

CR03580-2024

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

Mar 31, 2024

2. SEC Identification Number

AS93005277

3. BIR Tax Identification No.

002-648-099-000

4. Exact name of issuer as specified in its charter

LBC EXPRESS HOLDINGS, INC. (formerly FEDERAL RESOURCES INVESTMENT
GROUP INC.)

5. Province, country or other jurisdiction of incorporation or organization

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City
Postal Code
1300

8. Issuer's telephone number, including area code

(632) 8856 8510

9. Former name or former address, and former fiscal year, if changed since last report

N/A

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 Shares	1,425,865,471

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 / Common Shares

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.

LBC Express Holdings, Inc. LBC

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	Mar 31, 2024
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2024	Dec 31, 2023
Current Assets	6,331,799,377	6,640,044,406

Total Assets	14,863,100,939	15,374,768,418
Current Liabilities	9,930,771,599	10,230,993,031
Total Liabilities	13,014,815,366	13,448,688,558
Retained Earnings/(Deficit)	294,718,985	304,563,778
Stockholders' Equity	1,848,285,573	1,926,079,860
Stockholders' Equity - Parent	1,872,616,179	1,945,716,341
Book Value per Share	1.31	1.36

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	3,613,195,655	3,780,602,464	3,613,195,655	3,780,602,464
Gross Expense	3,382,809,848	3,540,140,488	3,382,809,848	3,540,140,488
Non-Operating Income	14,569,417	105,473,207	14,569,417	105,473,207
Non-Operating Expense	230,869,996	132,860,539	230,869,996	132,860,539
Income/(Loss) Before Tax	14,085,228	213,074,644	14,085,228	213,074,644
Income Tax Expense	26,428,101	3,298,536	26,428,101	3,298,536
Net Income/(Loss) After Tax	-12,342,873	209,776,108	-12,342,873	209,776,108
Net Income Attributable to Parent Equity Holder	-9,844,793	207,000,539	-9,844,793	207,000,539
Earnings/(Loss) Per Share (Basic)	-0.01	0.15	-0.01	0.15
Earnings/(Loss) Per Share (Diluted)	-0.01	0.12	-0.01	0.12

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.03	-0.52
Earnings/(Loss) Per Share (Diluted)	-0.03	-0.52

Other Relevant Information

None.

Filed on behalf by:

Name	Ernesto III Naval
Designation	Alternate Corporate Information Officer

COVER SHEET

SEC Registration Number

	A	S	9	3	0	0	5	2	7	7
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COMPANY NAME

L	B	C		E	X	P	R	E	S	S		H	O	L	D	I	N	G	S	,		I	N	C	.					
(F	o	r	m	e	r	l	y		F	E	D	E	R	A	L		R	E	S	O	U	R	C	E	S				
I	N	V	E	S	T	M	E	N	T		G	R	O	U	P		I	N	C	.)									

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

L	B	C		H	A	N	G	A	R	,		G	E	N	E	R	A	L		A	V	I	A	T	I	O	N		
C	E	N	T	R	E	,		D	O	M	E	S	T	I	C		A	I	R	P	O	R	T						
R	O	A	D	,		P	A	S	A	Y		C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A

Form Type

1	7	-	Q
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

+632 8856-8510

Mobile Number

N/A

No. of Stockholders

485

Annual Meeting (Month / Day)

2nd Monday of June

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Enrique V. Rey, Jr.

Email Address

evrey@lbcexpress.com

Telephone Number/s

+632 8856-8510

Mobile Number

-

CONTACT PERSON's ADDRESS

LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City, Metro Manila

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

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

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: **March 31, 2024**
2. SEC Identification Number: **AS93-005277**
3. BIR Taxpayer Identification Number: **002-648-099-000**
4. Exact name of issuer as specified in its charter: **LBC EXPRESS HOLDINGS, INC. (formerly FEDERAL RESOURCES INVESTMENT GROUP INC.)**
5. Province, country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: _____(SEC Use Only)
7. Address of issuer's principal office: **LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City, Metro Manila 1300**
8. Issuer's telephone number, including area code: **(+632) 8856 8510**
9. Former name, former address and former fiscal year, if changed since last report: **n/a**
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

As of March 31, 2024:

<u>Title of each class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	1,425,865,471 ¹
Bond payable	2,086,608,477 ²
Derivative Liability	2,068,734,030 ²

¹ Inclusive of 1,384,966,471 common shares which are exempt from registration.

² Related to convertible instrument at an aggregate principal amount of \$39 million.

11. Are any or all of the securities listed on a Stock Exchange?
Yes [**X**] No []

Name of Stock Exchange: **Philippine Stock Exchange**

Class of securities listed: **Common shares**³

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code 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 the registrant was required to file such reports)

Yes [**X**] No []

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

Yes[**X**] No []

³ As of March 31, 2024, 40,899,000 common shares have been listed with Philippine Stock Exchange. The remaining 1,384,966,471 are subject to listing applications filed with the Philippine Stock Exchange.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Unaudited Interim Financial Statements of the Company as of and for the quarter ended March 31, 2024 and Notes to Financial Statements are hereto attached as Annex "A".

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Three months ended March 31, 2024 compared to the three months ended March 31, 2023

Service Revenue

The Company's service revenue decreased by 4% to ₱3,613.20 million for the quarter ended March 31, 2024, from ₱3,780.60 million for the quarter ended March 31, 2023, mainly from the retail segment by 8%. This is countered by the improvement in revenue from the corporate segment by 10%.

Cost of Services

Cost of services is down by 5% to ₱2,817.24 million for the three months ended March 31, 2024, from ₱2,973.35 million for the three months ended March 31, 2023, pertaining to improvement in cost of delivery and remittance by 7%, aligned to the decline in current sales volume. Branch closures was as well a factor as part of the rationalization program lowering manpower, rent and depreciation cost.

Gross Profit

Gross profit is at ₱795.95 million for the three months ended March 31, 2024, which is a slight decline from ₱807.26 million for the three months March 31, 2023, primarily related to movement in sales volume.

Operating Expenses

Operating expenses slightly decreased to ₱565.57 million for the three months ended March 31, 2024, from ₱566.79 million for the three months ended March 31, 2023, mainly driven by lower utilities and supplies related to reduction of leased area in head offices. This is countered by the increase in provision for impairment loss for the quarter.

Operating Income

Operating income is at ₱230.85 million for the three months ended March 31, 2024, which is a decline from ₱240.46 million for the three months ended March 31, 2023, mostly driven by decrease in sales.

Other Charges, Net

Other charges, net increased to ₱216.30 million for the three months ended March 31, 2024, from ₱27.38 million for the three months ended March 31, 2023, mainly from foreign exchange and valuation losses incurred. Further, there is increase in interest expense mainly from additional loans availed in latter part of 2023.

Net Income (Loss) after tax

Net loss after tax amounted to ₱12.34 million for the three months ended March 31, 2024, from income of ₱209.78 million for the three months ended March 31, 2023, largely caused by the increase in non-operating charges.

FINANCIAL CONDITION

As of March 31, 2024 compared to as of December 31, 2023

Assets

Current Asset

Cash and cash equivalents decreased by 14% to ₱1,959.35 million as of March 31, 2024, from ₱2,281.86 million as of December 31, 2023. Refer also to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net increased to ₱2,012.09 million as of March 31, 2024, from ₱1,950.15 million as of December 31, 2023, driven by the increase in trade receivable from outside parties and related parties by 4% and 9%, respectively, offset by the higher allowance for expected credit losses as a factor of the additional provisions this period.

Due from related parties with minimal movement as compared to last reporting period, to ₱1,139.00 million as of March 31, 2024, from ₱1,139.86 million as of December 31, 2023.

Investments at fair value through profit and loss increased to ₱2.29 million as of March 31, 2024, from ₱2.26 million as of December 31, 2023, due to minimal amount of fair value gain recognized during the quarter.

Prepayments and other current assets declined by 1% to ₱1,219.07 million as of March 31, 2024, from ₱1,265.92 million as of December 31, 2023, primarily attributable to the amortized portion of prepaid employee benefits, taxes and the reduced level of restricted cash in bank. These decreases were offset by the renewal of software fees and increase in creditable withholding taxes.

Noncurrent Assets

Property and equipment, net decreased by 2% to ₱2,593.44 million as of March 31, 2024, from ₱2,644.17 million as of December 31, 2023, mostly due to depreciation expense recognized during the quarter and retirement of leasehold, office furniture and equipment related to closed branches.

Right-of-use assets, net is lower by 6% to ₱1,854.19 million as of March 31, 2024, from ₱1,980.48 million as of December 31, 2023, mainly attributable to amortization amounting to ₱214.25 million for the quarter, offset by the net effect of additions and end of contracts at ₱70.23 million.

Intangible assets, net is lower by 7% to ₱220.21 million as of March 31, 2024, from ₱236.89 million as of December 31, 2023, driven by the amortization expense during the quarter amounting to ₱16.66 million.

Investment at fair value through other comprehensive income went down by 3% to ₱185.31 million as of March 31, 2024, from ₱191.16 million as of December 31, 2023, relative to movement in market price from ₱0.98/share to ₱0.95/share.

Investment in associates increased to ₱365.45 million as of March 31, 2024, from ₱355.57 million as of December 31, 2023, due to share in net income of the associates for the quarter.

Deferred tax assets - net decreased by 1% to ₱521.73 million as of March 31, 2024, from ₱525.94 million as of December 31, 2023, largely because of the application of NOLCO, offset by the additional MCIT recognized during the quarter and higher deferred tax asset related to retirement benefit.

Security deposit decreased by 2% to ₱410.69 million as of March 31, 2024, from ₱419.20 million as of December 31, 2023, mainly due to forfeitures and applications to rent expense of closed branches.

Other noncurrent assets decreased to ₱2,093.27 million as of March 31, 2024, from ₱2,094.31 million as of December 31, 2023, because of settlements of loan and note receivables.

Liabilities

Accounts and other payable is lower by 6% to ₱3,166.42 million as of March 31, 2024, from ₱3,380.08 million as of December 31, 2023, due to lower contractual liabilities and settlements of trade payables.

Due to related parties increased to ₱16.98 million as of March 31, 2024, from ₱11.48 million as of December 31, 2023, due to additional advances from an affiliate related to insurance.

Notes payable (current and noncurrent) decreased to ₱2,149.82 million as of March 31, 2024, from ₱2,322.66 million as of December 31, 2023, driven by the settlement of loans amounting to ₱350.84 million, offset by total availment during the period amounting to ₱178.00 million.

Transmissions liability went down by 17% to ₱501.77 million as of March 31, 2024, from ₱606.73 million as of December 31, 2023, mainly attributable to transactions claimed during the period.

Income taxes payable declined to ₱10.04 million as of March 31, 2024, from ₱19.44 million as of December 31, 2023 which can be traced to overseas because of the tax advances made that were applied to the payable.

Lease liabilities (current and noncurrent) is lower by 5% to ₱2,078.31 million as of March 31, 2024, from ₱2,197.83 million as of December 31, 2023, primarily pertaining to lease payments during the period.

Bond payable increased by 5% to ₱2,086.61 million as of March 31, 2024, from ₱1,979.74 million as of December 31, 2023, mainly from the accretion of interest amounting to ₱78.25 million and the foreign exchange losses recognized amounting to ₱28.61 million.

Derivative liability increased to ₱2,068.73 million as of March 31, 2024, from ₱2,030.07 million as of December 31, 2023, related to the loss on valuation incurred for the period amounting to ₱38.66 million.

Retirement benefit obligation increased to ₱936.14 million as of March 31, 2024, from ₱900.66 million as of December 31, 2023, primarily due to accrual of expense recognized in current period.

LIQUIDITY

Cash Flows

Three months ended March 31, 2024 compared to the nine months ended March 31, 2023

Cash flows from operating activities

The Company's net cash from operating activities is primarily affected by income before income tax, depreciation and amortization, retirement benefit expense, interest expense, unrealized foreign exchange gain, gain on derivative, equity in net earnings of associates and changes in working capital. The Company's cash inflows from these activities amounted to ₱215.92 million and ₱87.15 million for the three months ended March 31, 2024 and 2023, respectively.

Cash flows from investing activities

Cash used in investing activities for the three months ended March 31, 2024 and 2023 amounted to ₱22.99 million and ₱160.25 million, respectively. For the three months ended March 31, 2024, the Company spent ₱29.06 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the three months ended March 31, 2024 and 2023 amounted to ₱462.65 million and ₱1,285.36 million, respectively. In 2023, there is settlement of redemption payable amounting to ₱997.46 million. Other activities comprise primarily of payments of lease liabilities and notes payable.

PART II - OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LBC EXPRESS HOLDINGS, INC.

A handwritten signature in black ink, appearing to read 'ER', is positioned above the printed name.

ENRIQUE V. REY, JR.
Chief Finance Officer

May 20, 2024

**LBC Express Holdings, Inc.
and Subsidiaries**

Unaudited Interim Condensed Consolidated
Financial Statements
As at March 31, 2024 and
for the Three Months Ended
March 31, 2024 and 2023
*(With Comparative Audited Consolidated Statement
of Financial Position as at
December 31, 2023)*

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 23 and 24)	₱1,959,352,399	₱2,281,855,470
Trade and other receivables (Notes 5, 17, 23 and 24)	2,012,088,334	1,950,150,885
Due from related parties (Notes 17, 23 and 24)	1,139,003,785	1,139,856,145
Investments at fair value through profit or loss (Notes 9, 23 and 24)	2,289,697	2,263,568
Prepayments and other current assets (Notes 6, 11, 17, 23 and 24)	1,219,065,162	1,265,918,338
Total Current Assets	6,331,799,377	6,640,044,406
Noncurrent Assets		
Property and equipment (Note 7)	2,593,440,287	2,644,165,028
Right-of-use assets (Note 21)	1,854,185,413	1,980,477,828
Intangible assets (Note 8)	220,212,638	236,885,271
Investment at fair value through other comprehensive income (Notes 9, 23 and 24)	185,307,070	191,158,872
Deferred tax assets - net (Note 20)	521,726,444	525,938,028
Security deposits (Note 21)	410,685,819	419,197,007
Investment in associates (Note 10)	365,450,059	355,569,615
Goodwill (Note 3)	287,024,985	287,024,985
Other noncurrent assets (Notes 6, 11 and 17)	2,093,268,847	2,094,307,378
Total Noncurrent Assets	8,531,301,562	8,734,724,012
	₱14,863,100,939	₱15,374,768,418
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 17, 23 and 24)	₱3,166,416,025	₱3,380,083,841
Due to related parties (Notes 17, 23 and 24)	16,980,830	11,480,610
Current portion of notes payable (Notes 14, 23 and 24)	1,272,909,315	1,375,261,115
Transmissions liability (Notes 13, 17, 23 and 24)	501,766,423	606,733,574
Income tax payable	10,039,581	19,436,300
Current portion of lease liabilities (Notes 21, 23 and 24)	807,316,918	828,187,402
Derivative liability (Notes 15, 23 and 24)	2,068,734,030	2,030,069,446
Bond payable (Notes 15, 23 and 24)	2,086,608,477	1,979,740,743
Total Current Liabilities	9,930,771,599	10,230,993,031
Noncurrent Liabilities		
Retirement benefit liability - net (Note 22)	936,144,310	900,655,996
Notes payable - net of current portion (Notes 14, 23 and 24)	876,908,482	947,400,258
Lease liabilities - net of current portion (Notes 21, 23 and 24)	1,270,990,975	1,369,639,273
Total Noncurrent Liabilities	3,084,043,767	3,217,695,527
	13,014,815,366	13,448,688,558
Equity		
Equity attributable to shareholders of the Parent Company		
Capital stock (Note 16)	1,425,865,471	1,425,865,471
Retained earnings	294,718,985	304,563,778
Accumulated comprehensive gain	152,031,723	215,287,092
	1,872,616,179	1,945,716,341
Non-controlling interests	(24,330,606)	(19,636,481)
Total Equity	1,848,285,573	1,926,079,860
	₱14,863,100,939	₱15,374,768,418

