



# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**SEC Registration No.:** PW00000538

**Company Name:** FAR EASTERN UNIVERSITY, INCORPORATED DOING BUSINESS UNDER THE NAME AND STYLE OF FAR EASTERN UNIVERSITY

**Industry Classification:** M81490

**Company Type:** Stock Corporation

## Document Information

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

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

1. For the quarterly period ended  
Aug 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. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

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

☒ Yes ☐ No

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



## Far Eastern University, Incorporated

### FEU

#### PSE Disclosure Form 17-2 - Quarterly Report

*References: SRC Rule 17 and  
Sections 17.2 and 17.8 of the Revised Disclosure Rules*

|                                          |                 |
|------------------------------------------|-----------------|
| For the period ended                     | Aug 31, 2026    |
| Currency (indicate units, if applicable) | Philippine Peso |

#### Balance Sheet

|                               | Period Ended   | Fiscal Year Ended (Audited) |
|-------------------------------|----------------|-----------------------------|
|                               | Aug 31, 2026   | May 31, 2026                |
| Current Assets                | 8,732,214,770  | 7,016,301,332               |
| Total Assets                  | 22,586,923,340 | 20,838,558,685              |
| Current Liabilities           | 4,763,433,061  | 2,856,779,711               |
| Total Liabilities             | 5,157,476,328  | 3,340,681,535               |
| Retained Earnings/(Deficit)   | 11,925,836,189 | 11,968,133,263              |
| Stockholders' Equity          | 17,429,447,012 | 17,497,877,150              |
| Stockholders' Equity - Parent | 14,144,562,650 | 14,211,346,515              |
| Book Value per Share          | 587.99         | 590.77                      |

**Income Statement**

|                                                 | Current Year<br>(3 Months) | Previous Year<br>(3 Months) | Current Year-To-Date | Previous Year-To-Date |
|-------------------------------------------------|----------------------------|-----------------------------|----------------------|-----------------------|
| Gross Revenue                                   | 747,814,446                | 670,390,166                 | 747,814,446          | 670,390,166           |
| Gross Expense                                   | 859,740,484                | 824,760,687                 | 859,740,484          | 824,760,687           |
| Non-Operating Income                            | 100,923,745                | 86,539,892                  | 100,923,745          | 86,539,892            |
| Non-Operating Expense                           | 14,686,750                 | 16,919,818                  | 14,686,750           | 16,919,818            |
| Income/(Loss) Before Tax                        | -25,689,043                | -84,750,447                 | -25,689,043          | -84,750,447           |
| Income Tax Expense                              | 18,254,304                 | 5,226,646                   | 18,254,304           | 5,226,646             |
| Net Income/(Loss) After Tax                     | -43,943,347                | -89,977,093                 | -43,943,347          | -89,977,093           |
| Net Income Attributable to Parent Equity Holder | -42,297,074                | -86,926,112                 | -42,297,074          | -86,926,112           |
| Earnings/(Loss) Per Share (Basic)               | -1.77                      | -3.64                       | -1.77                | -3.64                 |
| Earnings/(Loss) Per Share (Diluted)             | -1.77                      | -3.64                       | -1.77                | -3.64                 |

|                                     | Current Year (Trailing 12 months) | Previous Year (Trailing 12 months) |
|-------------------------------------|-----------------------------------|------------------------------------|
| Earnings/(Loss) Per Share (Basic)   | 82.3                              | 86.48                              |
| Earnings/(Loss) Per Share (Diluted) | 82.3                              | 86.48                              |

**Other Relevant Information**

Please see attached FEU Quarterly Report for 1st quarter ending 31 August 2026.

**Filed on behalf by:**

|             |                                            |
|-------------|--------------------------------------------|
| Name        | Anthony Raymond Goquingco                  |
| Designation | Corporate Secretary and Compliance Officer |



**FAR EASTERN UNIVERSITY**



**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q  
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SEC RULE 17 (2) (b) THEREUNDER**

1. For the Quarter period ended **August 31, 2026**
2. SEC Identification Number **538**
3. PSE Code
4. BIR Tax Identification No. **000-225-442**
5. Exact Name of Registrant as specified in its charter **Far Eastern University, Incorporated**
6. Province, Country or other jurisdiction of Incorporation or organization **Philippines**
7.  (SEC use only)
8. Address of Principal Office **Nicanor Reyes Street,  
Sampaloc, Manila  
1015**  
Postal Code
9. Registrant's Telephone Number including Area Code **(632) 87777-338**
10. **NOT APPLICABLE**  
Former name, former address, and former fiscal year, if changed since last report.
11. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA  

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

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

**Financial Information**

Item 1. Quarterly Financial Statements attached.

FAR EASTERN UNIVERSITY, INCORPORATED

*Rosanna E. Salcedo*  
ROSANNA E. SALCEDO  
Chief Finance Officer  
and Treasurer

Manila  
12 October 2026

## **Management's Discussion and Analysis**

Far Eastern University, Incorporated (FEU) and its subsidiaries (collectively, the Group or FEU Group of Schools) opened the fiscal year with improved first-quarter operating results, supported by higher student enrollment. Stronger undergraduate retention, a recovery in freshman intake, and sustained demand for the Group's academic offerings across its campuses and affiliate schools contributed to this growth.

Building on its commitment to academic excellence and long-term financial sustainability, the Group continues to balance investments in institutional development with prudent cost management and disciplined capital allocation. Management's priorities include strengthening academic offerings, developing faculty and staff capabilities, expanding technology-enabled learning and data infrastructure, and improving campus facilities and the student experience. These initiatives support the Group's capacity to respond to evolving educational needs and sustain its competitiveness as FEU approaches its centennial in 2028.

### **Consolidated Financial Position**

The Group maintained a solid consolidated financial position during the first quarter, supported by a substantial equity base and higher cash balances. Movements in assets and liabilities reflected the enrollment cycle and the timing of tuition assessments, collections, and revenue recognition. Management continued to prioritize prudent financial management, efficient resource utilization, and the repayment of loan obligations while supporting the Group's academic and institutional development.

| <i>(Amounts in millions)</i> | <b>August 31,<br/>2026</b> | <b>May 31,<br/>2026</b> | <b>Increase/<br/>(Decrease)</b> | <b>Variance<br/>(%)</b> |
|------------------------------|----------------------------|-------------------------|---------------------------------|-------------------------|
| Total Assets                 | ₱ 22,586.9                 | ₱ 20,838.6              | ₱ 1,748.3                       | 8%                      |
| Total Liabilities            | 5,157.5                    | 3,340.7                 | 1,816.8                         | 54%                     |
| Equity                       | 17,429.4                   | 17,497.9                | (68.5)                          | 0%                      |

As of August 31, 2026, consolidated total assets increased by ₱1,748.3 million, or 8%, to ₱22,586.9 million from ₱20,838.6 million as of May 31, 2026. Growth was primarily driven by higher trade and other receivables and cash and cash equivalents, consistent with tuition assessments and collections for the first semester of academic year 2026–2027. Property and equipment also increased, while financial assets remained broadly stable.

Total liabilities rose by ₱1,816.8 million, or 54%, to ₱5,157.5 million from ₱3,340.7 million. The increase principally reflected higher current liabilities associated with the enrollment cycle, including deferred tuition and other school fee revenues to be recognized as educational services are rendered. Current liabilities increased by ₱1,906.6 million, or 67%, while non-current liabilities declined by ₱89.9 million, or 19%, reflecting continued repayment of loan obligations.

Total equity decreased modestly by ₱68.5 million, or 0.3%, to ₱17,429.4 million from ₱17,497.9 million. Equity continued to account for approximately 77% of total assets, providing a substantial capital base to support the Group's operations and strategic initiatives.

Significant movements in consolidated financial position accounts as of August 31, 2026 compared with May 31, 2026 are discussed below.

**Cash and Cash Equivalents** increased, supported by tuition and other school fee collections during the enrollment period.

**Trade and Other Receivables** rose primarily reflecting tuition fee assessments from student enrollments for the first semester of academic year 2026–2027

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

**Deferred revenues** represent assessed tuition and other school fees attributable to educational services to be rendered over the applicable academic term. The increase during the quarter reflected enrollment for academic year 2026–2027, with these amounts to be recognized as revenue as instruction is delivered. The fiscal year-end balance included advance payments from students who enrolled early for the incoming academic year.

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

**Interest-Bearing Loans** declined as the Group continued scheduled repayments of principal obligations, contributing to the reduction in non-current liabilities.

