 Credit Risk

Credit risk represents the loss that the University would incur if the counterparty failed to perform its contractual obligations.

The University is exposed to credit risk relating to its receivables from related parties and assessed tuition fees receivables primarily anchored on the students' possible inability to fully settle outstanding balances of receivables which are owed to the University based on installment payment schemes.

The University's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits. The University has established controls and procedures to minimize risks of non-collection. Students by default are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid.

Other than the foregoing, the University is not exposed to significant credit risk and has no significant exposure to any individual customer or counterparty nor it has any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties.

With respect to credit risk arising from debt instruments, the University's maximum exposure is equal to the carrying amount, before any allowances for impairment, of these instruments.

The maximum exposure to credit risk at the end of the reporting period is as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	4	178,360,054	147,533,080	42,941,355
Receivables (gross)*	5	676,984,475	683,689,715	736,917,428
Financial assets at FVOCI (debt securities)	6.2	710,602,841	699,599,139	1,033,550,979
Investment securities at amortized cost	6.3	35,001,735	34,928,071	48,065,983
Short-term investments	9	58,019,274	46,801,765	14,363,980
Other non-current assets		<u>1,100,000</u>	<u>6,134,512</u>	<u>3,273,477</u>
		<u>1,660,068,379</u>	<u>1,618,686,282</u>	<u>1,879,113,202</u>

**Excluding advances to employees*

a. *Cash and Cash Equivalents and Short-term Investments*

The credit risk for cash and cash equivalents and short-term investments held by reputable financial institutions is considered negligible or the probability of default is remote since there has been no history of default from these counterparties and because of their high-quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P1.0 million per depositor per banking institution, as provided for under Republic Act (R.A.) No. 9576, *Amendment to Charter of PDIC*.

For cash and cash equivalents and financial assets of similar nature, the University applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments.

It is the University's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

As of May 31, 2026, 2025 and 2024, management assessed that the allowance for ECL on these financial instruments is not material.

b. *Receivables*

The University's receivables include assessed tuition fees receivables, receivables from related parties and other receivables.

The University applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for assessed tuition fees and other 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.

To calculate the ECL using a provision matrix, the University makes use of its historical experience, external indicators and forward-looking information (FLI). The expected loss rates on these receivables are determined based on the history of credit-impaired student accounts. The University analyses assessed tuition receivables based on the number of semesters the receivables have been outstanding. Student receivables that are outstanding for at least two semesters are assessed for credit impairment. In practice and considering the nature of its business, particularly with respect to its educational activities, the Group writes off such balances as collection becomes more unlikely as the concerned students did not return for enrollment. The University also assesses impairment of tuition fees and other receivables on a collective basis as they possess shared credit risk characteristics.

The historical loss rates, which are expressed as the relationship between the credit-impaired accounts and the related recognized tuition fees, are adjusted to reflect current and FLI on macroeconomic factors affecting the ability of the students to settle the receivables. The University assessed that the expected loss rates for tuition fees and other receivables are a reasonable approximation of the loss rates for these financial assets.

The University incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macroeconomic variable used in the measurement of ECL is consumer spending as at May 31, 2026, 2025 and 2024, based on the correlation of historical loss rates and FLI.

Based on the application of ECL methodology on the receivables as of May 31, 2026, 2025 and 2024, the allowance for impairment, amounting to P45.1 million, P62.0 million and P81.5 million, respectively, is deemed to be adequate (see Note 5). The loss are as follows:

	<u>ECL Rate</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Allowance</u>
<u>2026</u>			
Tuition and other school fees			
Current semester	2.69%	416,707,150	11,209,422
Past 1 semester	9.55%	41,996,935	4,011,298
Accrued interest	0%	39,226,448	-
Advances to employees	0%	21,167,252	-
	10% to		
Receivables from related parties	100%	171,879,116	27,608,998
Others	31.95%	7,174,826	2,292,064
		<u>698,151,727</u>	<u>45,121,782</u>

	<u>ECL Rate</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Allowance</u>
<u>2025</u>			
Tuition and other school fees			
Current semester	3.36%	421,772,696	14,171,563
Past 1 semester	19.10%	24,197,001	4,622,092
Accrued interest	0%	37,983,153	-
Advances to employees	0%	20,417,454	-
	15% to		
Receivables from related parties	100%	195,604,977	40,908,998
Others	55.47%	4,131,888	2,292,064
		<u>704,107,169</u>	<u>61,994,717</u>
<u>2024</u>			
Tuition and other school fees			
Current semester	3.40%	382,558,254	13,006,981
Past 1 semester	75.85%	38,040,568	28,852,061
Accrued interest	0%	42,239,868	-
Advances to employees	0%	14,350,453	-
	10% to		
Receivables from related parties	100%	261,631,148	37,345,129
Others	18.41%	12,447,590	2,292,064
		<u>751,267,881</u>	<u>81,496,235</u>

With respect to advances to related parties, the University determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. Accordingly, the University recognized allowance for impairment loss amounting to P27.6 million, P40.9 million, and P37.3 million as at May 31, 2026, 2025 and 2024, respectively (see Note 5).

For the years ended May 31, 2026, 2025 and 2024, the University recognized allowance for impairment loss on all its receivables amounting to P45.1 million, P62.0 million, and P81.5 million, respectively. A reconciliation of the allowance for ECL as at May 31, 2026, 2025 and 2024 to the opening loss allowance is presented in Note 5.

c. *Debt Instruments Classified as Financial Assets at FVOCI and at Amortized Cost*

Debt securities measured at amortized cost and at FVOCI are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers "low credit risk" for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

In assessing the ECL, management used external benchmark information like probability of default (PD) rates as published by external credit rating agencies. Applicable loss rate per debt instrument depends on the credit rating by letter grade as assessed by the external rating agencies. For issuers of securities that were not rated by external rating agencies, credit rating based on country or location are used as benchmark.

The loss allowance provided are as follows:

(Amounts in PHP)

University Internal Credit Rating	External Credit Rating	ECL Rate	Estimated Gross Carrying Amount at Default	Allowance
<u>2026</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	AAA	0.00%	20,185,195	-
Underperforming	BBB+	0.00% - 0.21%	14,816,540	-
<i>Financial Assets at FVOCI</i>				
Performing	AAA	0.00%	71,488,017	-
Underperforming	BBB+	0.00% - 0.09%	654,105,789	-
			<u>760,595,541</u>	<u>-</u>
<u>2025</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	AAA	0.00%	18,782,351	-
Underperforming	BBB+	0.00% - 0.21%	16,145,720	-
<i>Financial Assets at FVOCI</i>				
Performing	AAA	0.00%	50,497,792	-
Underperforming	BBB+	0.00% - 0.09%	695,445,604	-
			<u>780,871,467</u>	<u>-</u>
<u>2024</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	A-AAA	0.00%	18,786,927	-
Underperforming	BB-BBB+	0.00% - 0.21%	-	-
<i>Financial Assets at FVOCI</i>				
Performing	AAA	0.00%	30,000,000	-
Underperforming	BBB+	0.00% - 0.09%	1,024,993,604	-
			<u>1,073,780,531</u>	<u>-</u>

d. *Other Non-current Assets*

Management has assessed that these financial assets have low probability of default since these mainly relate to continuing lease contracts, and any outstanding deposit balance can be applied against future monthly rentals. Also, these are no longer discounted since management believes that the effect of discounting is not material to the financial. With respect to certain long-term marketable securities, the University determines that there is a possible impairment. Accordingly, the University recognized allowance for impairment loss amounting to P3.7 million as at May 31, 2026, 2025, and 2024.

14.3 *Liquidity Risk*

The University 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 University's future and contingent obligations and ensures that future cash collections are sufficient to meet them in accordance with internal policies. The University invests in cash placements when excess cash is obtained from operations.

As at May 31, 2026, 2025 and 2024, the University's financial liabilities (except lease liabilities) have contractual maturities (or are expected to be settled within these periods) are presented below.