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
SERVICE REVENUE (Note 25)	₱3,613,195,655	₱3,780,602,464
COST OF SERVICES (Note 18)	2,817,241,624	2,973,345,880
GROSS PROFIT	795,954,031	807,256,584
OPERATING EXPENSES (Note 19)	565,568,224	566,794,608
OPERATING INCOME	230,385,807	240,461,976
OTHER INCOME (CHARGES)		
Equity in net earnings (losses) of associates (Note 10)	10,712,937	(6,466,800)
Interest income (Notes 4, 11 and 17)	3,830,351	3,499,224
Fair value gain on investment at fair value through profit or loss (Note 9)	26,129	20,334
Foreign exchange gains (losses) - net (Notes 19 and 23)	(7,132,406)	67,401,955
Gain (loss) on derivative (Note 15)	(38,664,584)	34,551,694
Interest expense (Notes 14, 15, 17 and 21)	(175,773,385)	(124,249,914)
Others – net	(9,299,621)	(2,143,825)
	(216,300,579)	(27,387,332)
INCOME BEFORE INCOME TAX	14,085,228	213,074,644
PROVISION FOR INCOME TAX (Note 20)	26,428,101	3,298,536
NET INCOME (LOSS) FOR THE PERIOD	(12,342,873)	209,776,108
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss in subsequent periods		
Remeasurement gains on retirement benefit plan - net of tax	—	2,415,722
Share in other comprehensive income (loss) of an associate (Note 10)	(832,493)	6,544,547
Unrealized fair value loss on equity investments at fair value through other comprehensive income (Note 9)	(5,851,802)	(19,506,007)
Currency translation losses - net	(58,767,118)	(18,095,601)
	(65,451,413)	(28,641,339)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱78,932,914)	₱181,134,769
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the Parent Company	(₱9,844,793)	₱207,000,539
Non-controlling interests	(2,498,080)	2,775,569
NET INCOME (LOSS) FOR THE PERIOD	(₱12,342,873)	₱209,776,108
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the Parent Company	(₱73,100,161)	₱181,140,974
Non-controlling interests	(4,694,125)	(6,205)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(₱77,794,286)	₱181,134,769
EARNINGS (LOSS) PER SHARE (Note 26)		
Basic	(₱0.01)	₱0.15
Diluted	(₱0.01)	₱0.12

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Three Months Ended March 31, 2024 (Unaudited)					
	Capital Stock (Note 16)	Retained Earnings	Accumulated Comprehensive Income	Total	Non-controlling Interests	Total Equity
Balances at beginning of the period	₱1,425,865,471	₱304,563,778	₱215,287,091	₱1,945,716,340	(₱19,636,481)	₱1,926,079,859
Comprehensive losses:						
Net losses	—	(9,844,793)	—	(9,844,793)	(2,498,080)	(12,342,873)
Other comprehensive loss	—	—	(63,255,368)	(63,255,368)	(2,196,045)	(65,451,413)
Total comprehensive losses	—	(9,844,793)	(63,255,368)	(73,100,161)	(4,694,125)	(77,794,286)
Balances at end of the period	₱1,425,865,471	₱294,718,985	₱152,031,723	₱1,872,616,179	(₱24,330,606)	₱1,848,285,573

	For the Three Months Ended March 31, 2023 (Unaudited)					
	Capital Stock (Note 16)	Retained Earnings	Accumulated Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balances at beginning of the period	₱1,425,865,471	₱128,273,290	₱238,137,740	₱1,792,276,501	(₱10,301,750)	₱1,781,974,751
Comprehensive income (loss):						
Net Income	—	207,000,539	—	207,000,539	2,775,569	209,776,108
Other comprehensive loss	—	—	(25,859,565)	(25,859,565)	(2,781,774)	(28,641,339)
Total comprehensive income (loss)	—	207,000,539	(25,859,565)	181,140,974	(6,205)	181,134,769
Balances at end of the period	₱1,425,865,471	₱335,273,829	₱212,278,175	₱1,973,417,475	(₱10,307,955)	₱1,963,109,520

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	(Unaudited)	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱14,085,228	₱213,074,644
Adjustments for:		
Depreciation and amortization (Notes 7, 8, 18, 19, 21)	289,799,760	336,139,336
Interest expense (Notes 14, 15, 17 and 21)	175,773,385	124,249,914
Retirement expense, net of benefits paid and contribution to retirement plan	35,488,314	24,421,852
Unrealized foreign exchange loss (gain)	16,767,494	(38,330,199)
Loss (gain) on derivative (Note 15)	38,664,584	(34,551,694)
Gain on disposal of property and equipment	9,864,107	2,877,923
Equity in net losses (earnings) of associates (Note 10)	(10,712,937)	6,466,800
Fair value gain on investment at fair value through profit or loss (Note 9)	(26,129)	(20,334)
Interest income (Notes 4, 11 and 17)	(3,830,351)	(3,499,224)
Operating income before changes in working capital	565,873,455	630,829,018
Changes in working capital:		
Decrease (increase) in:		
Trade and other receivables	(61,937,449)	(58,370,780)
Prepayments and other current assets	46,853,176	102,458,971
Security deposits	8,511,188	5,946,025
Other noncurrent assets	1,038,531	13,730,623
Increase (decrease) in:		
Accounts and other payables	(207,452,652)	(473,274,375)
Transmissions liability	(104,967,151)	(124,402,797)
Net cash generated from operations	247,919,098	96,916,685
Interest received	3,830,351	3,499,224
Income tax paid	(35,827,529)	(13,262,385)
Net cash provided by operating activities	215,921,920	87,153,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Disposal of property and equipment	5,222,171	22,557,940
Payments for acquisitions of:		
Intangible assets (Note 27)	—	(176,688)
Property and equipment (Note 27)	(29,063,829)	(191,620,504)
Decrease in due from related parties	852,360	8,987,704
Net cash used in investing activities	(22,989,298)	(160,251,548)
<i>(Forward)</i>		

	Three Months Ended March 31	
	(Unaudited)	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable (Notes 14 and 27)	178,000,000	172,704,000
Increase (decrease) in due to related parties (Note 27)	5,500,220	(6,494,554)
Interest paid (Note 27)	(44,022,968)	(29,626,458)
Payments of notes payable (Notes 14 and 27)	(350,843,576)	(159,217,608)
Payments of principal amount of lease liabilities (Note 27)	(251,286,955)	(265,271,385)
Redemption of convertible instrument	—	(997,458,943)
Net cash used in financing activities	(462,653,279)	(1,285,364,948)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(269,720,657)	(1,358,462,972)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(52,782,414)	(81,037,247)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,281,855,470	3,517,624,171
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	₱1,959,352,399	₱2,078,123,952

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

LBC Express Holdings, Inc. (referred to as the “Parent Company” or “LBCH”), formerly Federal Resources Investment Group Inc. (FED), was registered with the Securities and Exchange Commission (SEC) on July 12, 1993.

The ultimate parent of the Parent Company is LBC Development Corporation (LBCDC). The Araneta Family is the ultimate beneficial owner of the Parent Company.

FED, before it was acquired by LBCH, undertook an Initial Public Offering and on December 21, 2001, FED’s shares were listed on the Philippine Stock Exchange (PSE).

The Parent Company invests, purchases or disposes real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities or obligations of any corporation, association, domestic and foreign.

The Parent Company is a public holding company with investments in businesses of messengerial either by sea, air or land of letters, parcels, cargoes, wares, and merchandise; acceptance and remittance of money, bills payment and the like; performance of other allied general services from one place of destination to another within and outside of the Philippines; and foreign exchange trading.

The Group’s convertible instrument amounting to ₱4.16 billion as of March 31, 2024 will mature and amounts outstanding are payable on August 4, 2024. To date, the Group has not negotiated for revised maturities and terms yet or not in advance discussion to obtain replacement financing. In the event of default, LBCE shares can be auctioned to public and the proceeds can be used to settle the liability which may have impact to the domestic business of the Group. This indicates risk in the appropriate use of going concern assumption. Management’s plans on future actions to address the maturing instrument includes open communication with the creditor to consider various options under the agreement (see Note 15). Management is implementing strategic initiatives to accelerate the recovery of the Group’s operation, sustain the increasing trend, and be able raise funds. Management is also seeking of various means to address the instrument’s timeline which include exploring interested parties to purchase the instrument or refinance the liability. Management believes that any settlement option for the convertible instrument will not have material impact to the domestic business of the Group, and the international business supports its ability to continue as going concern. Management has determined that these actions support the Group’s going concern assessment and has therefore prepared the financial statements on a going concern basis.

The Parent Company’s registered office address is at LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City, Metro Manila, Philippines.

2. Summary of Significant Accounting Policies and Significant Accounting Estimates, Judgements and Assumptions

The principal accounting policies applied in the preparation of these interim condensed consolidated financial statements are set out below. These policies have been constantly applied to all the periods presented, unless otherwise stated.

Basis of Preparation

The accompanying interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis, except for investments at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI), and derivatives which have been measured at fair value. The interim condensed consolidated financial statements are presented in Philippine Peso (₱). All amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 2023, which have been prepared in accordance with PFRS.

Difference in accounting periods

The Group consolidated the non-coterminous financial statements of its subsidiaries using their November 30 fiscal year end and the three months ended March 31 first quarter end financial statements except for QUADX Pte. Ltd and Mermaid Co. Ltd. with December 31 year end which are aligned with the Parent Company since it is impracticable for the said subsidiaries to prepare financial statements as of the same date as the reporting date of the Parent Company.

Except as disclosed below, the Group did not reflect any transactions of entities with non-coterminous financial statements from March 1 to 31 as these are not considered to be significant.

Management exercised judgment in determining whether adjustments should be made in the interim condensed consolidated financial statements of the Group pertaining to the effects of significant transactions or events of its subsidiaries that occur between March 1, 2024 and 2023 and the date of the Parent Company's financial statements which is March 31, 2024 and 2023 and between December 1, 2023 and the comparative date of the Parent Company's financial position which is December 31, 2023.

The interim condensed consolidated financial statements were adjusted to reflect LBCE's availment and settlement of bank loans in March 2024 amounting to ₱83.00 million and ₱80.93 million, respectively, adjustment to reflect equity share in net losses of Terra Barbaza Aviation, Inc. (TBAI) amounting to ₱0.76 million and adjustment to reflect the decrease in fair value of equity investment at FVOCI by ₱15.60 million.

The interim condensed consolidated financial statements were adjusted to reflect LBCE's availment and settlement of bank loans in March 2023 amounting to ₱59.47 and million ₱42.68 million, respectively, adjustment to reflect equity share in net earnings of TBAI amounting to ₱1.92 million and adjustment to reflect the decrease in fair value of equity investment at FVOCI by ₱17.56 million.

The consolidated financial statements as of December 31, 2023 were adjusted to effect LBCE's availment and settlement of bank loans in December 2023 amounting to ₱290.24 million and ₱32.90 million, respectively, adjustment to reflect equity share in net earnings of Terra Barbaza Aviation, Inc. (TBAI) amounting to ₱1.13 million, and adjustment to reflect the decrease in fair value of investment at FVOCI by ₱13.65 million for the period December 1 to 31, 2023.

There were no other significant transactions that transpired between March 1, 2024 to March 31, 2024, December 1, 2023 to December 31, 2023 and March 1, 2023 to March 31, 2023.

Basis of Consolidation

The interim condensed consolidated financial statements include the accounts of the Parent Company and all of its subsidiaries where the Parent Company has control. The interim condensed consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- ☐ power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- ☐ exposure, or rights, to variable returns from its involvement with the investee, and
- ☐ the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Non-controlling interests (NCI) represent the portion of profit or loss and net assets in subsidiaries not owned by the Group and are presented separately in the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and within equity in the interim condensed statement of financial position, separately from the Parent Company's equity. Any equity instruments issued by a subsidiary that are not owned by LBCH are non-controlling interests including preferred shares and options under share-based transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of LBCH and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the interim condensed consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interests
- derecognizes the cumulative translation differences recorded in equity

- recognizes the fair value of the consideration received
- recognizes the fair value of any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies LBCH's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Profit and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

On September 28, 2023, the Parent Company acquired, through business combination, 100% of the capital of Blue Eagle and LBC Service Ltd., a corporation organized under the laws of Republic of China which is engaged in employment services for a total purchase price of New Taiwan Dollar (NTD) 5.00 million.

There were no other acquisitions and disposal nor changes in the Parent Company's ownership interests in its subsidiaries in 2024 and 2023.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Except otherwise stated, the adoption of the new accounting standards, amendments and interpretations which apply for the first time in 2024, do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2024. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an

input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2024 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2024.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and apply retrospectively, however, the Group is not required to restate prior periods. The amendments do not have significant impact on the Group's interim consolidated financial statements.

Significant Accounting Judgments Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Group for the interim period ended March 31, 2024.

3. Business Combination and Goodwill

On September 28, 2023, the Parent Company acquired, through business combination, 100% of the capital of Blue Eagle and LBC Service Ltd., a corporation organized under the laws of Republic of China which is engaged in employment services for a total purchase price of New Taiwan Dollar (NTD) 5.00 million.

Identifiable assets acquired, and liabilities assumed of Blue Eagle and LBC Service Ltd.

PFRS 3, *Business Combinations*, provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date. The comparative information presented for the periods before the

initial accounting for the combination is complete shall be presented as if the initial accounting had been completed from the acquisition date.

The fair values of the identifiable assets acquired and liabilities assumed, including gain on bargain purchase, as at the date of acquisitions are shown below:

Blue Eagle and LBC Service Ltd.	
Percentage of ownership of Parent Company	100%
Assets	
Cash and cash equivalents	₱9,345,875
Receivable from related parties	21,751,584
Trade and other receivables, net	1,054
Prepayments and other current assets	306,731
Total current assets	31,405,244
Property and equipment	364,687
Security deposit	4,333,449
Total noncurrent asset	4,698,136
Total asset	36,103,380
Liabilities	
Accounts and other payables	1,818,368
Transmission liability	7,207,548
Total liabilities	9,025,916
Net assets attributable to Parent Company	27,077,464
Less: Gain on bargain purchase	18,233,464
Purchase consideration	₱8,844,000

Purchase consideration and net cash flows

There were no contingent considerations in the above acquisitions during the period. Net cash related to acquisition of the above entities in 2023 are shown below.