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

### **Consolidated Results of Operation**

| <i>(Amounts in millions)</i> | <b>August 31,<br/>2027</b> | <b>August 31,<br/>2026</b> | <b>Increase/<br/>(Decrease)</b> | <b>Change<br/>(%)</b> |
|------------------------------|----------------------------|----------------------------|---------------------------------|-----------------------|
| Revenues                     | ₱ 747.8                    | ₱ 670.4                    | ₱ 77.4                          | 12%                   |
| Operating expenses           | 859.7                      | 824.8                      | 34.9                            | 4%                    |
| Operating loss               | (111.9)                    | (154.4)                    | 42.5                            | 28%                   |
| Other income -net            | 86.1                       | 69.6                       | 16.5                            | 24%                   |
| Loss before tax              | (25.8)                     | (84.8)                     | 59.0                            | 70%                   |
| Net loss                     | (43.9)                     | (90.0)                     | 46.1                            | 51%                   |

Consolidated revenues increased by ₱77.4 million, or 12%, to ₱747.8 million from ₱670.4 million in the same period last year. The increase was primarily supported by higher student enrollment and sustained demand for the Group’s academic offerings across its campuses and affiliate schools.

Operating expenses rose by ₱34.9 million, or 4%, to ₱859.7 million from ₱824.8 million. The increase reflected the Group’s continued investment in personnel, facilities, and technology to support academic delivery and student services. Revenue growth exceeded the increase in operating expenses, narrowing the operating loss by ₱42.5 million, or 28%, to ₱111.9 million from ₱154.4 million.

Other income-net increased by ₱16.5 million, or 24%, to ₱86.1 million from ₱69.6 million, further supporting the improvement in consolidated results. Together with the lower operating loss, this reduced the loss before tax by ₱59.0 million, or 70%, to ₱25.8 million from ₱84.8 million.

The Group posted a net loss of ₱43.9 million for the three months ended August 31, 2026, an improvement of ₱46.1 million, or 51%, from the ₱90.0 million net loss recorded in the same period last year. The first-quarter loss reflects the seasonal nature of the Group’s operations, as tuition revenues are recognized as educational services are delivered, while operating costs continue to be incurred throughout the period. Tuition collections received in advance are recognized as deferred revenues until the corresponding instruction is provided.

Management remains focused on aligning operating expenditures with institutional needs while sustaining investments in academic quality, digital learning infrastructure, faculty and staff development, and student experience. These priorities support the Group's long-term financial sustainability and competitiveness.

Below are the main operating expenses with significant changes during the three months ending August 31, 2026 and 2025.

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

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

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

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

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

### **Key Performance Indicators (KPIs)**

#### **Financial Indicators**

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

| Indicators                                        | Formula                                             | 2027<br>(1st<br>Quarter) | 2026<br>(Full Year) | 2025<br>(Full Year) |
|---------------------------------------------------|-----------------------------------------------------|--------------------------|---------------------|---------------------|
| <b>PROFITABILITY RATIOS</b>                       |                                                     |                          |                     |                     |
| <b>Return on assets</b>                           | Net Income /<br>Average Total Assets                | -0.10%                   | 11%                 | 11%                 |
| <b>Return on equity</b>                           | Net Income /<br>Average Total Equity                | -0.13%                   | 13%                 | 13%                 |
| <b>Earnings per share</b>                         | Net Income /<br>Average Outstanding Shares          | (₱ 1.77)                 | ₱ 80.43             | ₱ 85.94             |
| <b>LIQUIDITY RATIOS</b>                           |                                                     |                          |                     |                     |
| <b>Current ratio or<br/>Working capital ratio</b> | Total Current Assets /<br>Total Current Liabilities | 1.83 : 1                 | 2.46 : 1            | 2.44 : 1            |

|                                           |                                                                                                                                             |          |          |          |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|
| <b>Acid test ratio or Quick ratio</b>     | Cash and cash equivalents +<br>Trade and Other Receivables +<br>Investments in Financial Assets<br>(Current) /<br>Total Current Liabilities | 1.69 : 1 | 2.33 : 1 | 2.31 : 1 |
| <b>SOLVENCY/FINANCIAL LEVERAGE RATIOS</b> |                                                                                                                                             |          |          |          |
| <b>Debt-to-asset ratio</b>                | Total Liabilities /<br>Total Assets                                                                                                         | 23%      | 16%      | 17%      |
| <b>Equity-to-asset ratio</b>              | Total Stockholders' Equity /<br>Total Assets                                                                                                | 77%      | 84%      | 83%      |
| <b>Debt-to-equity ratio</b>               | Total Liabilities /<br>Total Stockholders' Equity                                                                                           | 30%      | 19%      | 21%      |
| <b>Asset-to-equity ratio</b>              | Total Assets /<br>Total Stockholders' Equity                                                                                                | 130%     | 119%     | 121%     |
| <b>Interest coverage ratio</b>            | Earnings Before Interest and<br>Taxes (EBIT) /<br>Interest Charges                                                                          | 0.75     | 44.18    | 28.44    |

### Non-Financial Indicators

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

#### *Service Standards*

The FEU Group of Schools continues to prioritize academic excellence through ongoing quality assurance and program development. The Group pursues and maintains applicable government recognition and accreditation from reputable local and international accrediting organizations to support the quality, competitiveness, and industry relevance of its academic offerings.

Research remains an integral part of the Group's academic mission. The Group supports faculty research and scholarly publications that contribute to knowledge development, enrich instruction, and provide opportunities for student engagement. These activities strengthen the connection between teaching and research and support the delivery of relevant, quality education.

The Group measures performance in this area through the number of accredited academic programs and research publications. Specific details of program accreditations, academic recognitions, and institutional affiliations for the reporting period are presented in *Part I – Business and General Information* section of this report.

Shown below is the comparison of the number of program accreditations and research publications during each period:

| Indicators                                 | August 31,<br>2026 | May 31,<br>2026 | May 31,<br>2025 |
|--------------------------------------------|--------------------|-----------------|-----------------|
| <b>Major Local Accreditations</b>          |                    |                 |                 |
| 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  | 0                  | 2               | 2               |
| No. of programs accredited by the PACUCOA* | 15                 | 15              | 23              |
| No. of programs accredited by the PAASCU*  | 13                 | 13              | 2               |

| <b>Major International Accreditations</b>                                     |                                       |                                       |                                       |
|-------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| AUN-QA Institutional Certification                                            | Achieved                              | Achieved                              | Achieved                              |
| No. of programs assessed by the AUN-QA                                        | 20                                    | 20                                    | 18                                    |
| <b>Research Publications</b>                                                  |                                       |                                       |                                       |
| No. of published research submissions                                         |                                       | 109                                   | 89                                    |
| <b>International Ranking</b>                                                  |                                       |                                       |                                       |
| Quacquarelli Symonds (QS) World University - Asia ranking                     | 761 <sup>st</sup> – 770 <sup>th</sup> | 761 <sup>st</sup> – 770 <sup>th</sup> | 681 <sup>st</sup> – 700 <sup>th</sup> |
| World University Rankings for Innovation (WURI) – FEU Institute of Technology | 117 <sup>th</sup>                     | 117 <sup>th</sup>                     | 72 <sup>nd</sup>                      |

*\* Seven programs were transferred from PACUCOA to PAASCU.*

In February 2025, FEU received institutional accreditation from the ASEAN University Network (AUN), affirming its commitment to academic excellence and aligning its standards with leading universities in the region. This institutional recognition complements the Group's existing 20 program-level AUN-QA accreditations, which affirm the competitiveness of its core academic offerings and opens doors for wider international collaborations.

FEU Institute of Technology earned exceptional performance in the 2026 WURI, placing 2<sup>nd</sup> globally in Digital & AI Transformation, 3<sup>rd</sup> in Future-Oriented Responses to Global Uncertainty, and 13<sup>th</sup> in Cost-Effectiveness Management. These category rankings highlight the institution's focus on integrating technology into its operations, strengthening its capacity to respond to emerging challenges, and promoting efficient resource management. These priorities support the Group's broader commitment to innovation, institutional resilience, and the sustainable delivery of quality education.

### *Market Acceptability*

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

Enrollment growth has been supported by a number of strategic initiatives. The Group now offers 130 varied academic programs, including recently introduced courses or specializations in healthcare, business and artificial intelligence, which are aligned with emerging industry demands. Continuous enhancement of the University's curriculum to address the skills gap in the Philippine workforce will ensure that FEU graduates remain competitive in a rapidly evolving labor market. Accessibility and affordability are part of FEU's mission and hence, for SY 2026 – 2027 no tuition fee increase was implemented.

### **A Look At What Lies Ahead**

For the first quarter, the Group operated amid modest economic growth and elevated inflation. Philippine GDP expanded by 2.3% in the second quarter of calendar year 2026, while the education sector grew by 12.7%. Headline inflation stood at 6.1% in August. These conditions may place pressure on household education budgets and school operating costs, underscoring the importance of student retention, affordability, and efficient resource management.

The Group's higher enrollment and improved first-quarter operating results provide a foundation for the remaining fiscal year. Management will continue to prioritize timely collections, prudent cost management, and disciplined capital allocation while supporting investments in academic programs, faculty development, campus facilities, and digital learning.

Following the close of the quarter, FEU finalized its investment in Bataan Peninsula Educational

Institution, Inc., operating as University of Nueva Caceres–Bataan, as disclosed on September 28, 2026. The ₱156.0 million investment secured a 54.78% equity interest in the institution and a 76.92% interest in the land on which it operates. This expansion into Bataan broadens the Group's regional presence and provides opportunities to extend access to its educational offerings.