(Amounts in PHP)	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
<u>2026</u>			
Trade and other payables*	906,974,566	-	-
Interest-bearing loans	280,188,369	174,538,449	214,467,603
Loans from related parties	170,000,000	-	-
	<u>1,357,162,935</u>	<u>174,538,449</u>	<u>214,467,603</u>
<u>2025</u>			
Trade and other payables*	894,666,407	-	-
Interest-bearing loans	291,982,913	183,163,347	434,201,866
	<u>1,186,649,320</u>	<u>183,163,347</u>	<u>434,201,866</u>
<u>2024</u>			
Trade and other payables*	981,064,293	-	-
Interest-bearing loans	198,563,627	193,275,079	804,292,081
	<u>1,179,627,920</u>	<u>193,275,079</u>	<u>804,292,081</u>

*Excluding NSTP and other funds, current portion of lease liabilities and withholding and other taxes payable.

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period. The maturity analysis of lease liabilities are presented in Note 11.1.

14.4 Offsetting of Financial Assets and Financial Liabilities

The amounts of the University's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Prepayments and Other Current Assets account in the statements of financial position (see Notes 4 and 9) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2026, 2025 and 2024, as presented below:

(Amounts in PHP)	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts that can potentially be set-off in the statements of financial position		Net amount
	Financial assets	Financial liabilities set-off		Financial instruments	Cash collateral received	
2026	<u>51,356,811</u>	<u>-</u>	<u>51,356,811</u>	<u>(613,775,510)</u>	<u>-</u>	<u>(562,418,699)</u>
2025	<u>40,641,799</u>	<u>-</u>	<u>40,641,799</u>	<u>(844,795,918)</u>	<u>-</u>	<u>(804,154,119)</u>
2024	<u>10,355,763</u>	<u>-</u>	<u>10,355,763</u>	<u>(1,075,816,326)</u>	<u>-</u>	<u>(1,065,460,563)</u>

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the University and its counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and financial liabilities (i.e., interest-bearing loans) when both elect to settle on a net basis.

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

15. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the statements of profit or loss are as follows:

<i>(Amounts in PHP)</i>	Note	2026	2025	2024
Tuition fees	20.13	3,023,921,796	3,033,259,819	3,002,042,407
Less discounts:				
Scholarships		222,141,178	212,247,726	203,016,192
Cash		33,400,742	31,797,101	29,297,426
Family		6,080,973	6,553,295	5,876,559
		<u>261,622,893</u>	<u>250,598,122</u>	<u>238,190,177</u>
Tuition fees - net		<u>2,762,298,903</u>	<u>2,782,661,697</u>	<u>2,763,852,230</u>
Other school fees:				
Transcript fees		15,211,888	14,157,068	14,379,536
Diplomas		11,152,487	11,476,748	12,206,436
Entrance fees		11,266,999	9,997,225	11,820,520
Identification cards		7,832,196	7,856,095	8,427,536
Graduation and commencement fees		5,492,195	5,540,533	4,908,472
Certification fee		4,049,544	3,909,061	4,551,424
International student fees		1,674,943	2,009,521	2,054,287
Miscellaneous		4,740,017	3,903,414	5,060,148
		<u>61,420,269</u>	<u>58,849,665</u>	<u>63,408,359</u>
		<u>2,823,719,172</u>	<u>2,841,511,362</u>	<u>2,827,260,589</u>

Miscellaneous fees include various fees such as insurance fees, laboratory fees, subject fees and other miscellaneous fees, which are required to be paid together with the tuition fees upon student enrollment.

15.1 Core Revenue Stream

The University derives revenues from transactions involving tuition fees and other school fees and other school-related activities such as sale of school merchandise and books. Revenues from tuition fees are recognized over time of instruction. On the other hand, all other revenue sources, such as other incidental fees and sale of school merchandise and books (presented as part of Other Income) are recognized at a point in time.

15.2 Unearned Tuition Fees

As of May 31, 2026, 2025 and 2024, the University has collected tuition fee payments amounting to P43.5 million, P42.6 million, and P27.6 million, respectively, from students enrolled for the succeeding midyear term or first semester of the following school year.

These collections are presented as Unearned Tuition Fees in the statements of financial position. These will be recognized as revenue in the next reporting period once the performance obligation of the University has been rendered.

16. OPERATING EXPENSES

Costs and operating expenses consist of:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Salaries and employee benefits	19	1,251,650,927	1,138,595,516	1,120,727,158
Depreciation and amortization	8, 10	305,433,880	301,543,492	319,426,393
Professional fees		210,731,199	179,625,353	136,999,667
License and subscription		141,342,415	104,301,336	90,645,770
Supplies and materials		86,312,497	78,827,727	86,807,248
Utilities and communication		81,407,275	82,183,820	74,575,207
Outside services		77,940,443	82,786,636	86,165,519
Taxes and licenses		57,470,217	29,720,798	16,255,667
Repairs and maintenance		33,095,789	30,002,455	32,330,647
Training and seminars		22,072,631	18,793,042	18,250,412
Transportation and travel		20,726,306	19,867,448	25,830,746
Director's bonus		19,130,000	16,841,961	17,015,000
Rental		14,915,554	10,530,903	4,417,829
Insurance		6,763,930	4,919,094	6,377,469
Public relations and promotions		2,203,358	2,024,762	2,352,514
Research		976,287	854,700	363,815
Others		42,067,815	16,688,234	13,829,742
		<u>2,374,240,523</u>	<u>2,118,107,277</u>	<u>2,052,370,803</u>

17. FINANCE INCOME AND FINANCE COSTS

17.1 Finance Income

This consists of the following:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Dividend income	7, 20.1	219,252,293	141,889,441	225,074,822
Interest income from:				
Financial assets at FVOCI	6.2	35,167,206	50,939,691	55,122,261
Cash and cash equivalents	4	5,839,512	3,446,198	13,298,519
Investment securities at amortized cost - net	6.3	1,705,801	1,833,907	5,309,005
Short-term investments	9	-	-	4,159
Other investment income from:				
Financial assets at FVTPL	6.1	79,660,898	96,868,560	85,987,947
Financial assets at FVOCI	6.2	7,465,882	5,331,526	877,880
Foreign exchange gain (loss) - net	6	87,351,842	(45,270,570)	36,881,559
		<u>436,443,434</u>	<u>255,038,753</u>	<u>422,556,152</u>

Other investment income (loss) from financial assets at FVOCI and FVTPL consists collectively of dividend income, gain or loss on disposal, and realized fair value gains or losses of securities held by trustee banks, as well as net amortization of discount and premium on debt securities.

17.2 Finance Costs

This is broken down into the following:

<i>(Amounts in PHP)</i>	Notes	2026	2025	2024
Interest expense on:				
Lease liabilities	11, 22	49,780,187	113,942,482	113,996,846
Interest-bearing loans	13			
	20.9, 22	47,113,039	76,906,668	91,976,945
Bank charges		<u>10,476,807</u>	<u>12,572,611</u>	<u>13,584,132</u>
		<u>107,370,033</u>	<u>203,421,761</u>	<u>219,557,923</u>

18. OTHER INCOME - *Net*

This consists of the following:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Other income from:				
Reversal of accruals and other liabilities	12	77,506,732	101,062,616	33,096,313
Adjustment arising from reduced rent coverage	11	-	62,817,990	58,823,782
Gain from sale of books and other merchandise - net		11,577,988	10,803,537	5,500,447
Gain on sale of property and equipment	10	1,770,468	1,541,748	-
Others		<u>15,305,191</u>	<u>15,054,370</u>	<u>6,760,556</u>
		<u>106,160,379</u>	<u>191,280,261</u>	<u>104,181,098</u>

Others include revenues from processing fees for various document requests of students, reimbursement of vaccine costs and clinic services of employees, fees for use of clinic and library by students of FEU High (see Note 20) and convenience fees for third party payment platforms.

19. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

19.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Note 16).

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Salaries and short-term employee benefits	1,135,421,135	1,076,666,433	1,035,630,336
Post-employment benefits	<u>116,229,792</u>	<u>61,929,083</u>	<u>85,096,822</u>
	<u>1,251,650,927</u>	<u>1,138,595,516</u>	<u>1,120,727,158</u>

19.2 Post-employment Contribution Plan

As discussed in Note 26.8, the University maintains a tax-qualified, funded and contributory retirement plan, which is a defined contribution type of retirement plan covering regular teaching and non-teaching personnel members. This is accounted for as a defined benefit plan with minimum guarantee.