Blue Eagle and LBC Service Ltd.	
Cash paid	₱8,844,000
Cash acquired	9,345,875
Net cash inflow	₱501,875

The purchase considerations are paid in full which was paid in advance by the Parent Company in 2023. The gain on bargain purchase of the acquired company was presented under “Other income (charges)” in the interim condensed consolidated statements of comprehensive income.

There were no other acquisitions and disposal of subsidiaries for the three months ended March 31, 2024.

There is no movement in the carrying amount of goodwill from December 31, 2023.

Impairment testing of Goodwill

The Group performs its annual impairment test in December and when circumstances indicate that the carrying value may be impaired. The Group’s impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different

significant cash generating units were disclosed in the annual consolidated financial statements for the year ended December 31, 2023.

The Group did not perform impairment test on goodwill for the three months ended March 31, 2024 since impairment testing is performed every year end. When reviewing for indicators of impairment, the Group considers various external and internal sources of information.

The Group did not recognize impairment losses on goodwill as of March 31, 2024.

4. Cash and Cash Equivalents

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2023 (Unaudited)
Cash on hand	₱171,044,418	₱223,151,164	₱212,024,967
Cash in banks	1,770,692,386	2,054,014,046	1,861,899,095
Cash equivalents	17,615,595	4,690,260	4,199,890
	₱1,959,352,399	₱2,281,855,470	₱2,078,123,952

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents include short-term placements made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term placement rates.

Cash in banks and cash equivalents earn interest ranging from 0.06% to 0.375% per annum in 2024 and 2023. Interest income earned from cash and cash equivalents amounted to ₱0.11 million and ₱0.03 million for the three months ended March 31, 2024, and 2023, respectively.

5. Trade and Other Receivables

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables - outside parties	₱1,818,026,077	₱1,749,643,222
Trade receivables - related parties (Note 17)	355,024,921	324,947,167
	2,173,050,998	2,074,590,389
Less allowance for expected credit losses	284,350,423	257,482,114
	1,888,700,575	1,817,108,275
Other receivables:		
Advances to officers and employees	99,517,474	105,919,811
Others	23,870,285	27,122,799
	₱2,012,088,334	₱1,950,150,885

Trade receivables arise from sale of services related to inbound and outbound courier services handling and consolidation services with normal credit terms of 30 to 90 days.

Advances to officers and employees consist mainly of noninterest-bearing advances which are subject to liquidation upon completion of the business transaction and personal advances subject to salary deductions.

Others mainly consist of SSS benefit receivable to be reimbursed within a year and accrual of interest income which is expected to be collected upon maturity of the short-term placements.

The Group performed reassessment of the collectability of its receivables and as a result, recognized additional provision for impairment losses. These were recognized under operating expenses in the consolidated statements of comprehensive income.

The movements in allowance for impairment losses of trade receivables follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	₱257,482,114	₱211,457,118
Provision for impairment losses (Note 19)	26,868,309	48,855,410
Accounts written-off	–	(2,830,414)
Balance at the end of period	₱284,350,423	₱257,482,114

6. Prepayments and Other Assets

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepayments:		
Taxes	2,099,113,806	₱2,122,601,701
Insurance	40,566,012	33,410,660
Software maintenance	17,525,314	4,937,874
Rent	21,897,815	16,342,011
Employee benefits	2,825,847	19,103,184
Transportation supplies	6,343,107	5,521,206
Dues and subscriptions	3,259,174	2,886,905
Advertising	33,247	62,828
Others	28,167,846	37,563,532
Creditable withholding taxes (CWTs)	401,535,519	388,682,410
Restricted cash in bank	242,095,053	261,646,547
Materials and supplies	182,905,192	184,789,127
Input value-added tax (VAT)	112,210,200	110,769,025
Loans receivable (Note 11)	78,655,923	78,859,834
Short-term cash investments	30,755,419	30,287,335
Notes receivable (Note 17)	9,290,774	10,454,332
Advance payment to supplier	9,000,000	9,000,000
Electronic wallet	6,347,907	23,738,876
Others	19,805,854	19,568,329
	3,312,334,009	3,360,225,716
Less: noncurrent portion	2,093,268,847	2,094,307,378
	1,219,065,162	₱1,265,918,338

Details of noncurrent portion follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepaid Taxes	₱1,807,419,435	₱1,807,419,435
Creditable withholding taxes (CWTs)	172,279,700	172,279,700
Loans receivable (Note 11)	65,451,867	66,227,013
VAT on capital goods	20,009,214	20,009,214
Notes receivable (Note 17)	9,290,774	10,454,332
Prepaid rent	1,366,823	640,454
Other assets	17,451,034	17,277,230
Total noncurrent portion	₱2,093,268,847	₱2,094,307,378

The interest income earned from the short-term cash investments and restricted cash in bank amounted to ₱3.15 million and ₱2.84 million for the three months ended March 31, 2024 and 2023, respectively.

7. Property and Equipment

The rollforward analysis of this account follows:

	For the Three Months ended March 31, 2024 (Unaudited)							
	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of year	₱544,846,554	₱1,712,944,342	₱480,575,069	₱911,883,344	₱1,141,380,612	₱1,031,257,734	₱9,815,434	₱5,832,703,089
Additions	2,824,930	—	8,024,181	12,156,930	—	—	1,103,200	24,109,241
Reclassifications	—	5,245,558	—	—	—	—	(5,245,558)	—
Disposals	—	(55,739,976)	(33,525,763)	(11,466,270)	—	—	—	(100,732,009)
Effect of changes in foreign currency exchange rates	837,112	825,515	491,760	226,034	—	—	—	2,380,421
Balances at end of year	548,508,596	1,663,275,439	455,565,247	912,800,038	1,141,380,612	1,031,257,734	5,673,076	5,758,460,742
Accumulated depreciation and amortization								
Balances at beginning of year	439,408,024	1,507,917,188	380,602,992	860,609,857	—	—	—	3,188,538,061
Depreciation (Notes 19 and 20)	8,471,731	21,276,153	13,128,368	11,626,566	5,706,903	—	—	60,209,721
Disposals	2,824,916	(49,004,196)	(28,831,573)	(10,634,878)	—	—	—	(85,645,731)
Effect of changes in foreign currency exchange rates	814,308	651,572	158,881	293,643	—	—	—	1,918,404
Balances at end of year	451,518,979	1,480,840,717	365,058,668	861,895,188	5,706,903	—	—	3,165,020,455
Net book value	₱96,989,617	₱182,434,722	₱90,506,579	₱50,904,850	₱1,135,673,709	₱1,031,257,734	₱5,673,076	₱2,593,440,287

For the year ended December 31, 2023 (Audited)

	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of year	₱586,426,767	₱1,948,053,836	₱533,596,647	₱972,625,619	₱—	₱1,031,257,734	₱492,064,051	₱5,564,024,654
Additions	6,286,054	32,886,088	67,200,123	21,811,164	—	—	659,131,995	787,315,424
Additions through business combination (Note 4)	33,846	—	58,300	—	—	—	—	92,146
Reclassifications	—	—	—	—	1,141,380,612	—	(1,141,380,612)	—
Disposals	(46,556,553)	(266,679,463)	(119,984,971)	(82,225,292)	—	—	—	(515,446,279)
Effect of changes in foreign currency exchange rates	(1,343,560)	(1,316,119)	(295,030)	(328,147)	—	—	—	(3,282,856)
Balances at end of year	544,846,554	1,712,944,342	480,575,069	911,883,344	1,141,380,612	1,031,257,734	9,815,434	5,832,703,089
Accumulated depreciation and amortization								
Balances at beginning of year	444,009,236	1,641,422,617	430,872,365	880,319,095	—	—	—	3,396,623,313
Depreciation (Notes 19 and 20)	42,327,690	121,694,030	60,419,478	62,511,219	—	—	—	286,952,417
Disposals	(45,552,942)	(254,294,361)	(110,374,845)	(81,849,035)	—	—	—	(492,071,183)
Effect of changes in foreign currency exchange rates	(1,375,960)	(905,098)	(314,006)	(371,422)	—	—	—	(2,966,486)
Balances at end of year	439,408,024	1,507,917,188	380,602,992	860,609,857	—	—	—	3,188,538,061
Net book value	₱105,438,530	₱205,027,154	₱99,972,077	₱51,273,487	₱1,141,380,612	₱1,031,257,734	₱9,815,434	₱2,644,165,028

8. Intangible Assets

The rollforward analysis of this account follows:

	For the Three Months ended March 31, 2024 (Unaudited)		
	Software	Development in Progress	Total
Costs			
Balances at beginning of period	₱663,927,585	₱26,761,878	₱690,689,463
Effect of changes in foreign currency exchange rates	227,782	—	227,782
Balances at end of period	664,155,367	26,761,878	690,917,245
Accumulated Amortization			
Balances at beginning of period	453,804,192	—	453,804,192
Amortization (Notes 18 and 19)	16,661,918	—	16,661,918
Effect of changes in foreign currency exchange rates	238,497	—	238,497
Balances at end of period	470,704,607	—	470,704,607
Net Book Value	₱193,450,760	₱26,761,878	₱220,212,638

	For the year ended December 31, 2023 (Audited)		
	Software	Development in Progress	Total
Costs			
Balances at beginning of year	₱703,453,472	₱102,500	₱703,555,972
Additions	27,680,911	26,659,378	54,340,289
Additions through business combination (Note 4)	272,514	—	272,514
Disposal	(66,453,706)	—	(66,453,706)
Effect of changes in foreign currency exchange rates	(1,025,606)	—	(1,025,606)
Balances at end of year	663,927,585	26,761,878	690,689,463
Accumulated Amortization			
Balances at beginning of year	447,566,760	—	447,566,760
Amortization (Notes 19 and 20)	73,804,466	—	73,804,466
Disposal	(66,453,693)	—	(66,453,693)
Effect of changes in foreign currency exchange rates	(1,113,340)	—	(1,113,340)
Balances at end of year	453,804,192	—	453,804,192
Net book value	₱210,123,393	₱26,761,878	₱236,885,271

9. Investments at Fair Value through Profit or Loss and through OCI

Investment at FVPL represents the Group's investments in unquoted unit investment trust fund.

Investment at FVOCI represents investment in the quoted shares of stock of Araneta Properties, Inc.

Movement of the investments at fair value follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
FVOCI		
Balance at beginning of period	₱191,158,872	₱198,961,275
Unrealized fair value gain during the period	(5,851,802)	(7,802,403)
	₱185,307,070	₱191,158,872
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
FVPL		
Balance at beginning of period	₱2,263,568	₱2,167,063
Unrealized fair value gain during the period	26,129	96,505
Withdrawal	—	—
	₱2,289,697	₱2,263,568

The unrealized fair value gain (loss) related to investment at FVPL is presented under 'Other income (charges)' in the interim consolidated statements of comprehensive income.

Movement in unrealized gain (loss) on investment at FVOCI follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	(₱72,952,890)	(₱65,150,487)
Unrealized gain during the period from quoted investments:	(5,851,802)	(7,802,403)
Balance at end of period (Note 16)	(₱78,804,692)	(₱72,952,890)

10. Investment in Associates

Investment in Terra Barbaza Aviation, Inc. (TBAI)

The Group has 20,000,000 non-voting Preferred A Shares and 1,250 common shares which represent 24.762% of the total outstanding common shares as of March 31, 2024 and December 31, 2023.

TBAI is engaged in the business of providing flight services by means of helicopters, airplanes and other aircraft to transport executives in the Philippines.

Movement in the investment in TBAI is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Costs		
At acquisition date	₱79,809,022	₱79,809,022
Accumulated Equity on Net Earnings (Loss)		
Balance at beginning of period	2,408,713	7,377,657
Equity share in net losses	(762,675)	(4,968,944)
	1,646,038	2,408,713
Carrying Value	₱81,455,060	₱82,217,735

The summarized statements of financial position of TBAI follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current assets	₱90,746,356	₱84,244,965
Noncurrent assets	485,780,128	489,878,185
Current liabilities	22,255,957	(16,772,600)
Noncurrent liabilities	136,981,609	(136,981,609)
Equity	417,288,918	420,368,941
Proportion of Group's ownership	24.762%	24.762%
Group's share in identifiable asset	103,329,082	104,091,757
Other adjustments	(21,874,022)	(21,874,022)
Carrying amount of the investment	₱81,455,060	₱82,217,735

The summarized statement of comprehensive income of TBAI follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Revenue	₱13,702,703	₱54,810,811
Cost and expenses	16,782,725	74,877,622
Net income (loss)	(3,080,022)	(20,066,811)
Group's share in total comprehensive income	(₱762,675)	(₱4,968,944)

Investment in Orient Freight International, Inc. (OFII)

On March 19, 2018, the Parent Company invested in 30% of OFII, a company involved in freight forwarding, warehousing and customs brokerage businesses operating within the Philippines. In relation to the acquisition of shares, the Parent Company shall also exert commercially reasonable efforts to direct a certain amount of additional annual recurring logistics service business to OFII for a period of five years from closing date.

OFII declared dividends amounting to ₱132.00 million in in 2023 (nil in 2024). No impairment loss was recognized for the investment in associate in 2024 and 2023.

Movement in the investment in OFII is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Costs		
At acquisition date	₱227,916,452	₱227,916,452
Accumulated Equity on Net Earnings		
Balance at beginning of period	40,809,602	59,276,294
Equity share in net earnings	11,475,612	21,133,308
Less: Dividend income	-	(39,600,000)
	52,285,214	40,809,602
Other Comprehensive Income		
Balance at beginning of period	4,625,826	(2,715,720)
Equity share in other comprehensive income	(832,493)	7,341,546
	3,793,333	4,625,826
Carrying Value	₱283,994,999	₱273,351,880

The summarized statements of financial position of OFII follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current assets	₱638,867,265	₱593,167,912
Noncurrent assets	187,300,342	222,745,406
Current liabilities	257,241,321	(283,453,429)
Noncurrent liabilities	63,474,623	(62,485,288)
Equity	505,451,663	469,974,601
Proportion of Group's ownership	30.00%	30.00%
Group's share in identifiable asset	151,635,499	140,992,380
Implied goodwill	132,359,500	132,359,500
Carrying amount of the investment	₱283,994,999	₱273,351,880

The summarized statement of comprehensive income of OFII follows:

	For the Three Months ended March 31, 2024 (Unaudited)	For the year ended December 31, 2023 (Audited)
Revenue	₱217,526,143	₱919,592,166
Cost and expenses	179,274,103	849,147,805
Net income	38,252,040	70,444,361
Other comprehensive income	(2,774,978)	24,471,820
Total comprehensive income	35,477,062	94,916,181
Group's share in total comprehensive income	₱10,643,119	₱28,474,854

11. Receivable and Trademark Agreement

On September 25, 2019, LBCH extended a 15-year 2.3% interest-bearing loan to Transtech Co. Ltd. (Transtech) amounting to \$1.80 million. Transtech, an entity incorporated in Japan, is involved in freight forwarding, warehousing, and packing business. Its services include forwarding of Balikbayan boxes from Japan to the Philippines.

Transtech shall pay interests on a quarterly basis. The Loan Agreement also constitutes a pledge by Transtech on its trademark for the benefit of LBCH, to secure LBCH's claims to the repayment of the loaned amount in case of default as defined in the Loan Agreement.