As FEU approaches its centennial in 2028, the Group continues to strengthen academic quality and provide a holistic student experience through investments in technology-enabled instruction, campus modernization, student services, and faculty development. These efforts reinforce its commitment to developing graduates who embody competence, integrity, and leadership. By building on its academic strengths, expanding its campus network, and pursuing innovation in curriculum delivery and partnerships, FEU aims to sustain long-term growth, strengthen institutional resilience, and advance its role in Philippine higher education.

### Other Items

1. There are no other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons 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.

**FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31 AND MAY 31, 2026**  
*(Amounts in Philippine Pesos)*

|                                                                   | August 31, 2026<br>(Unaudited) | May 31, 2026<br>(Audited)      |
|-------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b><u>A S S E T S</u></b>                                         |                                |                                |
| <b>CURRENT ASSETS</b>                                             |                                |                                |
| Cash and cash equivalents                                         | P 3,210,701,566                | P 2,568,967,853                |
| Trade and other receivables                                       | 2,308,789,948                  | 1,169,924,298                  |
| Financial assets at fair value through profit or loss             | 1,508,407,695                  | 1,567,584,784                  |
| Financial assets at fair value through other comprehensive income | 961,381,025                    | 902,496,241                    |
| Investment securities at amortized cost                           | 49,357,846                     | 48,080,221                     |
| Other current assets                                              | <u>693,576,690</u>             | <u>759,247,935</u>             |
| Total Current Assets                                              | <u>8,732,214,770</u>           | <u>7,016,301,332</u>           |
| <b>NON-CURRENT ASSETS</b>                                         |                                |                                |
| Financial assets at fair value through other comprehensive income | 2,273,046,946                  | 2,280,997,226                  |
| Investment securities at amortized cost                           | 117,722,962                    | 118,920,399                    |
| Investment in associates and joint venture                        | 139,339,302                    | 139,339,302                    |
| Property and equipment                                            | 10,352,672,709                 | 10,287,898,331                 |
| Investment properties                                             | 215,653,714                    | 220,091,161                    |
| Goodwill                                                          | 186,487,019                    | 186,487,019                    |
| Deferred tax assets - net                                         | 9,030,696                      | 11,535,189                     |
| Other non-current assets                                          | <u>560,755,222</u>             | <u>576,988,726</u>             |
| Total Non-current Assets                                          | <u>13,854,708,570</u>          | <u>13,822,257,353</u>          |
| <b>TOTAL ASSETS</b>                                               | <b><u>P 22,586,923,340</u></b> | <b><u>P 20,838,558,685</u></b> |

Forward

**FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31 AND MAY 31, 2026**  
*(Amounts in Philippine Pesos)*

|                                                        | <b>August 31, 2026</b><br><b>(Unaudited)</b> | May 31, 2026<br>(Audited)      |
|--------------------------------------------------------|----------------------------------------------|--------------------------------|
| <b><u>LIABILITIES AND EQUITY</u></b>                   |                                              |                                |
| <b>CURRENT LIABILITIES</b>                             |                                              |                                |
| Trade and other payables                               | P 1,746,277,832                              | P 2,137,311,073                |
| Interest-bearing loans                                 | 526,258,503                                  | 526,258,503                    |
| Deferred revenues                                      | 2,391,240,470                                | 105,547,163                    |
| Provisions                                             | 23,674,401                                   | 23,674,401                     |
| Income tax payable                                     | <u>75,981,855</u>                            | <u>63,988,571</u>              |
| Total Current Liabilities                              | <u>4,763,433,061</u>                         | <u>2,856,779,711</u>           |
| <b>NON-CURRENT LIABILITIES</b>                         |                                              |                                |
| Lease liabilities                                      | 976,277                                      | 976,277                        |
| Interest-bearing loans                                 | 300,000,000                                  | 406,564,626                    |
| Post-employment benefit obligation                     | 47,468,527                                   | 45,968,527                     |
| Deferred tax liabilities - net                         | 39,780,427                                   | 26,477,820                     |
| Other non-current liabilities                          | <u>5,818,036</u>                             | <u>3,914,574</u>               |
| Total Non-current Liabilities                          | <u>394,043,267</u>                           | <u>483,901,824</u>             |
| Total Liabilities                                      | <u>5,157,476,328</u>                         | <u>3,340,681,535</u>           |
| <b>EQUITY</b>                                          |                                              |                                |
| Equity attributable to owners of the parent company    |                                              |                                |
| Capital stock                                          | 2,406,799,300                                | 2,406,799,300                  |
| Treasury shares, including shares held by a subsidiary | ( 118,877,918 )                              | ( 118,877,918 )                |
| Revaluation reserves                                   | ( 11,409,469 )                               | 13,077,322                     |
| Other reserves                                         | ( 57,785,452 )                               | ( 57,785,452 )                 |
| Retained earnings                                      |                                              |                                |
| Appropriated                                           | 733,733,100                                  | 733,733,100                    |
| Unappropriated                                         | <u>11,192,103,089</u>                        | <u>11,234,400,163</u>          |
| Total equity attributable to owners of parent company  | 14,144,562,650                               | 14,211,346,515                 |
| Non-controlling interests                              | <u>3,284,884,362</u>                         | <u>3,286,530,635</u>           |
| Total Equity                                           | <u>17,429,447,012</u>                        | <u>17,497,877,150</u>          |
| <b>TOTAL LIABILITIES AND EQUITY</b>                    | <b><u>P 22,586,923,340</u></b>               | <b><u>P 20,838,558,685</u></b> |

*See Notes to Condensed Consolidated Financial Statements.*

**FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE THREE MONTHS ENDED AUGUST 31, 2026 AND 2025**  
*(Amounts in Philippine Pesos)*

|                                    | <u>2026</u>             | <u>2025</u>             |
|------------------------------------|-------------------------|-------------------------|
| <b>REVENUES</b>                    |                         |                         |
| Educational                        |                         |                         |
| Tuition fees - net                 | P 689,632,807           | P 620,200,239           |
| Other school fees                  | <u>49,740,070</u>       | <u>33,994,870</u>       |
|                                    | 739,372,877             | 654,195,109             |
| Rental                             | <u>8,401,287</u>        | <u>11,125,107</u>       |
|                                    | 747,774,164             | 665,320,216             |
| <b>IMPAIRMENT LOSS</b>             |                         |                         |
| <b>ON FINANCIAL ASSETS - NET</b>   | ( 1,357,985 )           | ( 1,514,029 )           |
| <b>OPERATING EXPENSES</b>          | ( 858,382,499 )         | ( 823,246,658 )         |
| <b>OTHER OPERATING INCOME</b>      | <u>40,282</u>           | <u>5,069,950</u>        |
| <b>OPERATING INCOME</b>            | ( 111,926,038 )         | ( 154,370,521 )         |
| <b>FINANCE INCOME</b>              | 81,004,079              | 87,562,256              |
| <b>FINANCE COSTS</b>               | ( 14,686,750 )          | ( 16,919,818 )          |
| <b>OTHER INCOME - NET</b>          | <u>19,919,666</u>       | ( <u>1,022,364</u> )    |
| <b>INCOME BEFORE TAX</b>           | ( 25,689,043 )          | ( 84,750,447 )          |
| <b>TAX EXPENSE</b>                 | ( <u>18,254,304</u> )   | ( <u>5,226,646</u> )    |
| <b>NET INCOME</b>                  | ( <u>P 43,943,347</u> ) | ( <u>P 89,977,093</u> ) |
| <b>Net Income Attributable to:</b> |                         |                         |
| Owners of the parent company       | ( P 42,297,074 )        | ( P 86,926,112 )        |
| Non-controlling interests          | ( <u>1,646,273</u> )    | ( <u>3,050,981</u> )    |
|                                    | ( <u>P 43,943,347</u> ) | ( <u>P 89,977,093</u> ) |
| <b>Earnings Per Share</b>          |                         |                         |
| Basic and Diluted                  | ( <u>P 1.77</u> )       | ( <u>P 3.64</u> )       |