The retirement fund is under the administration of an organization, the FEU Health, Welfare and Retirement Fund Plan (FEUHWRF or the Fund), through its Retirement Board.

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary.

As a policy of FEU, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be utilized as employer contributions in the succeeding years.

The Fund's audited statements of financial position, comprised of both employer and employee share contributions, show the following as of December 31:

<i>(Amounts in PHP)</i>	2026	2025	2024
Assets			
Cash and cash equivalents	204,466,856	196,131,164	121,638,678
Receivables - net	96,705,094	97,288,741	65,432,324
Investment in debt securities:			
Government securities	517,378,947	513,491,362	488,188,039
Corporate bonds and other debt instruments	69,925,293	56,225,599	94,654,887
Investment in equity securities:			
Corporate share	398,996,292	381,025,281	316,363,279
UITF	133,635,139	91,948,742	119,623,105
Others	199,387	182,900	177,456
	<u>1,421,307,008</u>	<u>1,336,293,789</u>	<u>1,206,077,768</u>
Liabilities	<u>(20,369,709)</u>	<u>(55,474,514)</u>	<u>(53,023,059)</u>
Net assets available for plan benefits	<u><u>1,400,937,299</u></u>	<u><u>1,280,819,275</u></u>	<u><u>1,153,054,709</u></u>

Plan assets do not comprise any of the University's or its related parties' own financial instruments or any of its assets occupied and/or used in its operations.

The Fund's financial assets are maintained in trust funds with credible trustee banks under control by the Fund through its Retirement Board.

The movements in the fair value of plan assets are presented below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	1,078,491,078	990,354,970	910,308,440
Actual contributions	120,914,247	69,395,060	88,334,541
Interest income	72,151,053	49,664,324	55,337,500
Benefits paid	(57,769,226)	(30,923,276)	(63,625,511)
Remeasurement loss	<u>(19,723,459)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u><u>1,194,063,693</u></u>	<u><u>1,078,491,078</u></u>	<u><u>990,354,970</u></u>

The movements in the present value of the retirement benefit obligation are as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	1,078,491,078	990,354,970	910,308,440
Current service cost	120,914,247	69,395,060	88,334,541
Interest cost	72,151,053	49,664,324	55,337,500
Benefits paid	(57,769,226)	(30,923,276)	(63,625,511)
Remeasurement gain	(19,723,459)	-	-
Balance at end of year	1,194,063,693	1,078,491,078	990,354,970

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), the following significant actuarial assumptions were used:

	2026	2025	2024
Discount rates	7.56%	6.69%	6.69%
Salary growth rate	5.00%	2.73%	2.73%

20. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the key management and others. A summary of the University's transactions with its related parties is presented in the below and in the succeeding page (in thousands):

<i>(Amounts in PHP)</i>	Notes	May 31, 2026		May 31, 2025		May 31, 2024	
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Subsidiaries and associates:							
Dividend income	20.1	219,252	-	141,889	-	225,075	50,000
Noninterest-bearing advances	20.2	8,570	8,570	-	-	(235,565)	-
Rent expense	20.3	(7,376)	-	(6,740)	-	(2,942)	(139)
Lease liabilities	20.3	(33,012)	(696,990)	(467,568)	(730,001)	(10,794)	(1,197,570)
ROUA	20.3	23,862	246,820	517,313	270,862	65,524	787,995
Interest on lease liabilities	17.2, 20.3	(49,780)	-	(113,942)	-	(113,939)	-
Rental income	20.4, 20.7						
	20.6, 20.8	54,085	5,502	44,044	8,883	43,500	2,688
Reimbursement of expenses (receivable)	20.5	236	124,031	(11,871)	146,163	31,742	158,034
Reimbursement of expenses (payable)	20.5	-	-	-	-	(23,171)	-
Interest-bearing loans payable	20.9	(920,000)	(170,000)	(545,000)	-	(695,000)	-
Interest expense	20.9	(3,717)	-	(12,409)	-	(6,369)	-
Share in tuition fees	20.13	6,612	4,414	6,619	6	3,450	3,815
Fees for use of school clinic and library	18	4,886	4,886	5,320	-	5,035	5,035

		May 31, 2026		May 31, 2025		May 31, 2024	
	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Related parties under common management:							
Noninterest-bearing advances	20.2	(1,277)	11,308	-	12,585	3,083	12,585
Lease liabilities	20.3	-	-	(1,599)	-	(1,740)	(1,599)
ROUA	20.3	-	-	-	-	(2,331)	-
Rent expense	20.3	(4,375)	(4,375)	(3,199)	(3,199)	(216)	(216)
Interest on lease liabilities	17.2, 20.3	-	-	-	-	(58)	-
Reimbursement of expenses (receivables)	20.5	(14,800)	13,168	(1,507)	27,968	5,079	29,475
Key management personnel compensation	20.11	101,198	-	93,509	-	84,605	-
Retirement fund -							
Retirement plan assets	20.12	-	1,194,063	-	1,089,353	-	971,435

Details of the foregoing summary of transactions are discussed below and in the succeeding pages.

20.1 Dividend Income

For the years ended May 31, 2026, 2025 and 2024, the University recognized dividend income from cash dividend declarations made by EACCI, FEU High, FRC and GSC (see Note 7), which is presented as Dividend income under Finance Income in the statements of profit or loss (see Note 17.1).

20.2 Noninterest-bearing Advances

The University grants unsecured and noninterest-bearing advances to certain related parties for working capital purposes which are currently due on demand.

Summarized below are the outstanding receivables, shown as part of Receivables from related parties under the Receivables account in the statements of financial position, arising from these transactions (see Note 5). In 2026, the University recognized reversal of impairment loss amounting to P13.3 million, while impairment loss amounting to P3.6 million and P6.8 million, were recognized in 2025 and 2024, respectively. These amounts are presented under Impairment Loss in the statements of profit or loss.

(Amounts in PHP)	Beginning	Advances (Repayments)	Ending
<u>2026</u>			
FEU Public Policy Center Foundation, Inc. (FEUPPCFI)	12,584,963	(1,276,960)	11,308,003
HAI	-	8,570,000	8,570,000
	<u>12,584,963</u>	<u>7,293,040</u>	<u>19,878,003</u>
<u>2025</u>			
FEUPPCFI	<u>12,584,963</u>	<u>-</u>	<u>12,584,963</u>
<u>2024</u>			
RCI	235,564,735	(235,564,735)	-
FEUPPCFI	<u>9,501,803</u>	<u>3,083,160</u>	<u>12,584,963</u>
	<u>245,066,538</u>	<u>(232,481,575)</u>	<u>12,584,963</u>

20.3 Lease of Land, Various Buildings and Facilities

The University has several lease agreements with FRC and Nicanor Reyes Educational Foundation, Inc. (NREF) for its lease of land, various buildings and facilities. The lease agreements are long-term, renewable and provide rental rates with annual escalation rates.

The University, as a lessee, recognized ROUA and lease liabilities, which is presented as ROUA and Lease Liabilities in the statements of financial position (see Notes 10 and 11). Amortization of the ROUA arising from these transactions is presented as part of Depreciation and amortization under Operating Expenses of the statements of profit or loss (see Notes 10 and 16). Total interest expense on lease liabilities is presented as part of Interest expense on lease liabilities under Finance Costs in the statements of profit or loss (see Note 17.2). The outstanding balances arising from these transactions are presented as part of ROUA under Property and Equipment and Lease Liabilities (current portion under Trade and Other Payable) in the statements of financial position.