Subsequently, on September 30, 2019, Transtech granted LBCH an exclusive license to use its registered trademark subject to restrictions for a period of 10 years with automatic renewal of 3 years unless otherwise discontinued in writing by either parties. LBCH may, in its discretion, use the trademark in combination with any text, graphics, mark, or any other indication. As consideration for the exclusive use of license, LBCH shall pay royalty of \$0.13 million annually.

For the three months ended March 31, 2024 and 2023, LBCH incurred royalty fee amounting to ₱1.76 million and ₱1.71 million, respectively. The related payable was offset to LBCH's interest receivable from Transtech amounting to ₱0.42 million and ₱0.44 million for the three months ended March 31, 2024 and 2023, respectively, and to loans receivable amounting to ₱1.34 million for the three months ended March 31, 2024 and 2023, respectively.

Current and noncurrent portion as at March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion*	₱13,204,056	₱12,632,821
Noncurrent portion**	65,451,867	66,227,013
	₱78,655,923	₱78,859,834

*Presented under 'prepayment and other current assets'

**Presented under 'Other noncurrent assets'

Interest income earned amounted to ₱0.43 million and ₱0.44 million for the three months ended March 31, 2024 and 2023, respectively.

12. Accounts and Other Payables and Other Noncurrent Liabilities

Accounts and other payables account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payable - outside parties	₱1,287,100,972	₱1,319,378,902
Trade payable - related parties (Note 17)	32,465,908	44,963,610
Accruals:		
Salaries and wages	360,424,321	343,882,812
Claims and losses	207,793,353	212,471,061
Rent and utilities	127,743,465	134,348,393
Taxes	89,081,945	89,374,349
Contracted jobs	76,361,898	58,138,833
Software maintenance	44,776,721	47,385,919
Outside services	19,409,695	9,724,371
Professional fees	19,933,510	18,670,905
Advertising	5,153,533	20,923,128
Others	48,950,099	59,085,128
Taxes payable	563,152,358	535,484,351
Contract liabilities	193,301,117	393,347,165
Government agencies contributions payables	39,276,374	36,245,075
Others	51,490,756	56,659,839
	₱3,166,416,025	₱3,380,083,841

13. Transmissions Liability

Transmissions liability represents money transfer remittances by clients that are still outstanding, and not yet claimed by the beneficiaries as at reporting date. These are due and demandable.

Transmissions liability amounted to ₱501.77 million and ₱606.73 million as at March 31, 2024 and December 31, 2023, respectively, of which liability amounting ₱2.57 million and ₱5.91 million as at March 31, 2024 and December 31, 2023, respectively, is payable to an affiliate (see Note 17).

14. Notes Payable

The Group has outstanding notes payable to various local banks. The details of these notes as at March 31, 2024 and December 31, 2023 are described below:

March 31, 2024					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
a. Unionbank of the Philippines	Apr 2019	3,900,000	Apr 2024	7.826%, fixed rate	Clean; Interest and principal payable every quarter
b. Unionbank of the Philippines	Jun 2019	1,100,000	Apr 2024	7.053%, fixed rate	Clean; Interest and principal payable every quarter
c. Rizal Commercial Banking Corporation	Nov 2023	11,800,000	May 2024	7.75%, fixed rate	Clean; interest and principal payable every quarter
d. Unionbank of the Philippines	Feb 2024	25,000,000	Aug 2024	9.00%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
e. Unionbank of the Philippines	Aug 2021	276,282,931	Aug 2026	7.12%, subject to repricing	With mortgage; Interest and principal to be paid quarterly
Unionbank of the Philippines	Dec 2021	13,840,260	Dec 2031	8.21%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Feb 2022	15,410,338	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Mar 2022	24,263,938	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2022	20,277,169	Dec 2031	7.15%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2022	21,366,154	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	July 2022	15,094,154	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2022	4,893,539	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Oct 2022	9,690,947	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Nov 2022	6,295,579	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	57,174,487	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	40,755,892	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter

March 31, 2024					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
Unionbank of the Philippines	Mar 2023	52,864,000	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2023	33,376,000	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2023	26,880,000	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jun 2023	47,462,400	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	71,040,000	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	5,845,312	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	4,473,898	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2023	52,147,124	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Sep 2023	66,701,126	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2023	48,444,127	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2023	53,608,708	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
f. Rizal Commercial Banking Corporation	Apr 2023	128,304,000	Apr 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
g. Banco de Oro	Mar 2024	90,000,000	Sep 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
Banco de Oro	Oct 2023	10,000,000	Apr 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
h. Unionbank of the Philippines	Nov 2023	42,300,000	May 2024	9.00%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
i. Banco de Oro	Oct 2023	20,000,000	Apr 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
j. Banco de Oro	Oct 2021	190,687,500	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly

March 31, 2024					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
k. Rizal Commercial Banking Corporation	Nov 2023	72,296,000	May 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
l. Banco de Oro	Nov 2022	45,000,000	May 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
m. Banco de Oro	Nov 2021	125,000,000	May 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
n. Rizal Commercial Banking Corporation	Mar 2024	181,542,214	Apr 2024	7.75% fixed rate	Clean; Interest payable every month, principal to be paid on maturity date
o. Rizal Commercial Banking Corporation	Mar 2024	24,300,000	Mar 2025	7.38%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
p. Rizal Commercial Banking Corporation	Jun 2023	24,300,000	Jun 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
q. Banco de Oro	Nov 2023	10,000,000	May 2024	7.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
r. Rizal Commercial Banking Corporation	Dec 2023	8,100,000	Jun 2024	7.88%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
s. Banco de Oro	Apr 2023	—	Feb 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
t. Unionbank of the Philippines	Jul 2023	—	Jan 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
u. Rizal Commercial Banking Corporation	Dec 2023	24,500,000	Jun 2024	7.88%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
v. Banco de Oro	Nov 2023	18,500,000	May 2024	9.00%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
w. Banco de Oro	Dec 2023	120,000,000	Jul 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
x. Unionbank of the Philippines	Feb 2024	5,000,000	Aug 2024	9.00%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
Total		₱2,149,817,797			
Current portion		₱1,272,909,315			
Noncurrent portion		876,908,482			

December 31, 2023						
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms	
a. Unionbank of the Philippines	Apr 2019	₱7,800,000	Apr 2024	7.826%, fixed rate	Clean; Interest and principal payable every quarter	
b. Unionbank of the Philippines	Jun 2019	2,200,000	Apr 2024	7.053%, fixed rate	Clean; Interest and principal payable every quarter	
c. Rizal Commercial Banking Corporation	Nov 2023	11,800,000	May 2024	7.75%, fixed rate	Clean; interest and principal payable every quarter	
d. Unionbank of the Philippines	July 2023	25,000,000	Jan 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity	
e. Unionbank of the Philippines	Aug 2021	303,911,224	Aug 2026	7.12%, subject to repricing	With mortgage; Interest and principal to be paid quarterly	
Unionbank of the Philippines	Dec 2021	14,286,720	Dec 2031	8.21%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Feb 2022	15,907,446	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Mar 2022	25,046,646	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Apr 2022	20,910,831	Dec 2031	7.15%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	May 2022	22,033,846	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	July 2022	15,565,846	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Aug 2022	5,046,462	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Oct 2022	9,993,790	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Nov 2022	6,492,316	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Jan 2023	58,961,189	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Jan 2023	42,029,514	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Mar 2023	54,516,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	Apr 2023	34,419,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	
Unionbank of the Philippines	May 2023	27,720,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter	

December 31, 2023					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
Unionbank of the Philippines	Jun 2023	48,945,600	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	73,260,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	6,027,978	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	4,613,707	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2023	53,776,721	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Sep 2023	68,785,536	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2023	49,958,006	Dec 2031	7.84%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2023	55,283,980	Dec 2031	7.84%, subject to repricing	With mortgage; Interest and principal payable every quarter
f. Rizal Commercial Banking Corporation	Apr 2023	128,304,000	Apr 2023	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
g. Banco de Oro	Sep 2023	90,000,000	Mar 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
Banco de Oro	Oct 2023	10,000,000	Apr 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
h. Unionbank of the Philippines	Nov 2023	42,300,000	May 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
i. Banco de Oro	Oct 2023	20,000,000	Apr 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
j. Banco de Oro	Oct 2021	211,875,000	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
k. Rizal Commercial Banking Corporation	Nov 2023	72,296,000	May 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
l. Banco de Oro	Nov 2022	45,000,000	May 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date

December 31, 2023						
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
m.	Banco de Oro	Nov 2021	125,000,000	May 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
n.	Rizal Commercial Banking Corporation	Dec 2023	182,209,016	Jan 2024	7.75% fixed rate	Clean; Interest payable every month, principal to be paid on maturity date
o.	Rizal Commercial Banking Corporation	Mar 2023	27,000,000	Mar 2024	7.38%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
p.	Rizal Commercial Banking Corporation	Jun 2023	24,300,000	Jun 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
q.	Banco de Oro	Nov 2023	10,000,000	May 2024	7.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
r.	Rizal Commercial Banking Corporation	Dec 2023	8,100,000	Jun 2024	7.88%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
s.	Banco de Oro	Apr 2023	60,000,000	Feb 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
t.	Unionbank of the Philippines	Jul 2023	9,000,000	Jan 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
u.	Rizal Commercial Banking Corporation	Dec 2023	24,500,000	Jun 2024	7.88%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
v.	Banco de Oro	Nov 2023	18,500,000	May 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
w.	Banco de Oro	Dec 2023	150,000,000	Jul 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
Total			₱2,322,661,373			
Current portion			₱1,375,261,115			
Noncurrent portion			₱947,400,258			

- a. On April 15, 2019, LBCE availed a 5-year interest-bearing loan with UnionBank of the Philippines (UBP) amounting to ₱78.00 million to finance other capital expenditures. Settlement made amounted to ₱3.90 million and ₱15.60 million in 2024 and 2023.
- b. On June 25, 2019, LBCE availed a 5-year interest bearing loan with UBP amounting to ₱22.00 million to finance other capital expenditures. Settlement made in 2024 and 2023 amounted to ₱1.10 million and ₱4.40 million, respectively.
- c. In November 2023, LBCE availed a short-term interest-bearing loan with Rizal Commercial Banking Corporation (RCBC) amounting to ₱11.80 million to finance working capital.
- d. A short-term loan availed with UBP in July 2023 which was rolled over in February 2024 amounting to 25.00 million with maturity date of August 2024. On February 10, 2020, LBCE availed a 5-year interest bearing loan amounting to ₱641.82 million to finance the 70% balance of

the acquisition of land, recorded under property and equipment with a carrying amount of ₱ 1,031.26 million, which served as a collateral for the loan.

On August 5, 2021, the loan was taken out via UBP with principal amounting to ₱552.57 million, a 5-year interest-bearing loan with maturity date of August 2026. Settlement made amounted to ₱27.63 million and ₱110.51 million for 2024 and 2023.

On December 27, 2021, February 21, 2022 and March 4, 2022, LBCE availed 10-year interest bearing loan with maturity date of December 2031 amounting to ₱17.86 million, ₱19.39 million and ₱30.53 million, respectively, to finance the construction of warehouse. Additional availments were made on April 22, May 31, July 11 and August 15, 2022 amounting to ₱24.71 million, ₱26.04 million, ₱18.39 million and ₱5.96 million, respectively. In 2024 and 2023, LBCE settled ₱3.65 million and ₱14.61 million, respectively.

On October 10 and November 10, 2022, LBCE availed another 10-year interest bearing loan with maturity date of December 2031 amounting to ₱11.50 million and ₱7.48, respectively. Settlement made in 2024 and 2023 amounted to ₱0.50 million and ₱2.00 million, respectively.

In 2023, additional availments were made in an aggregate amount of ₱614.54 million. LBCE settled ₱17.52 million and ₱36.24 million in 2024 and 2023.

While the loan remains unpaid, LBCE shall not, without prior consent of the bank, permit any material change in the character of its business and controlling ownership; shall not undertake corporate reorganization; and amend Articles of Incorporation and By-laws. LBCE shall not participate in merger and consolidation except when it is the surviving corporation, nor sell, lease, mortgage or otherwise encumber or dispose of any asset owned, except (i) in the ordinary course of the business and (ii) to any consolidated subsidiary, person or entity which, upon such disposal, shall become a consolidated subsidiary of LBCE. There shall be no voluntary suspension of operations or dissolution of affairs. No dividend shall be declared to its stockholders other than dividends payable solely in shares of capital stock. In the event of default, LBCE shall not pay any loans or advances from its stockholders, affiliates, subsidiaries, or related entities. Further, LBCE shall ensure, that:

- The ratio of its consolidated debt to equity shall not exceed 4.0x, computed net of lease liabilities; and
 - Current ratio shall not be lower than 0.8x.
- e. On April 21, 2021, LBCE availed a short-term interest-bearing loan with RCBC amounting to ₱176.00 million to finance its working capital requirements. This was rolled over in October 2021 and April 2022 with maturity date in April 2023. It was further rolled over at the amount of ₱128.30 million with maturity date of April 2024. Settlement made in 2023 amounted to ₱14.26 million.
- f. On October 18, 2021, LBCE availed a short-term interest-bearing loan with Banco De Oro (BDO) amounting to ₱100.00 million to finance other capital expenditures. This was rolled over in April 2022. In October 2022, April 2023, September 2023 and March 2024, the loan was rolled over at the amount of ₱90.00 million which will mature in September 2024. On April 11, 2022, LBCE also availed a short-term interest-bearing loan with Banco De Oro (BDO) amounting to ₱10.00 million and rolled over with maturity date in April 2024.
- g. LBCE availed a short-term interest-bearing loan in October 2021 with UBP to finance working capital requirement amounting to ₱47.00 million. This was rolled over in April 2022,

October 2022, April 2023 and November 2023 with maturity date in May 2024. In 2023, LBCE settled ₱4.7 million.

- h. On October 22, 2021, LBCE availed a short-term loan interest-bearing with BDO amounting to ₱20.00 million to finance other capital expenditures. This was rolled over in April 2022, October 2022, April 2023 and October 2023 with maturity date in April 2024.
- i. The Notes Facility Agreement entered into by the Company with BDO in 2016 is with a credit line facility amounting to ₱800.00 million. In June 2021, the term was extended up to October 2021 and secured by time deposit hold-out. In October 2021, it was further extended up to May 2026. Settlement made in 2024 and 2023 amounted to ₱21.19 million and ₱84.75 million in each year.

On April 15, 2021, the BOD approved to guarantee one of LBCE's loans and allowed to hold out the Parent Company's time deposit. As of March 31, 2024, the balance of time deposit amounted to ₱204.30 million (see Note 6). Such guarantee shall substitute the existing real estate mortgage on LBCE's real estate properties as security.