*See Notes to Condensed Consolidated Financial Statements.*

**FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED AUGUST 31, 2026 AND 2025**  
*(Amounts in Philippine Pesos)*

|                                                                                                                                                         | <u>2026</u>             | <u>2025</u>             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NET INCOME</b>                                                                                                                                       | <b>( P 43,943,347 )</b> | <b>( P 89,977,093 )</b> |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                                                                |                         |                         |
| <b>Items that will be reclassified subsequently to profit or loss</b>                                                                                   |                         |                         |
| Net fair value losses reclassified to profit or loss on debt securities classified as financial assets at fair value through other comprehensive income | ( <u>18,288,506</u> )   | <u>17,779,064</u>       |
|                                                                                                                                                         | ( <u>18,288,506</u> )   | <u>17,779,064</u>       |
| <b>Item that will not be reclassified subsequently to profit or loss</b>                                                                                |                         |                         |
| Net fair value gains on equity securities classified as financial assets at fair value through other comprehensive income                               | ( <u>6,198,285</u> )    | <u>8,960,682</u>        |
|                                                                                                                                                         | ( <u>6,198,285</u> )    | <u>8,960,682</u>        |
| <b>Other Comprehensive Income (Loss) - net of tax</b>                                                                                                   | ( <u>24,486,791</u> )   | <u>26,739,746</u>       |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                                                                                       | <b>( P 68,430,138 )</b> | <b>( P 63,237,347 )</b> |
| <b>Total Comprehensive Income Attributable to:</b>                                                                                                      |                         |                         |
| Owners of the parent company                                                                                                                            | ( P 66,783,865 )        | ( P 60,186,366 )        |
| Non-controlling interests                                                                                                                               | <u>(1,646,273)</u>      | <u>( 3,050,981 )</u>    |
|                                                                                                                                                         | <b>( P 68,430,138 )</b> | <b>( P 63,237,347 )</b> |

*See Notes to Condensed Consolidated Financial Statements.*

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED AUGUST 31, 2026 AND 2025  
(Amounts in Philippine Pesos)

|                                                            | Attributable to Owners of the Parent Company |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       | Non-controlling<br>Interests | Total Equity          |          |                       |          |                      |          |                       |
|------------------------------------------------------------|----------------------------------------------|----------------------|--------------------------------------------------------------|----------------------|-------------------------|---------------------|-------------------|---------------------|-------------------|----------------------|----------|-----------------------|------------------------------|-----------------------|----------|-----------------------|----------|----------------------|----------|-----------------------|
|                                                            | Capital Stock                                |                      | Treasury Shares,<br>including shares<br>held by a subsidiary |                      | Revaluation<br>Reserves |                     | Other<br>Reserves |                     | Retained Earnings |                      |          | Total                 |                              |                       |          |                       |          |                      |          |                       |
|                                                            |                                              |                      |                                                              |                      |                         |                     |                   |                     | Appropriated      | Unappropriated       | Total    |                       |                              |                       |          |                       |          |                      |          |                       |
|                                                            |                                              |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       |                              |                       |          |                       |          |                      |          |                       |
| Balance at June 1, 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        |
| Transactions with owners                                   |                                              |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       |                              |                       |          |                       |          |                      |          |                       |
| Investment of non-controlling interest in a new subsidiary |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Acquisition of treasury stock                              |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Cash dividends                                             |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
|                                                            |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Appropriations of retained earnings                        |                                              |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       |                              |                       |          |                       |          |                      |          |                       |
| Appropriation during the year                              |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Reversal of appropriations during the year                 |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
|                                                            |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Total comprehensive income (loss)                          |                                              |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       |                              |                       |          |                       |          |                      |          |                       |
| Net income for the year                                    |                                              | -                    |                                                              | -                    |                         | ( 24,486,791 )      |                   | -                   |                   | -                    |          | ( 42,297,074 )        |                              | ( 42,297,074 )        |          | ( 42,297,074 )        |          | ( 1,646,273 )        |          | ( 43,943,347 )        |
| Other comprehensive loss                                   |                                              | -                    |                                                              | -                    |                         | ( 24,486,791 )      |                   | -                   |                   | -                    |          | ( 24,486,791 )        |                              | -                     |          | ( 24,486,791 )        |          | -                    |          | ( 24,486,791 )        |
|                                                            |                                              | -                    |                                                              | -                    |                         | ( 24,486,791 )      |                   | -                   |                   | -                    |          | ( 42,297,074 )        |                              | ( 42,297,074 )        |          | ( 66,783,865 )        |          | ( 1,646,273 )        |          | ( 68,430,138 )        |
| <b>Balance at August 31, 2026</b>                          | <b>P</b>                                     | <b>2,406,799,300</b> | <b>( P</b>                                                   | <b>118,877,918 )</b> | <b>( P</b>              | <b>11,409,469 )</b> | <b>( P</b>        | <b>57,785,452 )</b> | <b>P</b>          | <b>733,733,100</b>   | <b>P</b> | <b>11,192,103,089</b> | <b>P</b>                     | <b>11,925,836,189</b> | <b>P</b> | <b>14,144,562,650</b> | <b>P</b> | <b>3,284,884,362</b> | <b>P</b> | <b>17,429,447,012</b> |
|                                                            |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Balance at June 1, 2025                                    | P                                            | 2,406,799,300        | ( P                                                          | 117,623,662 )        | P                       | 15,394,723          | ( P               | 57,785,452 )        | P                 | 1,187,733,100        | P        | 9,575,049,461         | P                            | 10,762,782,561        | P        | 13,009,567,470        | P        | 2,983,161,997        | P        | 15,992,729,467        |
| Transactions with owners                                   |                                              |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       |                              |                       |          |                       |          |                      |          |                       |
| Investment of non-controlling interest in a new subsidiary |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | 284,716,024          |          | 284,716,024           |
| Acquisition of treasury stock                              |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Cash dividends                                             |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
|                                                            |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | 284,716,024          |          | 284,716,024           |
| Appropriations of retained earnings                        |                                              |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       |                              |                       |          |                       |          |                      |          |                       |
| Appropriation during the year                              |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Reversal of appropriations during the year                 |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
|                                                            |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | -                     |                              | -                     |          | -                     |          | -                    |          | -                     |
| Total comprehensive income                                 |                                              |                      |                                                              |                      |                         |                     |                   |                     |                   |                      |          |                       |                              |                       |          |                       |          |                      |          |                       |
| Net income for the year                                    |                                              | -                    |                                                              | -                    |                         | -                   |                   | -                   |                   | -                    |          | ( 86,926,112 )        |                              | ( 86,926,112 )        |          | ( 86,926,112 )        |          | ( 3,050,981 )        |          | ( 89,977,093 )        |
| Other comprehensive income                                 |                                              | -                    |                                                              | -                    |                         | 26,739,746          |                   | -                   |                   | -                    |          | 26,739,746            |                              | -                     |          | 26,739,746            |          | -                    |          | 26,739,746            |
|                                                            |                                              | -                    |                                                              | -                    |                         | 26,739,746          |                   | -                   |                   | -                    |          | ( 86,926,112 )        |                              | ( 86,926,112 )        |          | ( 60,186,366 )        |          | ( 3,050,981 )        |          | ( 63,237,347 )        |
| <b>Balance at August 31, 2025</b>                          | <b>P</b>                                     | <b>2,406,799,300</b> | <b>( P</b>                                                   | <b>117,623,662 )</b> | <b>P</b>                | <b>42,134,469</b>   | <b>( P</b>        | <b>57,785,452 )</b> | <b>P</b>          | <b>1,187,733,100</b> | <b>P</b> | <b>9,488,123,349</b>  | <b>P</b>                     | <b>10,675,856,449</b> | <b>P</b> | <b>12,949,381,104</b> | <b>P</b> | <b>3,264,827,040</b> | <b>P</b> | <b>16,214,208,144</b> |

See Notes to Condensed Consolidated Financial Statements.

**FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED AUGUST 31, 2026 AND 2025**  
*(Amounts in Philippine Pesos)*

|                                                                                                                                               | <u>2026</u>            | <u>2025</u>         |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                                   |                        |                     |
| Income before tax                                                                                                                             | ( P 25,689,043 )       | ( P 84,750,447 )    |
| Adjustments for:                                                                                                                              |                        |                     |
| Depreciation and amortization                                                                                                                 | 147,277,152            | 146,184,292         |
| Interest income                                                                                                                               | ( 33,619,411 )         | ( 29,895,989 )      |
| Interest expense                                                                                                                              | 9,357,000              | 84,946,527          |
| Other investment income from financial assets at<br>fair value through profit or loss (FVTPL)<br>and other comprehensive income (FVOCI) - net | ( 17,433,182 )         | ( 6,004,616 )       |
| Impairment loss on receivables - net                                                                                                          | 1,357,985              | 1,514,029           |
| Fair value gains from financial assets at FVTPL                                                                                               | ( 147,204,967 )        | ( 18,131,669 )      |
| Unrealized foreign exchange (gains) losses - net                                                                                              | ( 9,595,790 )          | ( 33,529,982 )      |
| Operating income before working capital changes                                                                                               | ( 75,550,256 )         | 60,332,145          |
| Decrease (increase) in trade and other receivables                                                                                            | ( 895,379,390 )        | ( 1,233,770,344 )   |
| Increase (decrease) in other assets                                                                                                           | 66,926,059             | ( 1,039,295,391 )   |
| Increase (decrease) in trade and other payables                                                                                               | ( 391,033,241 )        | 8,894,693           |
| Increase (decrease) in deferred revenues                                                                                                      | 2,285,693,307          | 2,205,178,412       |
| Increase (decrease) in post-employment benefit obligation                                                                                     | 1,500,000              | -                   |
| Increase (decrease) in other non-current liabilities                                                                                          | 1,903,462              | 3,545,407           |
| Cash generated from operations                                                                                                                | 994,059,941            | 4,884,922           |
| Income taxes paid                                                                                                                             | ( 12,034,960 )         | ( 4,719,188 )       |
| Net Cash From Operating Activities                                                                                                            | <u>982,024,981</u>     | <u>165,734</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                                                   |                        |                     |
| Proceeds from disposals and maturities of investment securities:                                                                              |                        |                     |
| Financial assets at FVPTL                                                                                                                     | 2,575,991,184          | 2,396,207,407       |
| Financial assets at FVOCI                                                                                                                     | 1,738,562,819          | 2,155,870,404       |
| Acquisition of investment securities:                                                                                                         |                        |                     |
| Financial assets at FVPTL                                                                                                                     | ( 2,387,836,556 )      | ( 2,478,067,839 )   |
| Financial assets at FVOCI                                                                                                                     | ( 2,021,721,018 )      | ( 1,821,600,863 )   |
| Investment securities at amortized cost                                                                                                       | ( 80,188 )             | ( 2,257,022 )       |
| Acquisition of property and equipment                                                                                                         | ( 200,496,148 )        | ( 649,371,407 )     |
| Interest received                                                                                                                             | 51,052,593             | 35,900,606          |
| Increase (decrease) in advances to suppliers and developers                                                                                   | 24,843,758             | 152,980,333         |
| Acquisition of investment properties                                                                                                          | ( 7,117,936 )          | ( 3,876,482 )       |
| Decrease (increase) in advances to related parties                                                                                            | ( 3,072,813 )          | ( 21,431,543 )      |
| Investment in associates and joint venture                                                                                                    | ( 4,091,127 )          | 288,231,949         |
| Net Cash Used in Investing Activities                                                                                                         | <u>( 233,965,432 )</u> | <u>52,585,543</u>   |
| <i>Balance carried forward</i>                                                                                                                | <u>P 748,059,549</u>   | <u>P 52,751,277</u> |

**FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED AUGUST 31, 2026 AND 2025**  
*(Amounts in Philippine Pesos)*

|                                                                      | <u>2026</u>            | <u>2025</u>     |
|----------------------------------------------------------------------|------------------------|-----------------|
| <i>Balance brought forward</i>                                       | <b>P 748,059,549</b>   | P 52,751,277    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |                        |                 |
| Repayments of interest-bearing loans                                 | ( 106,564,626 )        | ( 106,564,626 ) |
| Interest paid                                                        | ( 9,357,000 )          | ( 85,437,772 )  |
| Net Cash Used in Financing Activities                                | ( 115,921,626 )        | ( 192,002,398 ) |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>  | <b>9,595,790</b>       | ( 60,575,163 )  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                     | <b>641,733,713</b>     | ( 199,826,284 ) |
| <b>NET INCREASE IN CASH DUE TO CONSOLIDATION OF A NEW SUBSIDIARY</b> | <b>-</b>               | 284,716,024     |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                | <b>2,568,967,853</b>   | 2,457,067,903   |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                      | <b>P 3,210,701,566</b> | P 2,541,957,643 |

*See Notes to Condensed Consolidated Financial Statements.*

**FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED SCHEDULE OF AGING OF NON-TRADE RECEIVABLES**  
**AUGUST 31, 2026**  
*(Amounts in Philippine Pesos)*  
**(UNAUDITED)**

|                                               |          | <b>Current</b>               |                                     |                               |                   |                             |
|-----------------------------------------------|----------|------------------------------|-------------------------------------|-------------------------------|-------------------|-----------------------------|
|                                               |          | <b>One to<br/>Six Months</b> | <b>Seven Months to<br/>One Year</b> | <b>More than<br/>One Year</b> | <b>Past Due</b>   | <b>Total</b>                |
| Advances to Employees - Official and Personal | P        | 44,043,658                   | P -                                 | P -                           | P -               | P 44,043,658                |
| Accrued interest income                       |          | 47,282,587                   | -                                   | -                             | -                 | 47,282,587                  |
| Receivables from:                             |          |                              |                                     |                               |                   |                             |
| FEU Public Policy Center Foundation           |          | 11,225                       | -                                   | 20,189,980                    | -                 | 20,201,205                  |
| Nicanor Reyes Memorial Foundation             |          | 106,873                      | 55,577                              | 3,759,190                     | -                 | 3,921,640                   |
| FEU Health, Welfare and Retirement Fund Plan  |          | 2,470,188                    | -                                   | -                             | -                 | 2,470,188                   |
| Nicanor Reyes Educational Foundation, Inc.    |          | 6,490,126                    | -                                   | -                             | -                 | 6,490,126                   |
| Others                                        |          | <u>75,337,123</u>            | <u>-</u>                            | <u>-</u>                      | <u>-</u>          | <u>75,337,123</u>           |
| <b>TOTALS</b>                                 | <b>P</b> | <b><u>175,741,780</u></b>    | <b><u>P 55,577</u></b>              | <b><u>P 23,949,170</u></b>    | <b><u>P -</u></b> | <b><u>P 199,746,527</u></b> |

**FAR EASTERN UNIVERSITY, INCORPORATED  
AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2026  
(With Comparative Figures as of May 31, 2026)  
(Amounts in Philippine Pesos)  
(UNAUDITED)**

**1. CORPORATE INFORMATION**

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 August 31 and May 31, 2026, the University holds interest in subsidiaries, associates and a joint venture presented below.

| Company Name                                       | Percentage of Effective Ownership |                 |
|----------------------------------------------------|-----------------------------------|-----------------|
|                                                    | August 31,<br>2026                | May 31,<br>2026 |
| Subsidiaries:                                      |                                   |                 |
| East Asia Computer Center, Inc. (EACCI)            | 100.0%                            | 100.0%          |
| Far Eastern College - Silang, Inc. (FECSI)         | 100.0%                            | 100.0%          |
| FEU Alabang, Inc. (FEUAI)*                         | 100.0%                            | 100.0%          |
| FEU High School, Inc. (FEU High)                   | 100.0%                            | 100.0%          |
| Roosevelt College, Inc. (RCI)                      | 97.7%                             | 97.7%           |
| Roosevelt College Educational Enterprises (RCEE)** | 97.7%                             | 97.7%           |
| Edustria, Inc. (Edustria)                          | 51.0%                             | 51.0%           |
| Higher Academia, Inc. (HAI)***                     | 51.0%                             | 51.0%           |
| Fern Realty Corporation (FRC)                      | 38.2%                             | 38.2%           |
| Associates:                                        |                                   |                 |
| JPMC College of Health Sciences SDN BHD (JCHS)     | 40.0%                             | 40.0%           |
| Good Samaritan Colleges, Inc. (GSC)                | 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 August 31, 2026 and May 31 2026, 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.

## 2. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These Condensed Consolidated Financial Statements (CCFS) have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS) and should be read in conjunction with the Group's audited consolidated financial statements (ACFS) as of and for the fiscal year ended May 31, 2026.

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

### 3. CHANGES TO ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments and improvements to existing standards effective in fiscal year 2026 that are relevant to the Group. The Group has not adopted early any standards, interpretation or amendment that has been issued but is not yet effective.

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

#### 3.1 *Effective in Fiscal Year 2026 that are Relevant to the Group*

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

PAS 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.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- 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 segments are as follows:

- (a) *FEU Main* – principally refers to the academic operations of the Parent Company, being the largest semestral entity;

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

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

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

#### 4.2. *Segment Assets and Liabilities*

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

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

#### 4.3. *Intersegment Transactions*

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

#### 4.4. *Analysis of Segment Information*

The Group's business segments analyzed based on operational significance and timing of academic operations, for the three months ended August 31, 2026 and 2025, and as of August 31 and May 31, 2026 are presented in the following page (in thousands).

|                                                                                 |   | <u>FEU Main</u> | <u>Trimestral<br/>Schools</u> | <u>Other<br/>Schools</u> | <u>Total</u>  |
|---------------------------------------------------------------------------------|---|-----------------|-------------------------------|--------------------------|---------------|
| <b><u>August 31, 2026 (Unaudited)</u></b>                                       |   |                 |                               |                          |               |
| Segment revenues                                                                |   |                 |                               |                          |               |
| From external customers                                                         | P | 461,128         | P 84,708                      | P 196,535                | P 742,371     |
| Intersegment revenues                                                           |   | <u>10,645</u>   | <u>-</u>                      | <u>-</u>                 | <u>10,645</u> |
| Total revenues                                                                  |   | 471,773         | 84,708                        | 196,535                  | 753,016       |
| Operating expenses excluding depreciation and amortization, and impairment loss |   | ( 454,339)      | ( 115,748)                    | ( 174,252)               | ( 744,339)    |
|                                                                                 |   | 17,434          | ( 31,040)                     | 22,283                   | 8,677         |
| Depreciation and amortization                                                   | ( | 71,191)         | ( 37,558)                     | ( 32,416)                | ( 141,165)    |
| Impairment loss                                                                 |   | -               | ( 900)                        | ( 458)                   | ( 1,358)      |
| Finance income                                                                  |   | 48,694          | 30,351                        | 979                      | 80,024        |
| Finance cost                                                                    | ( | 11,176)         | ( 1,090)                      | ( 2,702)                 | ( 14,968)     |
| Other income – net                                                              |   | <u>9,932</u>    | <u>7,169</u>                  | <u>2,819</u>             | <u>19,920</u> |
| Income (loss) before tax                                                        | ( | 6,307)          | ( 33,068)                     | ( 9,495)                 | ( 48,870)     |
| Tax expense                                                                     | ( | <u>10,605</u>   | <u>2,050</u>                  | <u>172</u>               | <u>12,827</u> |

|                     |              |             |             |              |
|---------------------|--------------|-------------|-------------|--------------|
| Segment net loss    | (P 16,912)   | (P 35,118)  | (P 9,667)   | (P 61,697)   |
| Segment assets      | P 10,819,356 | P 9,737,019 | P 6,410,716 | P 26,967,091 |
| Segment liabilities | P 3,324,027  | P 1,298,960 | P 2,443,489 | P 7,066,476  |

|  | <u>FEU Main</u> | <u>Trimestral<br/>Schools</u> | <u>Other<br/>Schools</u> | <u>Total</u> |
|--|-----------------|-------------------------------|--------------------------|--------------|
|--|-----------------|-------------------------------|--------------------------|--------------|