(Amounts in PHP)			Right-of-use asset		Lease Liabilities	
Lessor	Property	Lease term	Outstanding balance	Amortization expense	Outstanding balance	Interest expense
2026						
FRC	Manila campus premises - land and building	20 years	160,975,922	12,382,763	530,751,681	33,946,949
FRC	Makati campus premises - land	30 years	79,677,227	5,311,816	159,815,917	15,229,435
FRC	Facilities - athlete's quarters	3 years	6,167,279	6,167,280	6,421,903	603,803
			<u>246,820,428</u>	<u>23,861,859</u>	<u>696,989,501</u>	<u>49,780,187</u>
2025						
FRC	Manila campus premises - land and building	20 years	173,358,686	45,953,580	558,471,336	98,179,357
FRC	Makati campus premises - land	30 years	84,989,043	5,311,816	159,072,469	15,127,215
FRC	Building - gymnasium	10 years	-	8,390,584	-	276,041
FRC	Facilities - athlete's quarters	3 years	12,334,558	3,083,639	12,458,079	359,869
			<u>270,682,287</u>	<u>62,739,619</u>	<u>730,001,884</u>	<u>113,942,482</u>
2024						
FRC	Manila campus premises - land and building	20 years	689,303,693	45,953,580	1,027,687,099	97,876,962
FRC	Makati campus premises - land	30 years	90,300,858	5,311,815	157,741,434	14,973,341
FRC	Building - gymnasium	10 years	8,390,585	10,068,701	12,141,037	960,177
FRC	Facilities - athlete's quarters	3 years	-	4,190,344	-	128,270
NREF	Facilities - Diliman sports facilities	10 years	-	2,330,598	1,599,360	58,096
			<u>787,995,136</u>	<u>67,855,038</u>	<u>1,199,168,930</u>	<u>113,996,846</u>

The University leased from FECSI the gymnasium located in its campus until the transfer of the property to the Parent in May 2023, after which the lease agreement ceased. Rental expense on this lease amounted P1.2 million was recognized as part of Operating Expenses in May 31, 2024 (nil in 2026 and 2025) statement of profit or loss (see Note 16). The outstanding balance is presented as part of Accrued expenses under the Trade and Other Payables account in the 2024 statement of financial position (see Note 12).

The University also leases certain spaces from FRC, FEUAI and NREF for the use by the University bookstore and its student-athletes, and dormitory space located at FEU Cavite Campus. The lease agreements covering these leases are renewed annually. Rental expense on these leases amounted P11.8 million, P9.9 million, and P3.2 million for years ended May 31, 2026, 2025 and 2024 is shown as part of Operating Expenses in the statements of profit or loss. The outstanding balance is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 12).

20.4 Lease of Campus Premises to FECSI

For a period of ten years from August 1, 2012 to July 31, 2022, the University entered into a lease of its two school buildings (see Note 8) to FECSI. The lease period is renewable subject to conditions mutually agreed upon by the parties. Accordingly, in July 2022, both parties mutually agreed to continue with the agreement, with negotiations on the terms of the extension underway as of the report date. The annual rent is set at P1.3 million or 10% of FECSI's annual gross revenue net of some adjustments, whichever is higher. The rental fee is equally allocated between the University and FRC.

Total rental income earned from this transaction amounted to P2.6 million, P3.2 million and P3.0 million for the years ended May 31, 2026, 2025 and 2024, respectively, and is presented as part of Other Operating Income in the statements of profit or loss (see Note 8). Related outstanding receivable arising from this transaction amounted to P5.5 million, P2.8 million and P2.7 million for the year ended May 31, 2026, 2025 and 2024, respectively, which is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 5). No impairment loss is recognized by the University on this receivable.

20.5 Reimbursement of Expenses

During the year ended May 31, 2026, 2025 and 2024, the University billed its subsidiaries and other related entities for the reimbursement of amounts it initially advanced to third party suppliers and service providers for certain expenses, and other various allocated expenses, at cost. These expenses pertain to those incurred in the normal course of operations of the University and its related entities, which include utilities, licenses and subscriptions, legal fees, various supplies, janitorial and security services, use of facilities, and salaries and benefits of seconded employees, among others.

Shown below are the details of the balances of receivables from related parties under the Receivables account in the statements of financial position (see Note 5).

<i>(Amounts in PHP)</i>	2026	2025	2024
FECSI	72,066,973	67,936,152	56,590,752
RCI	44,915,144	58,697,661	72,993,234
FEUPPCFI	12,216,607	27,555,016	24,760,165
FEU High	847,086	1,622,990	15,653,651
FEUAI	-	7,918,146	3,202,476
EACCI	-	3,055,146	8,287,843
HAI	4,032,148	2,799,109	-
FRC	704,700	673,050	628,019
FEUHWRFPP	819,200	341,577	4,676,534
JCHS - associate	296,180	316,527	316,527
Edustria	1,966	-	122,318
GSC - associate	1,166,827	3,144,024	238,869
NREF	131,879	71,543	38,653
	<u>137,198,710</u>	<u>174,130,941</u>	<u>187,509,041</u>

In 2024, FEU fully paid the amount FECSI billed for the reimbursement of costs that it incurred for the construction of the gymnasium in its campus used by FEU amounting to P23.2 million. There were no similar transactions in 2025 and 2026.

20.6 Lease of Certain Buildings to FEU High School

The University entered into lease arrangements with FEU High School for the use of certain University premises for student-related activities, including recognition ceremonies, symposiums, sportsfests and other school activities. Rental income from these lease arrangements amounted to P9.9 million, P1.4 million, and P1.1 million for the years ended May 31, 2026, 2025, and 2024, respectively.

20.7 Lease of Certain Buildings to EACCI

In July 2016, the University and EACCI entered into a lease agreement with a term of ten years ending June 30, 2026. Monthly rental of P2.1 million (exclusive of VAT) from July 2016 to February 2017, and P1.8 million (exclusive of VAT) for March 2017 onwards was billed to EACCI.

Total rental income from EACCI, presented as part of Other Operating Income in the statements of profit or loss, amounted to P25.3 million, P24.8 million and P23.7 million for the years ended May 31, 2026, 2025, and 2024, respectively. Outstanding receivables arising from this transaction amounting to nil, P0.1 million, and P2.1 million as of May 31, 2026, 2025, and 2024, respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 5).

20.8 Lease of Campus Premises to FEUAI

In 2019, the University started to lease to FEUAI the land where the FEU Alabang Campus is located. The lease agreement covers a period of 15 years from January 1, 2019 to December 31, 2034. The parties also agreed that there shall be no rental fees for the first year of the lease. In subsequent years, the terms and conditions of the lease is to be determined annually, subject to conditions mutually agreed upon by both parties. For the period January 1 to June 30, 2020, the rate agreed is P1.2 million per month, subject to review and renewal every year thereafter until the end of lease term.

Total rental income from FEUAI, which is presented as part of Other Operating Income in the statements of profit or loss, amounted to P16.2 million, P16.0 million and P15.7 million, for the years ended May 31, 2026, 2025 and 2024, respectively. Outstanding balance as of 2025 amounting to P6.0 million (nil in 2026 and 2024) is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 5).

20.9 Interest-bearing Loans

Interest-bearing loans granted by the University to its related parties are presented as part of Receivables from related parties in the statements of financial position, while Interest-bearing loans obtained by the University from its related parties are disclosed as Loans from Related Parties in the statements of financial position.

Interest-bearing loan from EACCI, FEU High and FEU Alabang

On various dates, the University obtained interest-bearing loans from EACCI, FEU High, and FEU Alabang. The loans were unsecured and bears interest based on a 91-day time deposit rate plus 0.10%. The terms of the loans were initially set at 90 days, with the option for extension as agreed between the parties. The agreements also provide for a 3% late payment interest on any unpaid principal and interest, computed per annum from date of maturity until full payment, in the event of non-extension of the term.

Related interest amounting to P3.7 million, P12.4 million, and P6.4 million in May 31, 2026, 2025, and 2024, respectively, was recognized in profit or loss as part of Interest expense on interest-bearing loans under Finance Costs in the statements of profit or loss (see Note 17.2).

20.10 Financial Guaranty for Subsidiaries' Loans

In March 2017 and January 2018, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a certain local commercial bank, the University gives its full consent and authority to act as surety up to P500.0 million for the subsidiary's obligations arising from any loan or availment of any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. The outstanding loans payable by RCI to the said local bank amounted to P319.1 million as of May 31, 2026, P314.3 million as of May 31, 2025 and P309.5 million as of May 31, 2024. As of May 31, 2026, 2025 and 2024, RCI has not defaulted on its loans.