- j. On November 18, 2022, LBCE availed a short-term loan with RCBC amounting to ₱100.44 million to finance other capital expenditures with maturity in May 2023. This was rolled over in May 2023 and November 2023 with a maturity in May 2024. Total amount paid in 2023 amounted to ₱18.10 million.
- k. On November 22, 2021, LBCE availed a short-term loan with BDO to finance working capital requirement amounting to ₱48.00 million. This was rolled over in May 2022 and November 2022 at the amount of ₱45.00 million with maturity date in May 2024.
- l. On December 1, 2021, LBCE availed a short-term loan with BDO amounting to ₱130.00 million to finance working capital requirement. This was rolled over in May 2022 and November 2022 at the amount of ₱125.00 million with maturity date in May 2024.
- m. In various dates in November 2022, LBCE availed short-term loans with RCBC amounting to ₱185.51 million in aggregate to finance working capital requirement. These are rolled over in 2023. In the same year, LBCE availed additional short-term loans with RCBC amounting to ₱250.20 million. Outstanding balance as of December 31, 2023 is ₱182.19 million. These are rolled over in 2024 with maturity dates in April 2024. LBCE settled ₱0.67 million in 2024.
- n. On March 24, 2022, LBCE availed one-year loan with RCBC amounting to ₱30.00 million in aggregate to finance working capital requirement. ₱27.00 million was rolled over in March 2023 and March 2024 with maturity in March 2025. LBCE settled ₱2.70 million in 2024
- o. On June 23, 2022, LBCE availed one-year loan with RCBC amounting to ₱27.00 million in aggregate to finance working capital requirement. This was rolled over in June 2023 with maturity in June 2024. In 2023 settled amount to ₱2.70 million.
- p. On May 31, 2022, LBCE availed six-month loan with BDO amounting to ₱10.00 million in aggregate to finance working capital requirement. This was rolled over in November 2022, May 2023 and November 2023 with maturity date of May 2024.
- q. On December 21, 2022, LBCE availed six-month loan with RCBC amounting to ₱10.00 million in aggregate to finance working capital requirement. This was rolled over in Jun 2023 and December 2023. Settlement made in 2023 amounted to ₱1.90 million.

- r. On October 22, 2022, LBCE availed six-month loan with BDO amounting to ₱80.00 million in aggregate to finance working capital requirement. This was rolled over in April 2023 with maturity date in February 2024. Total settlement in 2023 is ₱20.00 million. This was fully settled in 2024.
- s. On July 10, 2023, LBCE availed a short-term loan interest bearing with RCBC amounting to ₱9.00 million to finance working capital. This was fully settled in 2024.
- t. On June 14, 2023, LBCE availed a short-term loan interest bearing with RCBC amounting to ₱27.00 million to finance working capital. This was rolled over in December 2023 with outstanding balance amounting to ₱24.50 million.
- u. On November 7, 2023, LBCE availed a six-month loan interest bearing with UBP amounting to ₱18.50 million to finance working capital.
- v. On December 27, 2023, LBCE availed a short-term loan interest bearing with BDO amounting to ₱150.00 million to finance working capital. Settlement made in 2024 amounted to ₱30 million.
- w. On February 15, 2024, LBCE availed a six-month loan interest bearing with UBP amounting to ₱5 million to finance working capital.

Interest expense amounted to ₱42.45 million and ₱28.26 million in 2024 and 2023, respectively.

The loans were used primarily for working capital requirements and capital expenditures and are not subject to any loan covenants with exception to the matters discussed above. As of December 31, 2024 and 2023, the Group is compliant with its debt covenants.

Movements in the notes payable account follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	₱2,322,661,373	₱2,103,390,608
Availments	178,000,000	999,122,465
Payments	(350,843,576)	(779,851,700)
	₱2,149,817,797	₱2,322,661,373

15. Convertible Instrument

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Derivative liability		
Balance at beginning of period	₱2,030,069,446	₱2,180,880,406
Fair value loss on derivative	38,664,584	(150,810,960)
	₱2,068,734,030	₱2,030,069,446
Bond payable		
Balance at beginning of period	₱1,979,740,743	₱1,715,380,624
Accretion of interest	77,804,139	283,247,791
Amortization of issuance cost	449,688	1,798,750
Unrealized foreign exchange loss (Note 19)	28,613,907	(20,686,422)
	₱2,086,608,477	₱1,979,740,743

On June 20, 2017, the BOD of the Parent Company approved the issuance of convertible instrument. The proceeds of the issuance of convertible instrument will be used to fund the growth of the business of the Parent Company, including capital expenditures and working capital. Accordingly, on August 4, 2017, the Parent Company issued, in favor of CP Briks Pte. Ltd (CP Briks), a seven-year secured convertible instrument in the aggregate principal amount of US\$50.0 million (₱2,518.25 million) convertible at any time into 192,307,692 common shares of the Parent Company at the option of CP Briks initially at ₱13.00 per share conversion price, subject to adjustments and resetting of conversion price in accordance with the terms and conditions of the instrument as follows:

- effective on three years (3) from issuance date (the Reset Date) – if the 30-day Trading Day Weighted Average Price (TDWAP) of the Parent Company’s common shares on the Principal Market prior to the Reset Date is not higher than the initial conversion price, the conversion price shall be adjusted on the Reset Date to the 30-day TDWAP prior to Reset Date;
- upon issuance of common shares for a consideration less than the conversion price in effect – the conversion price shall be reduced to the price of the new issuance;
- upon subdivision or combination (i.e., stock dividend, stock split, recapitalization or otherwise) – the conversion price in effect shall be proportionately reduced or increased; and
- other events or voluntary adjustment.

The convertible instrument (to the extent that the same has not been converted by CP Briks as the holder or by the Parent Company) is redeemable at the option of CP Briks, commencing on the 30th month from the issuance date at the redemption price equal to the principal amount of the bond plus an internal rate of 13% (decreasing to 12%, 11% and 10% on the 4th, 5th and 6th anniversary of the issuance date, respectively). The agreement also contains redemption in cash by the Parent Company at a price equal to the principal amount of the bond plus an internal rate of 13% (decreasing to 12%, 11% and 10% on the 4th, 5th and 6th anniversary of the issuance date, respectively) in case of a Change of Control as defined under the agreement.

The Parent Company also has full or partial right to convert the shares subject to various conditions including pre-approval of the PSE of the listing of the conversion shares and other conditions to include closing sale price and daily trading volume of common shares trading on the Principal Market

and upon plan of offering, placement of shares or similar transaction with common share price at a certain minimum share price. On August 9, 2021, the Parent Company's stockholders approved the issuance of common shares for potential exercise of conversion rights. As at report date, there has been no conversion of the convertible instrument.

The convertible instrument is a hybrid instrument containing host financial liability and derivative components for the equity conversion and redemption options. The equity conversion and redemption options were identified as embedded derivatives and were separated from the host contract.

On October 3, 2017, the Parent Company entered into a pledge supplement with CP Briks whereby the Parent Company constituted in favor of CP Briks a pledge over all of the Parent Company's shares in LBCE consisting of 1,041,180,504 common shares, representing 100% of the total issued and outstanding capital stock of LBCE.

In the event of default, CP Briks may foreclose upon the pledge over LBCE shares as a result of which LBCE shares may be sold via auction to the highest bidder. The sale of LBCE shares in such public auction shall extinguish the outstanding obligation, whether or not the proceeds of the foreclosure sale are equal to the amount of the outstanding obligation. Under the terms of the pledge agreement, if LBCE shares are sold at a price higher than the amount of the outstanding obligation, any amount in excess of the outstanding obligation shall be paid to the Parent Company.

While CP Briks may participate in the auction of LBCE shares should there be a foreclosure, any such foreclosure of the pledge over LBCE shares and any resulting acquisition by CP Briks of equity interest in LBCE are always subject to the foreign ownership restrictions applicable to LBCE, which may not exceed 40% of the total issued and outstanding capital stock entitled to vote, and 40% of the total issued and outstanding capital stock whether or not entitled to vote, of LBCE.

Covenants

While the convertible instrument has not yet been redeemed or converted in full, the Parent Company shall ensure that neither it or its subsidiaries shall incur, create or permit to subsist or have outstanding indebtedness, as defined in the Omnibus Agreement, or enter into agreement or arrangement whereby it is entitled to incur, create or permit to subsist any indebtedness and that the Parent Company shall ensure, on a consolidated basis, that:

- a. Total Debt to EBITDA for any Relevant Period (12 months ending on the Parent Company's financial year) shall not exceed 2.5:1.
- b. The ratio of EBITDA to Finance Charges for any Relevant Period shall not be less than 5.0:1; and
- c. The ratio of Total Debt on each relevant date to Shareholder's Equity for that Relevant Period shall be no more than 1:1.

The determination and calculation of the foregoing financial ratios are based on the agreement and interpretation of relevant parties subject to the terms of the convertible instrument. The Group is in compliance with the above covenants as at December 31, 2022 and 2021, the latest Relevant Period subsequent to the issuance of the convertible instrument. Relevant period means each period of twelve (12) months ending on the last day of the Parent Company's financial year.

In relation to the issuance of the convertible instrument and following the entry of CP Briks as a stakeholder in the Parent Company, the Parent Company entered into the following transactions:

- a. On August 4, 2017, LBCE and LBCDC agreed for LBCE to discontinue royalty for the use of LBC Marks (see Note 18).

- b. On various dates, the Parent Company entered into the following transactions for the acquisition of certain overseas entities:
- i. Effective January 1, 2019, the Parent Company was granted the regulatory approvals on the purchase of the following entities under LBC USA Corporation:
 - LBC Mundial Corporation (LBC Mundial) which operates as a cargo and remittance company in California. The Parent Company purchased 4,192,546 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation.
 - LBC Mabuhay North America Corporation (LBC North America) which operates as a cargo and remittance company in New Jersey. The Parent Company purchased 1,605,273 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation.
 - ii. Effective July 1, 2019, the Parent Company's purchase of LBC Mabuhay Hawaii Corporation, who operates as a cargo and remittance company in Hawaii, was completed upon the approval by the US regulatory bodies. The Parent Company purchased 1,536,408 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation.
 - iii. On March 7, 2018, the Parent Company acquired 100% ownership of LBC Mabuhay Saipan, Inc. (LBC Saipan) for a total purchase price of US \$207,652 or ₱10.80 million.
 - iv. On June 27, 2018, the BOD of the Parent Company approved the purchase of shares of some overseas entities. The acquisition is expected to benefit the Parent Company by contributing to its global revenue streams. On the same date, the SPAs were executed by the Group and Jamal Limited, as follow:
 - LBC Aircargo (S) PTE. LTD. which operates as a cargo branch in Taiwan. The Parent Company purchased 94,901 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US \$146,013;
 - LBC Money Transfer PTY Limited which operates as a remittance company in Australia. The Parent Company purchased 10 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US \$194,535;
 - LBC Express Airfreight (S) PTE. LTD. which operates as a cargo company in Singapore. The Parent Company purchased 10,000 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US \$2,415,035; and
 - LBC Australia PTY Limited which operates as a cargo company in Australia. The Parent Company purchased 223,500 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US \$1,843,149.
 - v. On August 15, 2018, the Parent Company approved the acquisition of 92.5% equity ownership of LBC Mabuhay (Malaysia) SDN BHD (LBC Malaysia) for a total purchase price of \$461,782 or ₱24.68 million.
 - vi. On October 15, 2018, the Parent Company acquired the following overseas entities:
 - LBC Mabuhay Remittance Sdn. Bhd. which operates as a remittance company in Brunei. The Parent Company purchased one (1) share which represents 50% equity interest at the subscription price of US \$557,804 per share.

- LBC Mabuhay (B) SDN BHD which operates as a cargo company in Brunei. The Parent Company acquired 50% of LBC Mabuhay (B) SDN BHD for a total purchase price of US \$225,965.
- vii. On September 28, 2023, the Parent Company acquired 100% equity in Blue Eagle and LBC Service Ltd., a corporation organized under the Republic of China (Taiwan) for NTD 5.00 million.

Upon completion of the acquisitions discussed in (i) to (vi) above, the Parent Company will have acquired equity interests in twelve overseas entities which are affiliated to the Parent Company and LBCDC. In 2021, LBCE and LBCDC entered into amended agreements to extend the payment of consideration for the sale of QUADX shares and the Assignment of Receivables to a date no later than two years from the amendment (see Note 18). On November 29, 2022, a memorandum of agreement was signed between LBCDC and LBCE, whereas LBCDC pledged certain LBCH shares to secure the repayment of its obligation to LBCE amounting to P1,018.66 million (see Note 18).

If an event of default occurred and be continuing, CP Briks may require the Parent Company to redeem all or any portion of the convertible instrument, provided that CP Briks provides written notice to the Parent Company within the applicable period. Each portion of the convertible instrument subject to redemption shall be redeemed by the Parent Company at price equal to 100% of the conversion amount plus an internal rate of return (IRR) equal to 16% (inclusive of applicable tax, which shall be for the account of CP Briks).

On December 29, 2022, US\$11.0 million of the US\$50.0 million convertible instrument was redeemed by CP Briks at a total redemption price of ₱1,084.42 million (US\$19.33 million) and was paid on January 10, 2023. As of December 31, 2022, the Group recognized bond redemption payable amounting to ₱1,014.74 million and deducted the portion of US\$11.0 million from the bond payable and derivative liability. Gain on partial redemption of convertible instrument amounted to ₱7.58 million in 2022.

16. Equity

Capital stock

As of March 31, 2024 and December 31, 2023, the details of the Parent Company's common shares follow:

	Number of Shares of Stocks	Amount
Capital stock - ₱1 par value		
Authorized	2,000,000,000	₱2,000,000,000
Issued and outstanding	1,425,865,471	1,425,865,471

The Parent Company's track record of capital stock is as follows:

	Number of shares registered	Issue/ Offer price	Date of approval	Number of holders as of period end
At January 1, 2015	40,899,000	₱1/share		
			July 22, October 16 and October 21, 2015	
Add: Additional issuance	1,384,966,471	₱1/share		
December 31, 2015-2016	1,425,865,471			485
Add: Movement	—			—
December 31, 2017	1,425,865,471			486
Add: Movement	—			1
December 31, 2018-2021	1,425,865,471			487
Less: Movement	—			(2)
December 31, 2022- 2023	1,425,865,471			485
Less: Movement	—			—
March 31, 2024	1,425,865,471			485

Retained earnings

The unappropriated retained earnings include accumulated equity in undistributed net earnings of the consolidated subsidiaries amounted to ₱992.22 million and ₱850.51 million as of March 31, 2024 and December 31, 2023, respectively. These are not available for dividend declaration until declared by the BOD of the respective subsidiaries.

In accordance with the Revised Securities Regulation Code Rule 68, the Parent Company has no retained earnings available for dividend declaration as of March 31, 2024 and December 31, 2023.

Cash dividends

On May 4, 2023, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 200 per common share. The record date of entitlement to the said cash dividend is on November 30, 2022. These were paid in March 2023.

On December 1, 2022, the BOD of LBC Mundial Corporation and LBC Mabuhay North America Corporation declared cash dividends of US\$13.0 million and US\$1.0 million, respectively. This was paid in December 2022.

On November 7, 2022, the BOD of LBC Mabuhay (B) Sdn. Bhd. declared cash dividends of BND 500 per share while on November 8, 2022, the BOD of LBC Mabuhay Remittance Sdn. Bhd. declared cash dividends of BND 0.20 million per share, these were paid in November 2022.

The controlling interest of LBCH in LBC Mabuhay (B) Sdn. Bhd. and LBC Mabuhay Remittance Sdn. Bhd. amounted to BND 0.25 million and BND 0.20 million, respectively.

On October 14, 2022, the BOD of LBC Australia Pty Ltd declared cash dividends amounting to AUD 1.80 million, these were paid in October and November 2022.