**August 31, 2025 (Unaudited)**

|                                                                                 |              |             |             |              |
|---------------------------------------------------------------------------------|--------------|-------------|-------------|--------------|
| Segment revenues                                                                |              |             |             |              |
| From external customers                                                         | P 486,581    | P 36,972    | P 141,565   | P 665,118    |
| Intersegment revenues                                                           | 19,140       | -           | -           | 19,140       |
| Total revenues                                                                  | 505,721      | 36,972      | 141,565     | 684,258      |
| Operating expenses excluding depreciation and amortization, and impairment loss | ( 448,462)   | ( 107,644)  | ( 159,747)  | ( 715,853)   |
|                                                                                 | 57,259       | 70,672      | 18,182      | 31,595       |
| Depreciation and amortization                                                   | ( 67,035)    | ( 35,462)   | ( 37,892)   | ( 140,389)   |
| Impairment loss                                                                 | -            | ( 1,061)    | ( 453)      | ( 1,514)     |
| Finance income                                                                  | 59,199       | 25,407      | 2,605       | 87,211       |
| Finance cost                                                                    | ( 10,813)    | ( 263)      | ( 5,884)    | ( 16,920)    |
| Other income – net                                                              | ( 2,679)     | -           | 145         | ( 2,534)     |
| Income (loss) before tax                                                        | 35,931       | ( 82,051)   | ( 59,621)   | ( 105,741)   |
| Tax expense                                                                     | ( 104)       | ( 2,122)    | ( 13)       | ( 2,239)     |
| Segment net income (loss)                                                       | P 35,827     | (P 84,173)  | (P 59,634)  | (P 107,980)  |
| Segment assets                                                                  | P 10,845,822 | P 9,403,811 | P 5,263,423 | P 25,513,056 |
| Segment liabilities                                                             | P 3,411,071  | P 1,792,128 | P 1,822,283 | P 7,025,482  |

**May 31, 2026 (Audited)**

|                     |              |             |             |              |
|---------------------|--------------|-------------|-------------|--------------|
| Segment assets      | P 10,082,910 | P 9,678,462 | P 5,573,995 | P 25,335,367 |
| Segment liabilities | P 2,568,430  | P 1,182,546 | P 1,593,631 | P 5,344,607  |

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

|                                                                                 | <u>NCR</u> | <u>Outside NCR</u> | <u>Total</u> |
|---------------------------------------------------------------------------------|------------|--------------------|--------------|
| <b><u>August 31, 2026 (Unaudited)</u></b>                                       |            |                    |              |
| Segment revenues                                                                |            |                    |              |
| From external customers                                                         | P 566,601  | P 175,770          | P 742,371    |
| Intersegment revenues                                                           | 10,645     | -                  | 10,645       |
| Total revenues                                                                  | 577,246    | 175,770            | 753,016      |
| Operating expenses excluding depreciation and amortization, and impairment loss | ( 607,967) | ( 136,372)         | ( 744,339)   |

|                               |             |            |             |
|-------------------------------|-------------|------------|-------------|
|                               | ( 30,721 )  | 39,398     | 8,677       |
| Depreciation and amortization | ( 111,526 ) | ( 29,639 ) | ( 141,165 ) |
| Impairment loss               | ( 1,237 )   | ( 121 )    | ( 1,358 )   |
| Finance income                | 79,609      | 415        | 80,024      |
| Finance cost                  | ( 12,270 )  | ( 2,698 )  | ( 14,968 )  |
| Other income – net            | 17,959      | 1,961      | 19,920      |
| Income (loss) before tax      | ( 58,186 )  | 9,316      | ( 48,870 )  |
| Tax expense                   | ( 12,745 )  | ( 82 )     | ( 12,827 )  |

**Segment net income (loss)** **(P 70,931)** **P 9,234** **(P 61,697)**

**Segment assets** **P 21,276,476** **P 5,690,615** **P 26,967,091**

**Segment liabilities** **P 5,118,950** **P 1,947,526** **P 7,066,476**

**NCR** **Outside NCR** **Total**

**August 31, 2025 (Unaudited)**

|                                                                                 |             |             |             |
|---------------------------------------------------------------------------------|-------------|-------------|-------------|
| Segment revenues                                                                |             |             |             |
| From external customers                                                         | P 545,816   | P 119,302   | P 665,118   |
| Intersegment revenues                                                           | 19,140      | -           | 19,140      |
| Total revenues                                                                  | 564,956     | 119,302     | 684,258     |
| Operating expenses excluding depreciation and amortization, and impairment loss | ( 599,083 ) | ( 116,770 ) | ( 715,853 ) |
| Depreciation and amortization                                                   | ( 34,127 )  | 2,532       | ( 31,595 )  |
| Impairment loss                                                                 | ( 105,475 ) | ( 34,914 )  | ( 140,389 ) |
| Finance income                                                                  | ( 1,395 )   | ( 119 )     | ( 1,514 )   |
| Finance cost                                                                    | 87,068      | 143         | 87,211      |
| Other income – net                                                              | ( 11,076 )  | ( 5,844 )   | ( 16,920 )  |
|                                                                                 | ( 2,679 )   | 145         | ( 2,534 )   |

Loss before tax ( 67,684 ) ( 38,057 ) ( 105,741 )  
Tax expense ( 2,226 ) ( 13 ) ( 2,239 )

**Segment net loss** **(P 69,910)** **(P 38,070)** **(P 107,980)**

**Segment assets** **P 20,752,325** **P 4,760,731** **P 25,513,056**

**Segment liabilities** **P 5,491,849** **P 1,533,633** **P 7,025,482**

**May 31, 2026 (Audited)**

**Segment assets** **P 20,304,878** **P 5,030,489** **P 25,335,367**

**Segment liabilities** **P 4,051,279** **P 1,293,328** **P 5,344,607**

#### 4.5. Reconciliation

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

|                                                                                       | August 31,<br>2026<br><u>(Unaudited)</u> | August 31,<br>2025<br><u>(Unaudited)</u> |
|---------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Revenues</b>                                                                       |                                          |                                          |
| Segment revenues                                                                      | P 753,016                                | P 684,258                                |
| Elimination of intersegment revenues                                                  | ( 10,645)                                | ( 19,140)                                |
| Unallocated corporate revenues                                                        | <u>5,403</u>                             | <u>5,272</u>                             |
| Revenues as reported in condensed consolidated statements of profit or loss           | <u>P 747,774</u>                         | <u>P 670,390</u>                         |
| <b>Profit or loss</b>                                                                 |                                          |                                          |
| Segment net loss                                                                      | (P 61,697)                               | (P 107,980)                              |
| Unallocated corporate net income                                                      | 11,786                                   | 10,094                                   |
| Elimination of intersegment transactions                                              | <u>5,968</u>                             | <u>7,909</u>                             |
| Net loss as reported in condensed consolidated statements of profit or loss           | <u>(P 43,943)</u>                        | <u>(P 89,977)</u>                        |
|                                                                                       | August 31,<br>2026<br><u>(Unaudited)</u> | May 31,<br>2026<br><u>(Audited)</u>      |
| <b>Assets</b>                                                                         |                                          |                                          |
| Segment assets                                                                        | P 26,967,091                             | P 25,335,367                             |
| Elimination of intercompany accounts                                                  | ( 6,567,502)                             | ( 6,666,970)                             |
| Unallocated corporate assets                                                          | 2,000,847                                | 1,983,675                                |
| Goodwill                                                                              | <u>186,487</u>                           | <u>186,487</u>                           |
| Total assets reported in condensed consolidated statements of financial position      | <u>P 22,586,923</u>                      | <u>P 20,838,559</u>                      |
| <b>Liabilities</b>                                                                    |                                          |                                          |
| Segment liabilities                                                                   | P 7,066,476                              | P 5,344,607                              |
| Elimination of intercompany accounts                                                  | ( 2,076,728)                             | ( 2,166,267)                             |
| Unallocated corporate accounts                                                        | <u>167,728</u>                           | <u>162,342</u>                           |
| Total liabilities reported in condensed consolidated statements of financial position | <u>P 5,157,476</u>                       | <u>P 3,340,682</u>                       |