20.11 Key Management Personnel Compensation

Total remuneration of the University's key management personnel presented as part of Salaries and employee benefits under Operating Expenses (see Note 16) is as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Salaries and short-term benefits	88,105,956	80,655,839	72,994,147
Post-employment benefits	13,092,249	12,853,440	11,611,080
	<u>101,198,205</u>	<u>93,509,279</u>	<u>84,605,227</u>

20.12 Retirement Fund

The University maintains a retirement plan for its employees, with the retirement fund maintained in trust with a trustee bank. The fair value of the University's retirement plan assets amounted to P1,194.1 million, P1,089.4 million, and P971.4 million as of May 31, 2026, 2025 and 2024, respectively (see Note 19.2).

None of the retirement plan assets are invested in or provided to the University and/or its related parties.

The retirement fund neither provides any guarantee nor surety for any obligation of the University.

20.13 Share in Tuition Fees

The University has separate agreements with FECSI, FEUAI and GSC for the offering of extension programs, wherein FEU's course curriculum is being used for certain courses offered in FEU Cavite, FEU Alabang and GSC campuses. In addition, the University's faculty members deliver instruction for the extension courses offered in GSC.

Accordingly, FEU receives a certain percentage of the tuition fees earned from these programs to compensate for the use of its curriculum and license, and to recover faculty-related costs. Total fees earned in 2026, 2025 and 2024, amounting to P6.6 million, P6.6 million, and P3.5 million, respectively, are presented as part of Tuition fees - net in the statements of profit or loss (see Note 15). The outstanding receivables from such transactions are presented as part of Receivables - net in the statements of financial position (see Note 5).

21. INCOME TAXES

Under Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 25% will apply to the entire taxable income instead of the 10% preferential rate. The University qualifies to continue to avail of the 10% preferential rate given its revenue profile. In addition, the University is also not covered by the minimum corporate income tax provision of the new tax code.

In March 2021, R.A. No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) has been passed into law which provides for a reduced tax rate of proprietary schools to 1% from the previous 10%, effective July 2021 until June 2023.

Also in December 2021, R.A. No. 11635, *An Act Clarifying the Income Taxation of Proprietary Educational Institutions, Amending for the Purpose Section 27 (B) of the NIRC of 1997, As Amended*, was enacted such that proprietary schools were clarified to apply 1% reduced tax rate as originally intended by CREATE.

The University used the reduced 9.3% income tax rate for the fiscal year ended May 31, 2024 to recognize its current tax expense.

In pursuance of the CREATE and Revenue Memorandum Circular No. 69-2023, *Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to R.A. No. 11534*, the rate of RCIT for proprietary educational institutions reverted to 10% from 1%, effective July 1, 2023. Consequently and in accordance with the requirements of PAS 12, *Income Taxes*, the University measured its deferred tax assets and liabilities at 10% as of May 31, 2026, 2025 and 2024.

The major components of tax expense reported in the statements of profit or loss are as shown below.

<i>(Amounts in PHP)</i>	2026	2025	2024
Current tax expense:			
Special rate at 10% in 2026 and 2025; 9.3% in 2024	61,412,945	85,696,652	68,998,790
Final tax at 20% and 15%	1,329,048	1,128,846	14,737,929
	<u>62,741,993</u>	<u>86,825,498</u>	<u>83,736,719</u>
Deferred tax expense (income) relating to origination and reversal of temporary differences (10% in 2026, 2025 and 2024)	15,864,483	(136,390)	(5,762,962)
	<u>78,606,476</u>	<u>86,689,108</u>	<u>77,973,757</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

<i>(Amounts in PHP)</i>	2026	2025	2024
Tax on pretax income at 10%	93,156,726	101,789,135	112,818,750
Adjustments for income subjected to higher tax rates	-	-	7,373,394
Tax effects of:			
Change in tax rate	-	-	(11,366,317)
Non-taxable income	(29,469,035)	(20,832,055)	(36,626,919)
Non-deductible expenses	13,589,737	4,739,573	5,774,849
Others	1,329,048	992,455	-
	<u>78,606,476</u>	<u>86,689,108</u>	<u>77,973,757</u>

The net deferred tax assets and liabilities of the University as of May 31, 2026, 2025 and 2024, relate to the following:

(Amounts in PHP)	Statements of Financial Position			Statements of Profit or Loss		
	2026	2025	2024	2026	2025	2024
Deferred tax assets (DTA):						
Accrued expense	5,312,541	5,259,153	10,025,165	(53,388)	4,766,011	1,035,673
Allowance for impairment on tuition and other school fees receivables	1,751,278	2,108,573	4,415,111	357,295	2,306,539	3,408,773
	<u>7,063,819</u>	<u>7,367,726</u>	<u>14,440,276</u>	<u>303,907</u>	<u>7,072,550</u>	<u>4,444,446</u>
Deferred tax liabilities (DTL):						
Prepaid expenses	(7,005,326)	(6,512,765)	(5,471,262)	492,561	1,041,503	2,899,465
Unrealized foreign currency losses (gains)	(8,731,417)	4,527,057	(3,688,156)	13,258,474	(8,215,213)	(1,029,317)
Unrealized fair value losses (gains) financial assets at FVTPL	(5,390,616)	(3,581,075)	(3,616,305)	1,809,541	(35,230)	6,438,742
Deferred tax income resulting from remeasurement of DTA	-	-	-	-	-	(18,516,298)
	<u>(21,127,359)</u>	<u>(5,566,783)</u>	<u>(12,775,723)</u>	<u>15,560,576</u>	<u>(7,208,940)</u>	<u>(10,207,408)</u>
Deferred tax assets (liabilities) - net	<u>(14,063,540)</u>	<u>1,800,943</u>	<u>1,664,553</u>			
Deferred tax assets (income) - net				<u>15,864,483</u>	<u>(136,390)</u>	<u>(5,762,962)</u>

The University claimed itemized deductions for income tax purposes in all of the years presented.

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of liabilities arising from various financing activities in fiscal years 2026, 2025 and 2024:

(Amounts in PHP)	Interest-bearing Loans (see Note 13)	Loans from Related Party (see Note 20)	Dividends Payable (see Note 12)	Accrued Interest (see Notes 12 and 13)	Lease Liabilities (see Note 11)	Total
Balance at June 1, 2025	844,795,918	-	362,386,179	5,963,899	730,001,884	1,943,147,880
Net cash flow:						
Proceeds from loans	170,000,000	920,000,000	-	-	-	1,090,000,000
Repayment of loans	(401,020,408)	(750,000,000)	-	-	-	(1,151,020,408)
Repayment of lease liabilities	-	-	-	-	(82,792,570)	(82,792,570)
Dividends paid	-	-	(690,664,256)	-	-	(690,664,256)
Interest paid	-	-	-	(49,899,414)	-	(49,899,414)
Non-cash financing activities:						
Dividend declaration	-	-	721,672,890	-	-	721,672,890
Interest on lease liabilities	-	-	-	-	49,780,187	49,780,187
Amortization of lease liabilities	-	-	-	-	-	-
Lease modification	-	-	-	-	-	-
Accrual of interest on loans	-	-	-	47,113,039	-	47,113,039
Balance at May 31, 2026	<u>613,775,510</u>	<u>170,000,000</u>	<u>393,394,813</u>	<u>3,177,524</u>	<u>696,989,501</u>	<u>1,877,337,348</u>