On October 13, 2022, the BOD of LBC Mabuhay (M) Sdn. Bhd. declared cash dividends of RM 3.00 per outstanding common share, these were paid in November 2022. The controlling interest of LBCH amounted to RM 2.78 million.

On October 13, 2022, the BOD of LBC Mabuhay (Saipan), Inc. approved the issuance of dividends amounting to USD 0.25 million on the outstanding common shares held by the Parent Company, these were paid in October 2022.

On October 14, 2022, the BOD of LBC Express Airfreight (S) PTE Ltd. declared cash dividend of SGD 5.70 million and paid in November 2022.

On March 21, 2022, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 1,500 per common share. The record date of entitlement to the said cash dividend is on November 30, 2021. These were paid in March 2022.

Accumulated comprehensive gain (loss)

Details of accumulated comprehensive gain (loss) as follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Remeasurement gain on retirement benefit plan, net of tax	₹248,664,798	₹250,563,002
Unrealized fair value loss on investment at FVOCI (Note 9)	(78,804,692)	(72,952,890)
Share in other comprehensive gain (loss) of an associate (Note 10)	3,793,333	4,625,826
Currency translation gain	(25,742,391)	31,126,524
	₹147,911,048	₹213,362,462
Accumulated comprehensive income (loss) attributable to:		
Controlling interest	152,031,723	₹215,287,092
Non-controlling interest	(4,120,675)	(1,924,630)
	₹147,911,048	₹213,362,462

17. Related Party Transactions

In the normal course of business, the Group transacts with related parties consisting of its ultimate parent, LBCDC, affiliates and its associates. Affiliates include those entities in which the owners of the Group have ownership interests. These transactions include delivery, service and management fees and loans and cash advances. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

Details of related party transactions and balances for the three months ended March 31, 2024 and for the year ended December 31, 2023 are as follows:

	Transaction amounts for the Three Months ended March 31, 2024 (Unaudited)	Outstanding receivable (payable) balance as at March 31, 2024 (Unaudited)	Terms	Conditions
<u>Due from related parties (Trade receivables)</u>				
<i>Affiliates</i>				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 5 and 25)	₱30,101,946	₱355,024,921	Noninterest-bearing; due and demandable	Unsecured, no impairment
<u>Due from related parties (Non-trade receivables)</u>				
<i>Ultimate parent company</i>				
b.) Advances	₱—	₱1,018,348,475	Noninterest-bearing; due and demandable	Unsecured, no impairment
<i>Affiliates - under common control</i>				
b.) Advances	7,328,652	77,916,204	Noninterest-bearing; due and demandable	Unsecured, no impairment
e.) Notes receivable current portion	—	5,030,029	Interest-bearing; fixed monthly payment	Unsecured, no impairment
<i>Beneficial Owners</i>				
b.) Advances	—	37,709,077	Noninterest-bearing; due and demandable	Unsecured, no impairment
		₱1,139,003,785		
<u>Due from related parties (Other noncurrent assets)</u>				
<i>Affiliates – under common control</i>				
e.) Notes receivable non current portion (Note 6)	₱—	₱9,290,774	Interest-bearing; fixed monthly payment	Unsecured, no impairment
<u>Due to related parties (Trade payables)</u>				
<i>Ultimate Parent Company</i>				
c.) Royalty fee (Note 12)	₱—	(₱153,468)	Noninterest-bearing; due and demandable	Unsecured
<i>Associate</i>				
d.) Sea freight and brokerage (Note 12)	172,988,677	(32,312,440)	Noninterest-bearing; due and demandable	Unsecured
		(₱32,465,908)		
<u>Due to related parties (Non-trade payables)</u>				
<i>Affiliate – under common control</i>				
b.) Advances	₱14,685,364	(₱16,494,387)	Noninterest-bearing; due and demandable	Unsecured

	Transaction amounts for the Three Months ended March 31, 2024 (Unaudited)	Outstanding receivable (payable) balance as at March 31, 2024 (Unaudited)	Terms	Conditions
<i>Officer</i>				
b.) Advances	–	(486,443)	Noninterest-bearing; due and demandable	Unsecured
		(P16,980,830)		
<u>Due to a related party (Transmission liability)</u>				
<i>Affiliate - under common control</i>				
a.) Money remittance payable (Note 13)	P141,563,382	(P2,573,815)	Noninterest-bearing; due and demandable	Unsecured
<u>2023</u>				
	Amount/Volume	Receivable (Payable)	Terms	Conditions
<u>Due from related parties (Trade receivables)</u>				
<i>Entities under common control</i>				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 6 and 26)	P25,000,920	P324,947,167	Noninterest-bearing; due and demandable	Unsecured, no impairment
<u>Due from related parties (Non-trade receivables)</u>				
<i>Ultimate parent company</i>				
b.) Advances	P–	P1,018,252,361	Noninterest-bearing; due and demandable	Unsecured, no impairment
<i>Entities under common control</i>				
b.) Advances	35,552,736	79,039,495	Noninterest-bearing; due and demandable	Unsecured, no impairment
<i>Beneficial Owners</i>				
b.) Advances	–	37,709,077	Noninterest-bearing; due and demandable	Unsecured, no impairment
e.) Notes receivable current portion	–	4,855,212	Interest-bearing; fixed monthly payment	Unsecured, no impairment
		P1,139,856,145		
<u>Due from related parties (Other noncurrent assets)</u>				
<i>Entities under common control</i>				
e.) Other noncurrent assets	P–	P10,454,332	Interest-bearing; fixed monthly payment	Unsecured, no impairment
<u>Due to related parties (Trade payables)</u>				
<i>Ultimate Parent Company</i>				
c.) Royalty fee (Note 13)	P–	(P151,164)	Noninterest-bearing; due and demandable	Unsecured
<i>Associate</i>				
d.) Sea freight and brokerage (Note 13)	254,386,769	(44,812,446)	Noninterest-bearing; due and demandable	Unsecured
		(P44,963,610)		
<u>Due to a related party (Non-trade payables)</u>				
<i>Entities under common control</i>				
b.) Advances	P3,635,639	(P10,996,650)	Noninterest-bearing; due and demandable	Unsecured
<i>Officer</i>				
b.) Advances	–	(483,960)	Noninterest-bearing; due and demandable	Unsecured
		(P11,480,610)		
<u>Due to a related party (Transmissions liability)</u>				
<i>Subsidiaries-- under common control</i>				

	2023			
	Amount/Volume	Receivable (Payable)	Terms	Conditions
a.) Money remittance payable (Note 14)	₱155,863,070	(₱5,906,309)	Noninterest-bearing; due and demandable	Unsecured

Compensation of Key Management Personnel:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and wages	₱27,564,334	₱28,889,692
Retirement benefits	3,554,928	2,792,762
Other short-term employee benefits	1,656,270	2,626,590
	₱32,775,532	₱34,309,044

- a. In the normal course of business, the Group fulfills the delivery of balikbayan boxes, fulfillment of money remittances and performs certain administrative functions on behalf of its affiliates. The Group charges delivery fees and service fees for the fulfillment of these services based on agreed rates. The Group charged penalties by its affiliate for the Group's failure to meet the maximum period of delivery as contained in the service level agreement. There are no claims and losses recognized as shown as a reduction in 'Service fees' for 2024 and 2023.
- b. The Group regularly makes advances to and from related parties to finance working capital requirements and as part of their cost reimbursements arrangement. These unsecured advances are non-interest bearing and payable on demand.

In prior years, the Group has outstanding advances of ₱295.00 million to LBC Development Bank, an entity under common control of LBCDC. In 2011, management assessed that these advances are not recoverable. Accordingly, the said asset was written-off from the books in 2011 (see Note 28).

On May 29, 2019, LBCH sold all its 1,860,214 common shares in QUADX Inc. to LBCE for ₱186,021,400 or ₱100 per share payable no later than two years from the execution of deed of absolute sale of share, subject to any extension as may be agreed in writing by the parties.

On July 1, 2019, LBCE sold all its QUADX shares to LBCDC for ₱186.02 million, payable no later than two years from the date of sale, subject to any extension as may be agreed in writing by the parties. On the same date, LBCE, LBCDC and QUADX Inc. entered into a Deed of Assignment of Receivables whereas LBCE agreed to assign, transfer and convey its receivables from QUADX as of June 30, 2019 amounting to ₱832.64 million to LBCDC which shall be paid in full, from time to time starting July 1, 2019 and no later than two years from the date of the execution of the Deed, subject to any extension as may be agreed in writing by LBCE and LBCDC. In July 2021, LBCE and LBCDC entered into amended agreements to extend the payment of consideration for the sale of QUADX shares and the Assignment of Receivables to a date no later than two years from the amendment. Subsequently, this was further extended for an additional two years in 2023.

In 2022, LBCDC entered into a pledge agreement with LBCE whereby the former pledged portion of its LBCH shares to LBCE as a guarantee to its outstanding receivables amounting to ₱1,018.66 million.

Upon completion of the acquisition of the remaining entity, as disclosed in Note 15, LBCH expects settlement by LBCDC of all of its obligations to LBCH, except for the assigned receivables from QUADX Inc. which will be settled based on abovementioned agreed terms.

- c. Starting 2007, LBCDC (Licensor), the Ultimate Parent Company, granted to the Group (Licensee) the full and exclusive right to use the LBC Marks within the Philippines in consideration for a continuing royalty rate of two point five percent (2.5%) of the Company's Gross Revenues which is defined as any and all revenue from all sales of products and services, including all other income of every kind and nature directly and/or indirectly arising from, related to and/or connected with Licensee's business operations (including, without limitation, any proceeds from business interruption insurance, if any), whether for cash or credit, wherever made, earned, realized or accrued, excluding any sales discounts and/or rebates, value added tax. Such licensing agreement was amended on August 4, 2017 and was subsequently discontinued effective September 4, 2017 in recognition of the Group's own contribution to the value and goodwill of the trademark.
- d. In the normal course of business, LBCE acquires services from OFII which include sea freight and brokerage mainly for the cargoes coming from international origins. These expenses are billed to the origins at cost.
- e. In November 2011, LBC Mundial Corporation paid-off LBC Express Holdings USA Corporation's outstanding mortgage loan which is consolidated into a long-term promissory note amounting to US\$1,105,148 at 4% interest, payable in 180 equal monthly installments. As of March 31, 2024, total outstanding notes receivable amounted to ₱14.32 million, ₱5.03 million of which is presented as current under 'Due from related parties'. Interest income earned from notes receivable amounted to ₱0.15 million and ₱0.20 million for the three months ended March 31, 2024 and 2023, respectively.
- f. In August 2023, the BOD of OFII declared cash dividends amounting to ₱132.00 million of which the 30% share of LBCH is equivalent to ₱39.60 million.

Aside from required approval of related party transactions explicitly stated in the Corporation Code, the Group has established its own related party transaction policy stating that any related party transaction involving amount or value greater than 10% of the Group's total consolidated assets are deemed 'Material Related Party Transactions'. Such transactions shall be reviewed by the Related Party Transaction Committee (RPTC) prior to its endorsement for the Board's Approval. Moreover, any related party transaction involving less than 10% of the Group's total consolidated assets will be submitted to the President and Chief Executive Officer for review.

18. Cost of Services

This account consists of:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Cost of delivery and remittance	₱1,149,104,569	₱1,237,304,481
Salaries wages and employee benefits	838,009,724	876,500,441
Utilities and supplies	313,167,623	313,660,703
Depreciation and amortization (Notes 7, 8 and 21)	253,845,222	293,639,993
Rent (Note 21)	110,891,895	118,360,798
Repairs and maintenance	38,799,784	37,707,449
Transportation and travel	33,036,933	35,815,748
Retirement benefit expense	27,819,810	24,218,667
Insurance	29,191,765	22,023,502
Others	23,374,299	14,114,098
	₱2,817,241,624	₱2,973,345,880

Others include platform subscription, bank fees and software maintenance expenses of subsidiaries involved in online logistics.

19. Operating Expenses and Foreign Exchange Gains - net

Operating expenses consist of:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Salaries wages and employee benefits	₱140,521,789	₱134,504,537
Commission expense	48,966,603	52,753,419
Professional fees	71,870,754	58,298,979
Utilities and supplies	37,041,902	57,277,971
Depreciation and amortization (Notes 7, 8 and 21)	35,954,538	42,499,343
Advertising and promotion	41,098,302	34,082,028
Taxes and licenses	60,673,207	58,767,636
Dues and subscriptions	27,671,193	39,060,550
Travel and representation	35,768,200	26,826,730
Software maintenance costs	14,617,380	21,162,173
Retirement benefit expense	9,647,568	9,422,064
Provision for expected credit losses (Note 5)	26,868,309	6,267,868
Insurance	5,541,289	5,678,034
Losses	1,250,525	6,647,850
Rent (Note 21)	2,647,613	3,488,448
Royalty	1,758,449	1,710,740
Repairs and maintenance	1,379,011	1,515,946
Donations	114,513	—
Others	2,177,079	6,830,292
	₱565,568,224	₱566,794,608

Others comprise mainly of bank and finance charges, penalties and other administrative expenses.

Foreign exchange gains (loss) - net arises from the following:

	For the Three Months Ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Bond payable	(P28,613,908)	P69,429,459
Cash and cash equivalents	13,209,817	(28,154,277)
Advances to affiliate – net	9,408,191	29,932,133
Trade payables	(856,972)	(1,657,857)
Trade receivable	(279,534)	416,915
Loans receivable	–	(2,564,418)
	(P7,132,406)	P67,401,955

20. Income Taxes

Provision (benefit) from income tax consists of:

	For the Three Months Ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Current	P26,430,810	P16,061,595
Deferred	(2,709)	(12,763,059)
	26,428,101	P3,298,536

Details of the Group's deferred income tax assets - net as of March 31, 2024 and December 31, 2023 follow:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Deferred tax assets arising from:		
Lease liabilities	P384,576,723	P549,456,669
Retirement benefit liability	210,998,703	202,933,206
NOLCO	37,302,074	60,747,343
MCIT	86,052,543	74,709,167
Allowance for impairment losses	61,981,252	62,172,576
Accrued employee benefits	29,090,542	28,737,405
Unrealized foreign exchange losses	18,291,824	15,071,584
Contract liabilities	20,507,909	23,531,220
Others	4,853,848	3,698,315
	P558,072,413	1,021,057,485
Deferred tax liability on right of use assets	(331,928,974)	(495,119,457)
	P521,726,444	P525,938,028

As of March 31, 2024, the Group has NOLCO and MCIT amounting to P150.43 million and P86.05 million, respectively, that can be claimed as deduction from future taxable income and income tax liabilities.

21. Lease Commitments

The following are the lease agreements entered into by the Group:

1. Lease agreements covering its current corporate office spaces, both for a period of five years from January 1, 2019 and from November 1, 2023. The lease agreements are renewable upon mutual agreement with the lessor and includes rental rate escalations during the term of the lease. The lease agreements also require the Group to pay advance rental and security deposits.
2. Lease agreements covering various service centers and service points within the Philippines and foreign branches and subsidiaries for a period of one (1) to eight (8) years except for one (1) warehouse which has a lease term of twenty-five (25) years renewable at the Group's option at such terms and conditions which may be agreed upon by both parties. These lease agreements include provision for rental rate escalations including payment of security deposits and advance rentals.
3. Lease agreement with a local bank covering transportation equipment for a period of three to five years. The lease agreement does not include escalation rates on monthly payments.