## 5. FINANCIAL ASSETS AND LIABILITIES

### 5.1. Carrying Amounts and Fair Values by Category

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

|                              | <u>August 31, 2026 (Unaudited)</u> |                        | <u>May 31, 2026 (Audited)</u> |                        |
|------------------------------|------------------------------------|------------------------|-------------------------------|------------------------|
|                              | <u>Carrying<br/>Values</u>         | <u>Fair<br/>Values</u> | <u>Carrying<br/>Values</u>    | <u>Fair<br/>Values</u> |
| <b>Financial assets</b>      |                                    |                        |                               |                        |
| At FVOCI –                   |                                    |                        |                               |                        |
| Debt and equity securities   | P 3,234,427,971                    | P 3,234,427,971        | P 3,183,493,467               | P 3,183,493,467        |
| At FVTPL –                   |                                    |                        |                               |                        |
| Equity securities and UITF   | 1,508,407,695                      | 1,508,407,695          | 1,567,584,784                 | 1,567,584,784          |
| At amortized cost –          |                                    |                        |                               |                        |
| Debt securities              | <u>167,080,808</u>                 | <u>163,676,282</u>     | <u>167,000,620</u>            | <u>158,985,422</u>     |
|                              | <u>P 4,909,916,474</u>             | <u>P 4,906,511,948</u> | <u>P 4,918,078,871</u>        | <u>P 4,910,063,673</u> |
| <b>Financial liabilities</b> |                                    |                        |                               |                        |
| At amortized cost –          |                                    |                        |                               |                        |
| Interest-bearing loans       | <u>P 826,258,503</u>               | <u>P 586,691,174</u>   | <u>P 932,823,129</u>          | <u>P 901,930,073</u>   |

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

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

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

### 5.2. Financial Instruments Measurement at Fair Value

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

|                                              | <u>Level 1</u>        | <u>Level 2</u>       | <u>Level 3</u> | <u>Total</u>           |
|----------------------------------------------|-----------------------|----------------------|----------------|------------------------|
| <b><u>August 31, 2026 (Unaudited)</u></b>    |                       |                      |                |                        |
| Financial assets at FVOCI –                  |                       |                      |                |                        |
| Debt and equity securities                   | P3,228,827,971        | P 5,600,000          | P -            | P 3,234,427,971        |
| Financial assets at FVTPL –                  |                       |                      |                |                        |
| Equity securities and UITF                   | 718,748,967           | 789,658,728          | -              | 1,508,407,695          |
| Investment securities at<br>amortized cost – |                       |                      |                |                        |
| Debt securities                              | <u>163,676,282</u>    | <u>-</u>             | <u>-</u>       | <u>163,676,282</u>     |
|                                              | <u>P4,111,253,220</u> | <u>P 795,258,728</u> | <u>P -</u>     | <u>P 4,906,511,948</u> |

|                               | <u>Level 1</u>        | <u>Level 2</u>       | <u>Level 3</u> | <u>Total</u>           |
|-------------------------------|-----------------------|----------------------|----------------|------------------------|
| <u>May 31, 2026 (Audited)</u> |                       |                      |                |                        |
| Financial assets at FVOCI –   |                       |                      |                |                        |
| Debt and equity securities    | P3,177,893,467        | P 5,600,000          | P -            | P 3,183,493,467        |
| Financial assets at FVTPL –   |                       |                      |                |                        |
| Equity securities and UITF    | 630,022,638           | 937,562,146          | -              | 1,567,584,784          |
| Investment securities at      |                       |                      |                |                        |
| amortized cost –              |                       |                      |                |                        |
| Debt securities               | <u>158,985,422</u>    | <u>-</u>             | <u>-</u>       | <u>158,985,422</u>     |
|                               | <u>P3,966,901,527</u> | <u>P 943,162,146</u> | <u>P -</u>     | <u>P 4,910,063,673</u> |

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

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

As of August 31 and May 31, 2026, the fair value of debt securities categorized as investments at amortized cost amounted to P167.1 million and P167.0 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 5.2).

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

Other than the investment securities at amortized cost and interest-bearing loans, management has determined that due to the short-term duration of the other financial assets and financial liabilities measured at amortized costs of the Group, their fair values as at August 31 and May 31, 2026, equal or approximate their carrying amounts. Accordingly, the Group did not present a comparison of their fair values with their carrying amounts and correspondingly, their level in the fair value hierarchy.

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

## **6. INVESTMENT PROPERTIES**

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

|                                              | <u>August 31, 2025</u><br><u>(Unaudited)</u> | <u>May 31, 2026</u><br><u>(Audited)</u> |
|----------------------------------------------|----------------------------------------------|-----------------------------------------|
| Cost                                         | P 680,225,250                                | P 673,107,315                           |
| Accumulated depreciation<br>and amortization | ( <u>464,571,536</u> )                       | ( <u>453,016,154</u> )                  |
| Net carrying amount                          | <u>P 215,653,714</u>                         | <u>P 220,091,161</u>                    |

A reconciliation of the carrying amounts of investment property at the beginning and end of three months ended August 31, 2026 and the year ended May 31, 2026 is shown below.

|                                                                                       | <u>August 31, 2026</u><br><u>(Unaudited)</u> | <u>May 31, 2026</u><br><u>(Audited)</u> |
|---------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------|
| Balance at beginning of period<br>net of accumulated depreciation<br>and amortization | P 220,091,161                                | P 225,197,892                           |
| Additions                                                                             | 7,117,935                                    | 8,883,207                               |
| Depreciation and amortization<br>charges for the period                               | ( 11,555,382 )                               | ( 13,989,938 )                          |
| Balance at end of period<br>net of accumulated depreciation<br>and amortization       | <u>P 215,653,714</u>                         | <u>P 220,091,161</u>                    |

### 6.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P8.4 million and P11.1 million for the three months ended August 31, 2026 and 2025, respectively. The direct operating expenses, which include depreciation and amortization, insurance and real property taxes incurred by the Group relating to investment properties, are presented as part of Depreciation and amortization, Property insurance, and Taxes and licenses under Costs and Operating Expenses in the consolidated statements of profit or loss.

### 6.2 Fair Value Measurement of Investment Properties

The fair values (which is at Level 3) of the Group's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in October 2025 and cover the period ended August 31, 2026 and the year ended May 31, 2026.

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

|                           | <u>August 31, 2026</u> | <u>May 31, 2026</u>  |
|---------------------------|------------------------|----------------------|
| Land                      | P 644,673,600          | P 644,673,600        |
| Building and improvements | <u>145,770,567</u>     | <u>138,652,632</u>   |
|                           | <u>P 790,444,167</u>   | <u>P 783,326,232</u> |

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

## 7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of August 31 and May 31, 2026, are shown below.

|                                           | <u>August 31, 2026</u><br>(Unaudited) | <u>May 31, 2026</u><br>(Audited) |
|-------------------------------------------|---------------------------------------|----------------------------------|
| Cost                                      | P 16,602,039,690                      | P 16,401,543,542                 |
| Impairment loss                           | ( 2,804,402)                          | ( 2,804,402)                     |
| Accumulated depreciation and amortization | ( <u>6,246,562,579</u> )              | ( <u>6,110,840,809</u> )         |
| Net carrying amount                       | <u>P 10,352,672,709</u>               | <u>P 10,287,898,331</u>          |

A reconciliation of the carrying amounts of property and equipment at the beginning and end of the three months ended August 31, 2026 and the year ended May 31, 2026 is shown below.

|                                                                                 | <u>August 31, 2025</u><br>(Unaudited) | <u>May 31, 2025</u><br>(Audited) |
|---------------------------------------------------------------------------------|---------------------------------------|----------------------------------|
| Balance at beginning of period net of accumulated depreciation and amortization | P 10,287,898,331                      | P 9,065,930,751                  |
| Additions through business combination                                          | -                                     | 619,055,569                      |
| Additions                                                                       | 200,496,148                           | 1,263,581,551                    |
| Disposals                                                                       | -                                     | ( 292,790)                       |
| Depreciation and amortization charges for the period                            | ( <u>135,721,770</u> )                | ( <u>660,376,750</u> )           |
| Balance at end of period net of accumulated depreciation and amortization       | <u>P 10,352,672,709</u>               | <u>P 10,287,898,331</u>          |

## 8. LEASES

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

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

The remaining current portion of lease liabilities is presented in the consolidated statement of financial position as part of Trade and other payables amounting to P11.3 million as of August 31 and May 31, 2026.