(Amounts in PHP)	Interest-bearing Loans (see Note 13)	Loans from Related Party (see Note 20)	Dividends Payable (see Note 12)	Accrued Interest (see Notes 12 and 13)	Lease Liabilities (see Note 11)	Total
Balance at June 1, 2024	1,075,816,326	-	355,992,696	8,519,634	1,199,168,930	2,639,497,586
Net cash flow:						
Proceeds from loans	-	545,000,000	-	-	-	545,000,000
Repayment of loans	(231,020,408)	(545,000,000)	-	-	-	(776,020,408)
Repayment of lease liabilities	-	-	-	-	(65,718,308)	(65,718,308)
Dividends paid	-	-	(763,390,933)	-	-	(763,390,933)
Interest paid	-	-	-	(76,906,668)	-	(76,906,668)
Non-cash financing activities:						
Dividend declaration	-	-	769,784,416	-	-	769,784,416
Interest on lease liabilities	-	-	-	-	113,942,482	113,942,482
Amortization of lease liabilities	-	-	-	-	(47,399,793)	(47,399,793)
Lease modification	-	-	-	-	(469,991,427)	(469,991,427)
Accrual of interest on loans	-	-	-	74,350,933	-	74,350,933
Balance at May 31, 2025	<u>844,795,918</u>	<u>-</u>	<u>362,386,179</u>	<u>5,963,899</u>	<u>730,001,884</u>	<u>1,943,147,880</u>
Balance at June 1, 2023	1,406,836,735	-	291,427,957	10,171,291	1,211,702,555	2,920,138,538
Net cash flow:						
Proceeds from loans	-	695,000,000	-	-	-	695,000,000
Repayment of loans	(331,020,409)	(695,000,000)	-	-	-	(1,026,020,409)
Repayment of lease liabilities	-	-	-	-	(67,706,691)	(67,706,691)
Dividends paid	-	-	(705,219,677)	-	-	(705,219,677)
Interest paid	-	-	-	(93,628,602)	-	(93,628,602)
Non-cash financing activities:						
Dividend declaration	-	-	769,784,416	-	-	769,784,416
Interest on lease liabilities	-	-	-	-	113,996,846	113,996,846
Amortization of lease liabilities	-	-	-	-	(58,823,780)	(58,823,780)
Accrual of interest on loans	-	-	-	91,976,945	-	91,976,945
Balance at May 31, 2024	<u>1,075,816,326</u>	<u>-</u>	<u>355,992,696</u>	<u>8,519,634</u>	<u>1,199,168,930</u>	<u>2,639,497,586</u>

Accrued interest on loans payable as of May 31, 2026, 2025 and 2024 is recognized as part of Accrued Expenses under Trade and Other Payables in the statements of financial position (see Notes 12 and 13).

23. EQUITY

23.1 Capital Stock

As of May 31, 2026, 2025 and 2024, the University's authorized capital stock consists of 50,000,000 shares with par value of P100 per share, of which 24,055,763 shares were issued and outstanding, net of 37,331 treasury shares.

Below is the ownership structure of the University's outstanding shares as of May 31, 2026, 2025 and 2024.

	2026	2025	2024
Number of shares held by related parties	15,363,897	15,243,974	15,231,346
Number of shares held by the public	<u>8,691,866</u>	<u>8,811,789</u>	<u>8,824,417</u>
	<u>24,055,763</u>	<u>24,055,763</u>	<u>24,055,763</u>

As of May 31, 2026, 2025 and 2024, the public owns 36.13%, 36.63% and 36.68%, respectively, of the University's listed shares.

As of May 31, 2026, there are 1,452 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 P800.0 per share in May 31, 2026 and 2025, and P699.5 per share in 2024.

23.2 Retained Earnings

Significant transactions affecting Retained Earnings are as follows:

(a) Appropriation of Retained Earnings

The University's appropriated retained earnings represent amounts specifically set aside by the Board of Trustees for identified capital expenditures, subsidiary expansion projects, strategic growth investments, probable contingencies, and treasury shares. These appropriations are intended to support the University's continuing campus development, infrastructure improvements, facility modernization, investments in subsidiaries, and other strategic expansion initiatives.

As of May 31, 2026, 2025 and 2024, the University's Appropriated Retained Earnings consists of appropriations approved by the Board of Trustees for the following purposes:

<i>(Amounts in PHP)</i>	2026	2025	2024
Board Approval Date	May 19, 2026	May 20, 2025	May 21, 2024
Property and investment acquisition	332,000,000	740,000,000	1,417,000,000
Purchase of equipment and improvements	308,000,000	354,000,000	662,000,000
Contingencies	90,000,000	90,000,000	90,000,000
Treasury stock	3,733,100	3,733,100	3,733,100
	<u>733,733,100</u>	<u>1,187,733,100</u>	<u>2,172,733,100</u>

The appropriation for property and investment acquisition pertains primarily to investments in and acquisitions relating to the expansion and development of the University's new and existing subsidiaries. These include strategic investments and development initiatives intended to support the growth and expansion of the University and its subsidiaries that are expected to be completed by the last quarter of next fiscal year.

The appropriation for purchase of equipment and improvements pertains to capital expenditures for campus development, infrastructure improvements, facility modernization, and the acquisition or upgrading of equipment and other assets necessary to support the University's operations and continuing development that are expected to be completed within the next twelve months.

The appropriation for contingencies represents amounts set aside by the Board of Trustees to provide for probable contingencies that may arise during the University's operations and strategic activities including property and investment acquisition and purchase of equipment and improvements within the next fiscal year. The appropriation for treasury stock represents an amount in relation to treasury shares already acquired by the University.

The appropriations are reviewed and reassessed annually by Management and the Board of Trustees based on the requirements and status of the underlying projects, their implementation schedules, and the University's available resources. Accordingly, the timing and amount of the appropriations are reassessed annually and may be adjusted, reversed, or reappropriated as project requirements, implementation priorities, and available resources change.

The changes in Appropriated Retained Earnings are shown below:

<i>(Amounts in PHP)</i>	2026	2025	2024
Balance at beginning of year	1,187,733,100	2,172,733,100	1,463,733,100
Appropriations	733,733,100	-	850,000,000
Reversal of appropriations	<u>(1,187,733,100)</u>	<u>(985,000,000)</u>	<u>(141,000,000)</u>
Balance at end of year	<u>733,733,100</u>	<u>1,187,733,100</u>	<u>2,172,733,100</u>

(b) *Dividend Declaration*

The BOT approved the following dividend declarations during the years ended:

<i>(Amounts in PHP)</i>	Declaration	Date of Record	Payment / Issuance	Amount
<u>May 31, 2026</u>				
Cash dividend of P16 per share	September 16, 2025	September 30, 2025	October 16, 2025	384,892,208
Cash dividend of P14 per share	February 24, 2026	March 10, 2026	March 24, 2026	<u>336,780,682</u>
				<u>721,672,890</u>
<u>May 31, 2025</u>				
Cash dividend of P16 per share	September 18, 2024	October 1, 2024	October 17, 2024	384,892,208
Cash dividend of P16 per share	February 19, 2025	March 4, 2025	March 18, 2025	<u>384,892,208</u>
				<u>769,784,416</u>
<u>May 31, 2024</u>				
Cash dividend of P16 per share	September 19, 2023	October 3, 2023	October 13, 2023	384,892,208
Cash dividend of P16 per share	February 20, 2024	March 5, 2024	March 20, 2024	<u>384,892,208</u>
				<u>769,784,416</u>

Unclaimed checks related to dividends declared as of May 31, 2026, 2025 and 2024 are presented as Dividends payable under the Trade and Other Payables account in the statements of financial position (see Note 12).

24. EARNINGS PER SHARE

EPS were computed as follows:

<i>(Amounts in PHP)</i>	2026	2025	2024
Net income	852,960,785	931,202,239	1,050,213,745
Divided by number of outstanding shares, net of treasury stock of 37,331 shares	24,055,763	24,055,763	24,055,763
Basic and diluted earnings per share	35.46	38.71	43.66

As of May 31, 2026, 2025 and 2024, the weighted average and actual number of outstanding shares are the same.

The University has no potential dilutive common shares as of May 31, 2026, 2025 and 2024; accordingly, the diluted earnings per share is the same as the basic earnings per share in all years presented.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The University aims to provide returns on equity to shareholders while managing operational and strategic objectives. The University manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust capital structure, the University may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The University 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 monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the University's external environment and the risks underlying the University's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities (net of unearned tuition fees) divided by total adjusted equity (comprised of capital stock and retained earnings). Capital for the reporting periods May 31, 2026, 2025 and 2024 is summarized below.

<i>(Amounts in PHP)</i>	2026	2025	2024
Total adjusted liabilities	2,524,931,289	2,562,064,214	3,392,996,064
Total adjusted equity	7,514,017,204	7,382,729,309	7,221,311,486
Debt-to-equity ratio	0.34 : 1.00	0.35 : 1.00	0.47 : 1.00

The University's goal in capital management is to maintain a lower adjusted 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 University's bank covenants related to its interest-bearing loans to a certain bank which requires the University to maintain a debt-to-equity structure ratio of not more than 2.00:1.00 and debt service coverage ratio of at least 1.2x (see Note 13).