There are no contingent rents for the above lease agreements.

(a) Right-of-use assets and related lease liabilities

The amounts recognized in the consolidated statement of financial position and consolidated statement of comprehensive income follow:

Right-of use assets as of March 31, 2024 and December 31, 2023:

	For the period ended March 31, 2024 (Unaudited)			
	Right-of-use assets			Total
	Office and Warehouses	Vehicles	Computer Equipment	
Costs				
Balances at beginning of period	₱3,664,388,730	₱170,172,744	₱74,528,480	₱3,909,089,954
Additions	129,888,372	—	—	129,888,372
Lease modification	(59,769,345)	—	—	(59,769,345)
End of contracts	(179,812,388)	(731,250)	—	(180,543,638)
Effect of changes in foreign currency exchange rates	16,408,331	526,330	1,157,099	18,091,760
Balances at end of period	3,571,103,700	169,967,824	75,685,579	3,816,757,103
Accumulated amortization				
Balances at beginning of period	1,778,434,959	108,120,129	42,057,038	1,928,612,126
Amortization (Notes 18 and 19)	206,466,605	5,469,076	2,201,227	214,136,908
End of contracts	(179,812,389)	(731,250)	—	(180,543,639)
Effect of changes in foreign currency exchange rates	(424,951)	125,992	665,254	366,295
Balances at end of period	1,804,664,224	112,983,947	44,923,519	1,962,571,690
Net book value	₱1,766,439,476	₱56,983,877	₱30,762,060	₱1,854,185,413

For the year ended December 31, 2023 (Audited)				
	Right-of-use assets			Total
	Office and Warehouses	Vehicles	Computer Equipment	
Costs				
Balances at beginning of year	₱3,983,253,390	₱223,653,223	₱59,437,158	₱4,266,343,771
Additions	1,061,994,015	5,214,286	16,627,588	1,083,835,889
Lease modification	(125,531,473)	—	—	(125,531,473)
End of contracts	(1,247,662,503)	(54,685,621)	—	(1,302,348,124)
Effect of changes in foreign currency exchange rates	(7,664,699)	(4,009,144)	(1,536,266)	(13,210,109)
Balances at end of year	3,664,388,730	170,172,744	74,528,480	3,909,089,954
Accumulated amortization				
Balances at beginning of year	2,050,376,918	129,945,268	33,565,681	2,213,887,867
Amortization (Notes 19 and 20)	977,888,467	37,403,026	9,411,430	1,024,702,923
End of contracts	(1,247,662,503)	(54,685,621)	—	(1,302,348,124)
Effect of changes in foreign currency exchange rates	(2,167,923)	(4,542,544)	(920,073)	(7,630,540)
Balances at end of year	1,778,434,959	108,120,129	42,057,038	1,928,612,126
Net book value	₱1,885,953,771	₱62,052,615	₱ 32,471,442	₱1,980,477,828

Amortization of right-of-use assets recorded in the consolidated statement of comprehensive income is net of the recognized effect of waived rentals for COVID-19 related rent concessions amounting to ₱1.32 million in 2024.

End of contracts pertain to lease agreements which reached the end of the lease terms. These were subsequently renewed as short-term leases.

(b) Lease liabilities

	Lease Liabilities	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of the period	₱2,197,826,675	₱2,262,939,874
Additions	129,888,372	1,083,835,889
Lease modification	(59,769,345)	(125,531,472)
Rent concessions	(1,324,318)	(6,234,328)
Payments of principal	(249,961,844)	(1,153,240,832)
Accretion of interest	54,640,840	147,686,326
Effect of changes in foreign currency exchange rates	7,007,513	(11,628,782)
Balance at end of period	2,078,307,893	2,197,826,675
Less: current portion	807,316,918	828,187,402
Noncurrent portion	1,270,990,975	₱1,369,639,273

The Group recognized rent expense from short-term leases of ₱113.54 million and ₱121.85 million for the three months ended March 31, 2024 and 2023, respectively. For the three months ended March 31, 2024, the amortization expense recognized under cost of services and operating expenses in the statement of comprehensive income amounted to ₱196.74 million and ₱16.19 million, respectively. For the three months ended March 31, 2023, the amortization expense recognized under cost of services and operating expenses in the statement of comprehensive income amounted to ₱223.32 million and ₱17.98 million, respectively.

Interest expense arising from the accretion of lease liability amounted to ₱54.76 million and ₱31.12 million for the three months ended March 31, 2024 and 2023, respectively, recognized under 'Other income (charges)' in the consolidated statement of comprehensive income.

The following summarizes the maturity profile of the Group's undiscounted lease payments:

	March 31 2024 (Unaudited)	December 31 2023 (Audited)
Less than 1 year	₱807,316,918	₱828,187,402
More than 1 year to 2 years	667,353,805	675,160,857
More than 2 years to 3 years	368,568,094	382,265,584
More than 3 years to 4 years	121,491,180	144,527,145
More than 5 years	364,069,397	372,049,828
	₱2,328,799,394	₱2,402,190,816

(c) Rent Expenses

The rent expenses recognized under cost of services and operating expenses in the consolidated statement of comprehensive income are considered short-term leases or leases of low value assets where the short-term lease recognition exemption is applied.

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Cost of services (Note 18)	₱110,891,895	₱118,360,798
Operating expenses (Note 19)	2,647,613	3,488,448
	₱113,539,508	₱121,849,246

The Group has security deposits arising from the lease agreements amounting to ₱410.69 million and ₱419.20 million as at March 31, 2024 and December 31, 2023, respectively.

22. Retirement Benefits

The components of liability recognized in the interim consolidated statements of financial position for the existing retirement plan follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of defined benefit obligation	₱1,052,776,718	₱1,016,075,225
Fair value of plan assets	(116,632,408)	(115,419,229)
	₱936,144,310	₱900,655,996

The Group has no existing transaction either directly or indirectly with its employees' retirement benefit fund.

The pension cost for the interim periods and the present value of the defined benefit obligation as at

March 31, 2024 and 2023 were calculated by prorating the 2023 projected retirement expense and by extrapolating the latest actuarial valuation report for the year ended December 31, 2023, respectively.

23. Financial Risk Management Objectives and Policies

The Group has various financial assets such as cash and cash equivalents, restricted cash, trade and other receivables (excluding advances to officers and employees), due from related parties, financial assets at FVPL, financial assets at FVOCI, short-term investments under other current assets, loan receivable and notes receivable.

The Group's financial liabilities comprise of accounts and other payables (excluding statutory liabilities, accrued taxes and contract liabilities), due to related parties, notes payable, transmissions liability, lease liabilities, dividends payable, bonds payable, derivative liability and other noncurrent liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The main risks arising from the Group's financial instruments are price risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. The BOD reviews and approves policies for managing each of these risks which are summarized below.

Price risk

The Group closely monitors the prices of its equity securities as well as macroeconomic and entity-specific factors which could directly or indirectly affect the prices of these instruments. In case of an expected decline in its portfolio of equity securities, the Group readily disposes or trades the securities for replacement with more viable and less risky investments.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instruments traded in the market.

The following table shows the effect on comprehensive income should the change in the close share price of quoted equity securities accounted for as FVOCI occur as at March 31, 2024 and 2023 with all other variables held constant.

	Effect on comprehensive income	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Change in share price		
Increase by 5%	₱9,265,354	₱8,972,763
Decrease by 5%	(9,265,354)	(8,972,763)
Change in NAV		
Increase by 5%	114,485	₱109,370
Decrease by 5%	(114,485)	(109,370)

The Group is also exposed to equity price risk in the fair value of the derivative liability due to the embedded equity conversion feature. Furthermore, at a given point in time in the future until maturity date, the derivative liability has a redemption option offering a minimum return in case the value of the conversion feature is low. The impact of the changes in share price in the valuation is minimal.

Interest rate risk and credit spread sensitivity analysis

Except for the credit spread used in the valuation of the convertible redeemable bond, the Group is not significantly exposed to interest rate risk as the Group's interest rate on its cash and cash equivalents and notes payable are fixed and none of the Group's financial assets and liabilities carried at fair value are sensitive to interest rate fluctuations. Further, the impact of fluctuation on interest rates on the Group's finance leases will not significantly impact the results of operations.

The value of the Group's convertible redeemable bond is driven primarily by two risk factors: underlying stock prices and interest rates. Interest rates are driven by using risk-free rate, which is a market observable input, and credit spread, which is not based on observable market data. The following table demonstrates the sensitivity to a reasonably possible change in credit spread, with all other variables held constant, on the fair value of the Group's embedded conversion option of the convertible redeemable bond.

	Effect in fair value as of	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Credit spread		
+1%	₱11,137,260	₱11,540,380
-1%	(3,095,757)	(11,609,185)

Liquidity risk

Liquidity risk is the risk from inability to meet obligations when they become due, because of failure to liquidate assets or obtain adequate funding. The Group ensures that sufficient liquid assets are available to meet short-term funding and regulatory capital requirements.

The Group has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management believes that cash generated from operations is sufficient to meet daily working capital requirements.

Management has been continuously engaged in cost rationalization on all its business segments which includes consolidation of facilities, evaluation and rationalization of branches as well as rightsizing of the workforce globally. In addition, management is upgrading its operational touchpoints, websites and applications to be more competitive in the evolving on line logistics industry. These activities are expected to reduce the operational cash outflow requirements and improve liquidity of the Group.

Management is implementing strategic initiatives to accelerate the recovery of the Group's operation, sustain the increasing trend, and be able raise funds. Management is also seeking of various means to address the instrument's timeline which include exploring interested parties to purchase the instrument or refinance the liability. Management believes that the Group is able to address any unplanned obligation in the next twelve months that may arise from the convertible instrument which is presented as current financial liability considering the pledge shares (see Note 15).

Surplus cash is invested into a range of short-dated money time deposits, which seek to ensure the security and liquidity of investment while optimizing yield.

The Group expects to generate cash flows from its operating activities mainly on sale of services. The Group also has sufficient cash and adequate amount of credit facilities with banks to meet any unexpected obligations.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of financial assets and financial liabilities will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's operating activities when revenue or expenses are denominated in a different currency from the Parent Company and its subsidiaries' functional currencies.

The Group operates internationally through its various international affiliates by fulfilling the money remittance and cargo delivery services of these related parties. This exposes the Group to foreign exchange risk primarily with respect to Euro (EUR), Hongkong Dollar (HKD), Australian dollar (AUD), US Dollar (USD) and Japanese Yen (JPY). Foreign exchange risk arises from future commercial transactions, foreign currency denominated assets and liabilities and net investments in foreign operations.

The Group enters into short-term foreign currency forwards, if needed, to manage its foreign currency risk from foreign currency denominated transactions.

Information on the Group's foreign currency-denominated monetary assets and liability recorded under cash and cash equivalents, due from related parties and bonds payable in the interim condensed consolidated statements of financial position and their Philippine Peso equivalents follow:

	March 31, 2024 (Unaudited)	
	Foreign currency	Peso equivalent
Assets:		
Euro	3,967,466	240,864,861
Hongkong Dollar	7,688,319	54,510,182
US Dollars	3,157,110	177,685,311
Japanese yen	88,700	32,819
Liabilities:		
US Dollars	(37,085,483)	(2,087,208,069)

The translation exchange rates used were ₱60.71 to EUR 1, ₱7.09 to HKD 1, ₱56.28 to USD 1, ₱0.37 to JPY 1 in 2023

	December 31, 2023 (Audited)	
	Foreign currency	Peso equivalent
Assets:		
Euro	3,863,741	237,504,159
Hongkong Dollar	7,732,384	54,977,250
US Dollars	3,527,868	196,043,625
Japanese yen	60,219	23,485
Liabilities:		
US Dollars	(35,702,776)	(1,984,003,262)

The translation exchange rates used were ₱61.47 to EUR 1, ₱7.11 to HKD 1, ₱55.57 to USD 1, ₱0.39 to JPY 1 in 2023.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's income before tax (due to changes in the fair value of monetary assets and liabilities - net position) as at March 31, 2024 and December 31, 2023.

	Increase (decrease) in income before tax	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Reasonably possible change in foreign exchange rate for every two units of Philippine Peso		
₱2	(₱44,367,776)	₱41,037,128
(2)	44,367,776	(41,037,128)

There is no impact on the Group's equity other than those already affecting profit or loss and other comprehensive income. The movement in sensitivity analysis is derived from current observations on fluctuations in foreign currency exchange rates.

The Group recognized ₱7.13 million loss and ₱67.40 million foreign exchange gains - net, for the three months ended March 31, 2024 and 2023, respectively, arising from settled transactions and translation of the Group's cash and cash equivalents, equity investments at FVPL, due from related parties, trade payables and bond payable (see Note 19).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is monitored and actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits.

The maximum credit risk exposure of the Group's financial assets is equal to the carrying amounts in the consolidated statements of financial position.

There are no collaterals held as security or other credit enhancements attached to the Group's financial assets.

The aging analyses of Group's receivables as of March 31, 2024 and as of December 31, 2023 follow:

	March 31, 2024 (Unaudited)				
	Current	1-30 days	Past Due 31-90 days	Over 90 days	Total
Trade receivables -					
Estimated total gross carrying amount at default	₱1,451,256,715	₱289,559,973	₱57,158,350	₱375,075,960	₱2,173,050,998
Expected credit loss	29,166,044	53,303,456	2,592,584	199,288,339	284,350,423
December 31, 2023 (Audited)					
	Current	1-30 days	Past Due 31-90 days	Over 90 days	Total
Trade receivables -					
Expected credit loss rate	0.01%-2.13%	0.2%-3.70%	0.02%-8.08%	0.03%-22.19%	
Estimated total gross carrying amount at default	₱1,604,769,081	₱268,652,994	₱47,519,897	₱153,648,417	₱2,074,590,389
Expected credit loss	13,369,439	56,342,715	6,101,206	181,668,754	257,482,114

Capital Management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide shareholder returns and to maintain an optimal capital structure to reduce the cost of capital and thus, increase the value of shareholder investment.

In order to maintain a healthy capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts. Management has assessed that the Group is self-sufficient based on historical and current operating results.

The capital that the Group manages is equal to the total equity as shown in the interim condensed consolidated statements of financial position as at March 31, 2024 and December 31, 2023 amounting to ₱1,848.29 million and ₱1,926.08 million, respectively.

24. Fair Values

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

The carrying amounts of cash and cash equivalents, trade and other receivables (excluding advances to officer and employees), due from/to related parties, short-term cash investments, restricted cash in bank, notes receivable, loans receivable, accounts and other payables (excluding statutory payables), dividends payable, transmissions liability, and the current portion of notes payable and lease liabilities approximate their fair value because these financial instruments are relatively short-term in nature.

The fair value of equity financial assets at FVOCI is the current published closing price while the financial assets at FVPL is based on the net asset value per unit as of reporting date as provided by the fund manager.