## 9. INTEREST-BEARING LOANS

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

|             | <u>August 31, 2026</u><br>(Unaudited) | <u>May 31, 2026</u><br>(Audited) |
|-------------|---------------------------------------|----------------------------------|
| Current     | P 526,258,503                         | P 526,258,503                    |
| Non-current | <u>300,000,000</u>                    | <u>406,564,626</u>               |
|             | <u>P 826,258,503</u>                  | <u>P 932,823,129</u>             |

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

|                                | <u>August 31, 2026</u><br>(Unaudited) | <u>May 31, 2026</u><br>(Audited) |
|--------------------------------|---------------------------------------|----------------------------------|
| Balance at beginning of period | P 932,823,129                         | P 1,159,081,632                  |
| Availment of loans             | -                                     | 300,000,000                      |
| Payments                       | ( <u>106,564,626</u> )                | ( <u>526,258,503</u> )           |
| Balance at end of period       | <u>P 826,258,503</u>                  | <u>P 932,823,129</u>             |

The total interest incurred by the Group on all of these loans, amounting to P15.0 million and P17.0 million for the three months ended August 31, 2026 and 2025, respectively, are presented as part of Finance Costs in the condensed consolidated statements of profit or loss, while any outstanding interest payable is recognized as part of Trade and Other Payables in the condensed consolidated statements of financial position.

As of August 31 and May 31, 2026, there are no assets used and/or required as collaterals for the Group's interest-bearing loans and borrowings.

Loans obtained from a local commercial bank are subject to loan covenants effective for the periods ended August 31 and May 31, 2026, which require the Group to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of August 31 and May 31, 2026, the Group has complied with its loan covenants.

## 10. 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.

### ***10.1 Market Risk***

#### ***(a) Foreign Currency Risk***

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

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

#### ***(b) Interest Rate Risk***

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

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

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

#### ***(c) Other Price Risk***

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

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

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

## **10.2 Credit Risk**

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

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

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

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

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

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

## **10.3 Liquidity Risk**

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

# **11. EQUITY**

## **11.1 Capital Stock**

The University's authorized capital stock was 50,000,000 shares as of August 31 and May 31, 2026, of which 24,055,763 were issued and with par value of P100 per share.

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

|                                          | <b>August 31, 2026</b><br><b>(Unaudited)</b> | May 31, 2026<br>(Audited) |
|------------------------------------------|----------------------------------------------|---------------------------|
| Number of shares held by related parties | <b>15,243,974</b>                            | 15,243,974                |
| Number of shares held by the public      | <b>8,695,516</b>                             | 8,695,516                 |
| Total shares issued and outstanding      | <b>24,055,763</b>                            | 24,055,763                |

As of August 31 and May 31, 2026, the public owns 36.15% of the University's listed shares.

As of August 31 and May 31, 2026, there are 1,455 and 1,452 holders, respectively, of the listed common shares owning at least one board lot. All shares of the University are listed on the PSE. There had been no follow-on listing since the initial listing in 1986 at an offer price of P100. The closing price of the University's listed shares was P800.0 per share as of August 31 and May 31, 2026.

### ***11.2 Treasury Stock***

This account includes the University's common shares acquired by FRC on various dates and held as of August 31 and May 31, 2026. The changes in the market values of these shares, which are recognized as fair value gains or losses by FRC, were eliminated in full and not recognized in the consolidated financial statements. The Group's treasury stocks amounted to P118.9 million as of August 31 and May 31, 2026.

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

### ***11.3 Retained Earnings***

Significant transactions affecting Retained Earnings 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 August 31 and May 31, 2026, the University's Appropriated Retained Earnings consists of appropriations approved by the Board of Trustees for the following purposes:

|                                        |                    |
|----------------------------------------|--------------------|
| Board Approval Date                    | May 19, 2026       |
| Property and investment acquisition    | 332,000,000        |
| Purchase of equipment and improvements | 308,000,000        |
| Contingencies                          | 90,000,000         |
| Treasury stock                         | 3,733,100          |
|                                        | <u>733,733,100</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, 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.

*(b) Dividend Declaration*

During the year ended May 31, 2026, the BOT approved cash dividend declarations with a total amount of P717.0 million. No dividends were declared during the period ended August 31, 2026.

**11.4 Subsidiaries with Material Non-controlling Interest**

*(a) FRC*

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

*(b) EACCI and FEUI*

Both non-controlling interests in EACCI and FEUI relate to non-voting preferred shares. As of August 31 and May 31, 2026, the total cost of preferred shares issued and outstanding of EACCI and FEUI amounts to P1.2 billion and P750.0 million, respectively.

*(c) Edustria Incorporated*

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

The NCI of Edustria amounting to P139.0 million is presented as part of Non-controlling Interest account in the condensed consolidated statements of financial position.

*(d) Higher Academia Inc.*

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

The NCI of HAI amounting to P292.3 million is presented as part of Non-controlling Interest account in the condensed consolidated statements of financial position.

## 12. LOSS PER SHARE

Loss per share amounts for the three months ended August 31, 2026 and 2025 were computed as follows:

|                                                                                       | <b>August 31, 2026</b><br><b><u>(Unaudited)</u></b> | August 31, 2025<br><u>(Unaudited)</u> |
|---------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------|
| Net loss attributable to owners<br>of the parent company                              | (P 42,297,074)                                      | (P 86,926,112)                        |
| Divided by weighted average<br>number of shares outstanding,<br>net of treasury stock | <u>23,899,764</u>                                   | <u>23,903,861</u>                     |
| Basic and diluted loss per share                                                      | <u>(P 1.77)</u>                                     | (P 3.64)                              |

The University has no dilutive potential common shares as of August 31, 2026 and 2025; the diluted loss per share and the basic loss per share is the same.

## 13. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

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

|                                                                       | <b>August 31, 2025</b><br><b>(Unaudited)</b> | May 31, 2026<br>(Audited) |
|-----------------------------------------------------------------------|----------------------------------------------|---------------------------|
| Total adjusted liabilities                                            | <b>P 2,766,235,858</b>                       | P 3,235,134,372           |
| Total adjusted equity attributable to<br>owners of the parent company | <b><u>14,332,635,489</u></b>                 | <u>14,374,932,563</u>     |
| Debt-to-equity ratio                                                  | <b><u>0.19: 1.00</u></b>                     | <u>0.23 : 1.00</u>        |

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

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

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

#### 14. MATERIAL ACCOUNTING POLICY INFORMATION

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

##### 7.1 *Basis of Consolidation*

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

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

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

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

| <u>Subsidiaries:</u> | <u>Reporting Period*</u> |
|----------------------|--------------------------|
| FRC                  | March 31, 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, 2025 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.

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

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

## 7.2 **Business Combination**

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

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

## 7.3 **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.

#### **7.4 Financial Instruments**

##### **(a) Financial Assets**

###### **(i) Classification, Measurement and Reclassification of Financial Assets**

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

###### Financial Assets at Amortized Cost

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

###### Financial Assets at FVOCI

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

###### Financial Assets at FVTPL

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

###### **(ii) Impairment of Financial Assets**

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all tuition and other school fee receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

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

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

*(b) Financial Liabilities*

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

## **15. USE OF ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

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

## **16. COMMITMENTS AND CONTINGENCIES**

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

### ***16.1 Capital Commitments***

As of August 31, and May 31, 2026, FRC has commitments of about P421.75 million for the condominium units acquired at pre-selling stage that are currently under construction.

## **16.2 Operating Lease Commitments**

### **(a) Group as Lessor**

FRC is a lessor under various operating lease agreements with several non-related parties for a period of one to 30 years. FRC also receives customer and security deposits relevant to its leasing activities as a lessor which is recognized under Other Non-current Liabilities in the consolidated statements of financial position.

Future minimum rental receivables which are collectible within one year, excluding contingent rental, under these operating leases amounts to P28.4 million, as of August 31 and May 31, 2026, respectively.

### **(b) Group as Lessee**

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

## **16.3 Construction Commitments**

The Group enters commitments for its ongoing construction of certain school buildings and other facilities. As of August 31, and May 31, 2026, the unfulfilled portion of these commitments amounted to P1,044.9 million.

## **16.4 Others**

As of August 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.

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

## **17. SEASONALITY OF OPERATIONS**

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

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

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

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

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

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

The CCFS of the Group for the three months ended August 31, 2026 (including the comparatives for the three months ended August 31, 2025) were authorized for issue by the Audit Committee of the BOT on October 7, 2026.

#### **19. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On September 15, 2026, the BOT approved a cash dividend declaration of P15 per share, or a total amount of P360.9 million, to all stockholders of record as of September 29, 2026, which is payable on October 15, 2026.

FEU finalized on 28 September 2026, the completion of the closing conditions and transactions under the Memorandum of Agreement dated March 9, 2026 with Bataan Peninsula Educational Institution, Inc. (BPEII), which operates under the name University of Nueva Caceres–Bataan, and its shareholders. The transactions comprised the subscription to 39,500 shares representing a 54.78% equity interest and the purchase of a 76.92% undivided interest in the land on which the institution operates, for an aggregate investment of P156.0 million.