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratios and debt service credit reserve which are both based on the University's consolidated financial statements for all years presented.

There was no significant change in the University's approach to capital management during the year.

26. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

26.1 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The University'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 University assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (SPPI). In making this assessment, the University 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 27.1 (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 University 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 University for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The University has designated certain equity instruments as at FVOCI on initial recognition.

Financial Assets at FVTPL

The University can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the University 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 University 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 University recognizes a loss allowance for such losses at each reporting date.

The University's definition of credit risk and information on how credit risk is mitigated by the University are disclosed in Note 14.2.

(b) Financial Liabilities

Financial liabilities, which include interest-bearing loans, trade and other payables (except tax-related liabilities, Deposits payable and NSTP and other funds), non-current lease liabilities, advances from a related party and subscription payable are recognized when the University becomes a party to the contractual terms of the instrument.

26.2 Investments in Subsidiaries, Associates and Joint Venture

Subsidiaries are entities over which the University has control. The University controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity.

The University reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls.

Associates are those entities over which the University is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture.

A joint venture is an entity whose economic activities are controlled jointly by the venturers.

The University's investments in subsidiaries, associates and joint venture are accounted for in these separate financial statements at cost, less any impairment loss.

26.3 Investment Properties

Investment properties, except land, are carried at cost less accumulated depreciation and impairment in value, if any. Depreciation of investment properties, which consist of building and improvements, is computed using the straight-line method over its estimated useful life of 20 years.

26.4 Property and Equipment

Property and equipment, except land, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in administration is stated at cost less any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Furniture and equipment	3 - 6 years
Miscellaneous equipment	5 years

Leasehold improvements are amortized over the estimated useful lives of 20 years or the remaining term of the lease, whichever is shorter.

Construction in progress represents assets currently under development and is carried at cost, less of any impairment. Cost includes construction expenditures, directly attributable costs, and borrowing costs incurred during the construction period. These assets are not depreciated until they are completed and available for their intended use.

26.5 Impairment of Non-financial Assets

The University's investments in subsidiaries, associates and joint venture, property and equipment (including ROUA), investment properties and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

26.6 Leases

The University accounts for its leases as follows:

(a) University as Lessee

Subsequent to initial recognition, the University depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 3 to 30 years.

The University has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) *University as Lessor*

The University applies judgment in determining whether a lease contract is a finance or operating lease.

26.7 Revenue and Expense Recognition

Revenue arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from school buildings and food stalls; and (ii) investment-related transactions such as, investment income, dividend income from subsidiaries, interest income and others.

The management determined that the revenues arising from educational and other related activities are within the scope of PFRS 15, while rental income is covered by PFRS 16 (see Note 26.6). Investment-related revenues are subject to the provisions of PFRS 9 (see Note 26.1).

The University enters into transactions involving tuition fees and other school fees and other school-related activities such as the sale of books and other merchandise. There are no significant judgments made in determining the transaction price and the amount allocated to the performance obligations. Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the school year or the semestral period, whichever is applicable. With respect to the sale of books and other merchandise, the obligation is satisfied when the goods are delivered to the customers. Hence, revenue is recognized at a point in time. Significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 27.1(a).

In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Educational revenues* - Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Unearned Tuition Fees account in the statements of financial position. Payment for tuition fees is due upon enrollment, which is before the school term starts, and can be made either in full payment or installment.

NSTP funds are recognized as revenue upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as part of Other funds in the Trade and Other Payables account in the statements of financial position [see Note 26.1(b)].

- (b) *Sale of books and other educational-related merchandise* - Revenue is recognized at a point in time when the control of the goods has been transferred to the buyer. This is generally when the customer has acknowledged the delivery of goods. Payment for the transaction price is due immediately at the point the customer purchases the goods.

- (c) *Other fees* - This pertains to but is not limited to, student or alumni request for transcript, diploma, identification cards and certifications which fees are collected in cash and accordingly issued an official receipt and shortly thereafter the requested services are fulfilled. Revenue is recognized at the point the transaction has occurred.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

26.8 Employee Benefits

The University provides post-employment benefits to employees through a defined contribution plan subject to a minimum guarantee required by R.A. 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 - *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of R.A. 7641*.

The University maintains a defined contribution plan that covers all regular full-time employees. Under the plan, the monthly employer contribution is based on a fixed percentage of employees' monthly basic pay. FEU's retirement contribution is generally higher than the R.A. 7641 defined benefit minimum guarantee at normal retirement age.

Accordingly, the University accounts for its retirement obligations at each reporting date under the higher of the defined benefit obligation relating to the minimum guarantee and the sum of defined contribution liability and the present value of any excess of the projected defined benefit obligation over projected defined contribution obligation.

The defined benefit obligation and the present value of the excess of the projected defined benefit obligation over the defined contribution obligation are calculated every other year by a qualified independent actuary using the projected unit credit method. The University determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

26.9 Earnings per Share

The University presents earnings per share data for its common shares in the financial statements in accordance with PAS 33, *Earnings per Share*. Basic earnings per share is computed by dividing the net income by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The University has no dilutive potential common shares; thus, basic and diluted earnings per share are the same for all periods presented.

26.10 Income Taxes

The University also complies with the requirements of Revenue Regulations No. 15-2010, which mandate disclosures of taxes, duties, and license fees paid or accrued during the year. Income tax expense includes current and deferred taxes.

Current tax is based on taxable income for the year using applicable tax rates. Deferred tax is recognized on temporary differences between financial and tax reporting, using the balance sheet liability method. Deferred tax assets are recognized when it is probable that future taxable income will allow recovery. Taxes related to items in other comprehensive income or equity are recognized accordingly.

27. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the University's financial statements in accordance with PFRS Accounting Standards require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. 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. Actual results may ultimately vary from these estimates.

27.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the University's accounting policies, management has made judgments, apart from those involving estimation. The following judgments have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Timing of Satisfaction of Performance Obligations

The management determines that its revenue from tuition fees shall be recognized over time of instruction delivery. In making its judgment, the University considers the timing of receipt and consumption of benefits provided by the University to the students. This demonstrates that the students simultaneously receive and consume the benefits as the University performs its obligation.

With respect to its revenues from sale of books, other merchandise, and various other school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the books, merchandise, and requested document, is transferred to the customers upon delivery.

(b) Determination of ECL on Tuition and Other Fee Receivables

The University uses a provision matrix to calculate ECL for assessed tuition fee receivables. The loss rates are based on actual write-off of student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 14.2(b)].

The University's management intends to recalibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the University's tuition fees and other receivables are disclosed in Note 14.2.

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The University manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows.

The University's business models need not be assessed at entity level but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the University evaluates in which business model a financial instrument or a portfolio of financial instruments belongs taking into consideration the objectives of each business model established by the University as those relate to the University's investment or trading strategies.

(d) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the University assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the University assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the University considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made from a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the University considers certain circumstances documented in its business model policy to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the University can explain the reasons for those sales and why those sales do not reflect a change in the University's objective for the business model.

(e) *Application of ECL to Debt Instruments at Amortized Cost and at FVOCI*

The University uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs 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 origination of the financial instrument; in such case, a lifetime ECL for the instrument is recognized.

The University has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(f) *Distinction between Investment Properties and Owner-managed Properties*

The University determines whether a property qualifies as investment property. In making its judgment, the University considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services. Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately), the University accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The University considers each property separately in making its judgment.

(g) *Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

For leases of university buildings, the factors that are normally the most relevant are (a) if there are significant penalties should the University preterminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the University is reasonably certain to extend and not to terminate the lease contract. Otherwise, the University considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The University availed of the extension option for leases of university buildings; thus, the renewal period was included as part of the lease term for such leases.

The lease term is reassessed if an option is exercised or not exercised, or the University becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the University.

(h) Distinction between Operating and Finance Lease

The University has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(i) Determination of Control of Entities in which the University Holds Less than 50%

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 7).

(j) Determination of Control of Entities in which the University holds 50%

Management believes that the University maintains control over FEUAI despite holding only 50% of its ordinary shares and voting rights. This control is achieved through the University's 50% direct ownership and an additional 50% indirect ownership via its interest in EACCI, resulting in an effective 100% ownership of FEUAI.

(k) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosure of provisions and contingencies are presented in Note 28.

27.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Estimating Allowance for Impairment of Financial Instruments*

The measurement of the allowance for ECL on financial assets at FVOCI and investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparty defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 14.2.

The University uses a provision matrix to calculate ECL for its trade receivables which is based on the University's historical observed default rates. The University's management recalibrate on an annual basis to consider the changes in historical credit loss experience with forward-looking information.

(b) *Determining Fair Value Measurement of Financial Assets*

The University carries certain financial assets at fair value, which is subject to an annual assessment. In cases where active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The changes in fair value would differ if the University utilized different valuation methods and assumptions. Any change in the fair value of these financial assets would affect profit or loss and equity.

The carrying values of the University's financial assets at FVTPL classified as investments in UITF and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 6.

(c) *Determining Fair Value of Investment Properties*

Investment property is measured using the cost model. The fair value disclosed in Note 8 is determined by the University based on the appraisal report prepared by independent appraisers using the relevant valuation methodology.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2026, 2025 and 2024, the University determined that there were no significant circumstances that may affect the fair value determination of investment properties.

(d) *Estimating Impairment of Non-financial Assets*

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 26.5. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Based on management assessment, except for certain prepayments and other current assets, no impairment loss is required to be recognized on the University's investment properties, property and equipment, and investments in subsidiaries as of May 31, 2026, 2025 and 2024.

(e) *Estimating Useful Lives of Investment Properties and Property and Equipment*

The University estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of investment properties and property and equipment (including ROUA) are presented in Notes 8 and 10, respectively. Based on management's assessment as at May 31, 2026, 2025 and 2024, there is no change in the estimated useful lives of the assets during those periods. Actual results, however, may vary due to changes in factors mentioned above.

(f) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The University measures its lease liabilities at the present value of the unpaid lease payments at the start date of the lease contract. The lease payments are discounted using a reasonable rate deemed by management equal to the University's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(g) *Determining Recoverable Amount of Deferred Tax Assets*

The University reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at May 31, 2026, 2025 and 2024 are fully recoverable because those will be fully utilized in the next 12 months. As of May 31, 2026, the University has a net deferred tax liability position. The carrying value of deferred tax assets and deferred tax liabilities as of those dates is disclosed in Note 21.

28. COMMITMENTS AND CONTINGENCIES

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

28.1 Operating Lease Commitments - University as Lessee

Lease Agreement with FRC

The University is a lessee under operating leases covering certain buildings for a period of ten years from July 1, 2015 to June 30, 2025, subject to annual escalation rate of 5%.

On May 15, 2025, the University effectively renewed the lease agreement with FRC covering these buildings, with reduced fixed rate and for variable considerations. The reduction of the lease rates was accounted for as a modification of lease liabilities and ROUA as at May 31, 2025 as disclosed in Notes 10 and 11.

The University also entered into other contracts of lease for the land where the building occupied by FEU Makati is located for a period of 30 years, and for the lease of various sports facilities covering a gymnasium, football field and classrooms for a period of ten years, as discussed in Note 20.3.

28.2 Operating Lease Commitments - University as Lessor

The University leases out certain buildings to EACCI and FECSI and the mezzanine floor to FRC for a period of one to ten years (see Notes 8, 20.4, 20.6, 20.7, and 20.8).

Future minimum rental receivables as of May 31, excluding contingent rental, under these operating leases are as follows:

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>	<u>2024</u>
Within one year	50,403,862	46,526,642	45,332,227
After one year but not more than five years	<u>-</u>	<u>3,877,220</u>	<u>3,763,686</u>
	<u>50,403,862</u>	<u>50,403,862</u>	<u>49,095,913</u>

The University is also a lessor in various lease contracts with third party lessees. The terms of the lease vary but do not exceed one year. Total rentals earned from these operating leases amounted to P9.4 million, P9.0 million and P9.3 million for the years ended May 31, 2026, 2025 and 2024, which is presented as part of Other Operating Income in the statements of profit or loss.

28.3 Others

As of May 31, 2026, 2025 and 2024, the University has no record of any litigation not being contested or any that the University 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 University's financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements. However, the University opted to appropriate a portion of its retained earnings to cover for such contingencies (see Note 23.2).

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the University as of and for the years ended May 31, 2026 and 2025 (including the comparative financial statements as of and for the year ended May 31, 2024) were authorized for issue by the University's BOT on August 18, 2026.

30. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

The following supplementary information on taxes, duties and license fees paid or accrued during the taxable year are required by the BIR under RR No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) *Output VAT*

In fiscal year 2026, the University declared output VAT as follows:

<i>(Amounts in PHP)</i>	<u>Tax base</u>	<u>Output VAT</u>
Rental	66,790,171	8,014,821
Sale of merchandise	49,187,919	5,902,550
Other revenues	8,995,797	1,079,496
	<u>124,973,887</u>	<u>14,996,867</u>

There is P2,090,672 outstanding output VAT payable as of May 31, 2026. Pursuant to Section 109, *VAT-Exempt Transactions*, of the NIRC 1997, the University's receipts from tuition and other fees related to educational services amounting to P2,904,964,883 are VAT-exempt.

The tax base for rendering of services is based on the University's gross receipts for the year, hence, may not be the same with the amounts reported in the 2026 statements of profit or loss which is based on PFRS Accounting Standards.

(b) *Input VAT*

Pursuant to Section 109, the University is not allowed any tax credit of input VAT on its purchases related to educational services.

The movements in input VAT are summarized below:

<i>(Amounts in PHP)</i>	<u>2026</u>
Balance at beginning of year	34,864,866
Transactions during the year	94,497,576
Services lodged under cost of services	(89,048,898)
Applied against output VAT	<u>(5,448,678)</u>
Balance at end of year	<u>34,864,866</u>

(c) *Taxes on Importation*

The University did not have any importations in fiscal year 2026.

(d) *Excise Tax*

The University did not have any transactions that are subject to excise tax in fiscal year 2026.

(e) *Documentary Stamp Tax*

In fiscal year 2026, the University paid and accrued documentary stamp tax (DST) amounting to P2,207,613 for various contracts and documents.

(f) *Taxes and Licenses*

Details of taxes and licenses in fiscal year 2026 are as follows:

<i>(Amounts in PHP)</i>	<u>2026</u>
Municipal licenses and permits	31,435,430
Deficiency Tax Assessments - BIR Audit	17,395,972
DST	2,034,519
Donor's tax	1,524,750
Real property tax	132,680
Community tax	10,500
Miscellaneous	<u>4,936,366</u>
Balance at end of year	<u><u>57,470,217</u></u>

(g) *Withholding Taxes*

Details of total withholding taxes for the fiscal year ended May 31, 2026 are shown below:

<i>(Amounts in PHP)</i>	<u>2026</u>
Compensation	135,421,448
Expanded	38,723,964
Final	<u>21,179,199</u>
	<u><u>195,324,611</u></u>

(h) *Deficiency Tax Assessments and Tax Cases*

In fiscal year 2026, the University settled deficiency tax assessments arising from BIR tax audits covering taxable year 2022. As of May 31, 2026, the University does not have any final deficiency tax assessments from the BIR, and any tax cases outstanding or pending in courts or bodies outside of BIR in any of the open taxable years.

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Trustees
Far Eastern University, Incorporated
Nicanor Reyes Street
Sampaloc, Manila

We have audited the financial statements of Far Eastern University, Incorporated as at and for the years ended May 31, 2026 and 2025, on which we have rendered the attached report dated August 18, 2026.

In compliance with the Revised Securities Regulations Code Rule 68, we are stating that the above company has 1,234 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.


Shane Dave D. Tanguin

Partner

CPA Certificate No. 0115818

Tax Identification No. 242-153-393

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115818-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2026 to 2030 financial statements

BIR Accreditation No. 08-001998-157-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10765136, January 2, 2026, Makati City

August 18, 2026