The estimated fair value of the derivative liability as at March 31, 2024 and December 31, 2023 is based on an indirect method of valuing multiple embedded derivatives. This valuation technique uses binomial pyramid model using stock prices and stock price volatility. This valuation method compares the fair value of the option-free instrument against the fair value of the hybrid convertible instrument. The difference of the fair values is assigned as the value of the embedded derivatives.

The significant unobservable input in the fair value is the stock price volatility of 12.64% and 13.50% in 2024 and 2023, respectively. In 2024, a 5% increase (5% decrease) in the stock volatility has no significant impact.

As of March 31, 2024 and December 31, 2023, the plain bond is determined by discounting the cash flow, which is simply the principal at maturity, using a discount rate of 17.96% and 17.36%, respectively. The discount rate is composed of the matched to maturity risk free rate and the option adjusted spread (OAS) of 12%.

The fair value of the long-term portion of lease liabilities as at March 31, 2024 and December 31, 2023 is based on the discounted value of future cash flow using applicable interest rates ranging from 6.04% to 6.18% and from 2.12% to 5.45%, respectively.

The estimated fair value of long-term portion of notes payable as at March 31, 2024 and December 31, 2023 is based on the discounted value of future cash flow using applicable rates ranging from 6.01% to 6.24% and 2.40% to 6.95% respectively.

The discounting used Level 3 inputs such as projected cash flows, discount rates and other market data except for the fair values of financial assets at FVOCI and FVPL which are classified as Level 1 and Level 2, respectively.

The quantitative disclosures on fair value measurement hierarchy for assets and liabilities as at March 31, 2024 and December 31, 2023 follow:

March 31, 2024 (Unaudited)					
	Carrying values	Total	Fair value measurements using		
			Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
FVOCI	185,307,070	185,307,070	185,307,070	₱–	₱–
FVPL	2,289,697	2,289,697	–	–	2,289,697
Liability measured at fair value					
Derivative liability	2,068,734,030	2,068,734,030	–	–	2,068,734,030
Liabilities for which fair value are disclosed					
Bond payable	2,086,608,477	2,066,078,989	–	–	1,912,397,996
Noncurrent lease liabilities	1,270,990,975	1,264,338,299	–	–	1,264,338,299
Long-term notes payable	876,908,482	858,629,404	–	–	858,629,404

December 31, 2023 (Audited)					
	Carrying values	Total	Fair value measurements using		
			Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
FVOCI	₱191,158,872	₱191,158,872	₱191,158,872	₱–	₱–
FVPL	2,263,568	2,263,568	–	–	2,263,568
Liability measured at fair value					
Derivative liability	2,030,069,446	2,030,069,446	–	–	2,030,069,446
Liabilities for which fair value are disclosed					
Bond payable	1,979,740,743	1,947,148,205	–	–	1,947,148,205
Long-term notes payable	947,400,258	932,734,671	–	–	932,734,671
Noncurrent lease liabilities	1,369,639,273	1,313,900,006	–	–	1,313,900,006

During the three months ended March 31, 2024 and year ended December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

25. Segment Reporting

Management has determined the operating segments based on the information reviewed by the executive committee for purposes of allocating resources and assessing performance.

The Group's two main operating segments comprise of logistics and money transfer services. The executive committee considers the business from product perspective.

The Group's logistics products are geared toward both retail and corporate clients. The main services offered under the Group's logistics business are domestic and international courier and freight forwarding services (by way of air, sea and ground transport).

Money transfer services comprise of remittance services (including branch retail services, prepaid remittance cards and online and mobile remit) and bills payment collection and corporate remittance

payout services. Money transfer services include international presence through its branches which comprises international inbound remittance services.

The Group only reports revenue line item for this segmentation. Assets and liabilities and cost and expenses are shared together by these two segments and, as such, cannot be reliably separated.

The Group has no significant customer which contributes 10% or more to the revenue of the Group.

Set below is the disaggregation of the Group's revenue from contracts with customers:

For the Three Months ended March 31, 2024			
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱2,641,976,200	₱126,488,540	₱2,768,464,740
Corporate	842,617,337	2,113,578	844,730,915
Total revenue from contracts with customer	₱3,484,593,537	₱128,602,118	₱3,613,195,655
Geographic Markets			
Domestic	₱2,150,981,312	₱50,566,028	₱2,201,547,340
Overseas	1,333,612,225	78,036,090	1,411,648,315
Total revenue from contracts with customer	₱3,484,593,537	₱128,602,118	₱3,613,195,655

For the Three Months ended March 31, 2023			
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱2,886,419,907	₱124,865,354	₱3,011,285,261
Corporate	766,750,527	2,566,676	769,317,203
Total revenue from contracts with customer	₱3,653,170,434	₱127,432,030	₱3,780,602,464
Geographic Markets			
Domestic	₱2,105,363,900	₱45,675,666	₱2,151,039,566
Overseas	1,547,806,534	81,756,364	1,629,562,898
Total revenue from contracts with customer	₱3,653,170,434	₱127,432,030	₱3,780,602,464

The Group disaggregates its revenue information in the same manner as it reports its segment information.

The revenue of the Group consists mainly of sales to external customers. Revenue arising from service fees charged to affiliates amounted to ₱30.10 million and ₱25.00 million for the three months ended March 31, 2024 and 2023, respectively (see Note 17).

Seasonality of Operations

The Group's operation tends to experience increased volume in remittance transmission as well as cargo throughout the second quarter and fourth quarter of the year, particularly during the start of the school year and during the Christmas holiday season.

26. Basic/Diluted Earnings Per Share

The following table presents information necessary to calculate earnings per share (EPS) on net income attributable to owners of the Parent Company:

Basic/Diluted Earnings per Share:

	For the Three Months Ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Net income (loss) attributable to shareholder of the Parent Company	(10,983,421)	209,812,233
Weighted average number of common shares outstanding	1,425,865,471	1,425,865,471
Basic EPS	(P0.01)	P0.15
Weighted average number of common shares outstanding	1,425,865,471	1,425,865,471
Dilutive shares arising from convertible debt	168,843,000	163,317,000
Diluted EPS	(P0.01)	P0.13

27. Notes to Consolidated Statement of Cash Flows

For the three months ended March 31, 2024, the Group has the following non-cash transaction under:

Investing Activities

- Unpaid acquisition of property and equipment amounting to P45.02 million.
- Offsetting of loans receivable and interest receivable against royalty fee recorded under 'accounts and other payables' (see Note 11) amounting to P1.34 million.

Financing Activities

	December 31, 2023 (Audited)	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividends declared	March 31, 2024 (Unaudited)
Notes payable	P2,322,661,373	(P172,843,575)	P-	P-	P-	P-	P-	P2,149,817,798
Lease liabilities and other noncurrent liabilities	2,197,826,675	(251,286,955)	70,003,499	54,757,166	7,007,509	-	-	2,078,307,893
Convertible bond (bond and derivative liability)	4,009,810,189	-	-	78,253,826	28,613,908	38,664,584	-	4,155,342,507
Interest payable	9,214,002	(44,022,969)	-	42,762,393	-	-	-	7,953,426
Due to related parties	11,480,610	5,500,220	-	-	-	-	-	16,980,830
Total liabilities from financing activities	P8,550,992,849	(P462,653,279)	P70,003,499	P175,773,385	P35,621,417	P38,664,584	P-	P8,408,402,455

For the three months ended March 31, 2023, the Group has the following non-cash transaction under:

Investing Activities

- b. Unpaid acquisition of property and equipment amounting to ₱8.39 million.
- c. Offsetting of loans receivable and interest receivable against royalty fee recorded under ‘accounts and other payables’ (see Note 11) amounting to ₱1.70 million.

Financing Activities

	December 31, 2022 (Audited)	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	March 31, 2023 (Unaudited)
Notes payable	₱2,103,390,608	₱13,486,392	₱–	₱–	₱–	₱–	₱2,116,877,000
Lease liabilities and other noncurrent liabilities	2,262,977,920	(265,271,385)	54,005,007	31,119,551	(12,800,815)	–	2,070,030,278
Convertible bond (bond and derivative liability)	3,896,261,030	–	–	64,813,119	(52,143,387)	(34,551,694)	3,874,379,068
Bond redemption payable	1,014,743,085	(997,458,943)	–	–	(17,284,142)	–	–
Interest payable	7,729,636	(29,626,458)	–	28,317,244	–	–	6,420,422
Due to related parties	30,648,739	(6,494,554)	–	–	–	–	24,756,106
Total liabilities from financing activities	₱9,315,751,018	(₱1,285,364,948)	₱54,005,007	₱124,249,914	(₱82,228,344)	(₱34,551,694)	₱8,091,860,953

28. Other Matters

Closure of LBC Development Bank, Inc.

On September 9, 2011, the Bangko Sentral ng Pilipinas (BSP), through Monetary Board Resolution No. 1354, resolved to close and place LBC Development Bank Inc.’s (the “Bank”) assets and affairs under receivership and appointed Philippine Deposit Insurance Company (PDIC) as the Bank’s official receiver and liquidator.

On December 8, 2011, the Bank, thru PDIC, demanded LBC Holdings USA Corporation (LBC US) to pay its alleged outstanding obligations amounting to approximately ₱1.00 billion, a claim that LBC US has denied for being baseless and unfounded.

In prior years, the Group has outstanding advances of ₱295.00 million to the Bank, an entity under common control of LBCDC. In 2011, upon the Bank’s closure and receivership, management assessed that these advances are not recoverable. Accordingly, the receivables amounting to ₱295.00 million were written-off.

PDIC’s external counsel sent demand/collection letters to LBC Systems, Inc. [Formerly LBC Mundial Inc.] [Formerly LBC Mabuhay USA Corporation], demanding the payment of various amounts aggregating to ₱911.59 million on March 24 and 29, 2014, and June 17, 2015 and June 24 and 26, 2015.

On March 17, 2014, PDIC’s external counsel sent a demand/collection letter to LBC Express, Inc. (LBCE), for collection of alleged amounts totaling ₱1.76 billion representing unpaid service fees due from June 2006 to August 2011 and service charges on remittance transactions from January 2010 to September 2011. On March 29, 2014, PDIC’s external counsel also sent demand/collection letters to LBCE and LBCDC for collection of the additional amounts of ₱27.17 million and ₱30 million, respectively, representing alleged unwarranted reduction of advances made by the Bank.

On November 2, 2015, the Bank, represented by the PDIC, filed a case against LBCE and LBCDC, together with other defendants, before the Makati City Regional Trial Court (RTC) for collection of money in the total amount of ₱1.82 billion. PDIC justified the increase in the amount from the demand letter sent on March 17, 2014 as due to their discovery that the supposed payments of LBCE and LBCDC were allegedly unsupported by actual cash inflow to the Bank, which PDIC sought to collect through the respective demand letters sent on March 29, 2014.

On December 28, 2015, the summons, the Complaint and the writ of preliminary attachment were served on the former Corporate Secretary of LBCE. The writ of preliminary attachment resulted to the (a) attachment of the 1,205,974,632 shares of LBC Express Holdings, Inc. owned by LBCDC and (b) attachment of various bank accounts of LBCE totaling ₱6.90 million. The attachment of the shares of LBC Express Holdings, Inc. in the record of the stock transfer agent had the effect of preventing the registration or recording of any transfers of such shares in the corporate records, until the writ of preliminary attachment is discharged.

On January 12, 2016, LBCE and LBCDC, together with other defendants, filed motions to dismiss the Complaint which was denied by the RTC, and then by the Court of Appeals (CA). LBCE and LBCDC filed an appeal to the Supreme Court on September 2, 2019 assailing the denial of the motions to dismiss. PDIC has already filed its comment on the appeal while LBCE and LBCDC filed its reply on October 14, 2020. The Supreme Court has not resolved the appeal as of today.

On January 21, 2016, LBCE and LBCDC filed its Urgent Motion to Approve the Counterbond and Discharge the Writ of Attachment which was resolved in favor of LBCE and LBCDC.

On February 17, 2016, the RTC issued the order to lift and set aside the writ of preliminary attachment. The order to lift and set aside the writ of preliminary attachment directed the sheriff of the RTC to deliver to LBCE and LBCDC all properties previously garnished pursuant to the said writ. The counterbond delivered by LBCE and LBCDC stands as security for all properties previously attached and to satisfy any final judgment in the case.

From August 10, 2017 to January 19, 2018, LBCE, LBCDC, the other defendants and PDIC were referred to mediation and Judicial Dispute Resolution (JDR) but were unable to reach a compromise agreement. The RTC ordered the mediation and JDR terminated and the case was raffled to a new judge who scheduled the case for pre-trial proceedings.

On or about September 3, 2018, PDIC filed a motion for issuance of alias summons to five individual defendants, who were former officers and directors of the Bank. For reasons not explained by PDIC, it had failed to cause the service of summons upon the five individual defendants and hence, the RTC had not acquired jurisdiction over them. Since PDIC was still trying to serve summons on the five individual defendants and thus, for orderly proceedings, LBCE and other defendants filed motions to defer pre-trial until the RTC had acquired jurisdiction over the remaining defendants.

On January 18, 2019, PDIC filed its Pre-Trial Brief. LBCE, LBCDC and the other defendants, filed their own Pre-Trial Briefs on February 18, 2019 without prejudice to their pending motions to defer pre-trial. In the meantime, the parties have proceeded to pre-mark their respective documentary exhibits in preparation for eventual pre-trial.

On May 2, 2019, at the pre-trial hearing, the RTC released an Order, which, among others, granted LBCE's motion to defer pre-trial proceedings in order to have an orderly and organized pre-trial and deferred the pre-trial hearing until the other defendants have received summons and filed their answers.

Later on, three of the four individual defendants received summons and then filed motions to dismiss the case, all of which were denied by the RTC. The three individual defendants filed motions for reconsideration which were eventually denied by the RTC. Thereafter, the two individual defendants filed their Answers to the Complaint with the RTC, and the third individual defendant filed her Answer with Compulsory Counterclaims on May 24, 2021. On December 15, 2020, PDIC filed a motion to declare the fourth individual defendant in default for failure to file an Answer despite receiving the summons. The fourth individual defendant replied that he has filed his Answer to the Complaint on July 13, 2020. PDIC filed its Reply with motion to show cause against the fourth individual defendant on January 14, 2021 and such defendant filed his Manifestation and Comment/Opposition thereto on January 19, 2021.

Meanwhile, on January 16, 2021, summons, together with a copy of the Complaint were served on LBC Properties, Inc., another defendant in this case. On February 11, 2021, LBC Properties, Inc. filed its Answer to the Complaint.

Later on, the RTC denied the motion for reconsideration of the last remaining individual defendant. Thus, on May 24, 2021, a defendant filed her Answer with Compulsory Counterclaims.

On November 8 2021, the parties completed the pre marking of their respective documentary exhibits.

The RTC then conducted the pre-trial proper from May 26, 2022 until September 29, 2022.

The presentation of PDIC's evidence and witnesses commenced on January 11, 2023. After several postponements, PDIC was supposed to present its last witness during the hearing on 22 February 2023. The RTC directed PDIC to make its oral formal offer of evidence on 8 March 2023.

On 7 March 2023, PDIC filed a Motion for Reconsideration, submitting the Judicial Affidavit of the witness and requesting that the RTC allow the witness to be presented. The defendants have since then filed their Comment/Opposition to the Motion for Reconsideration. The RTC will rule on PDIC's Motion for Reconsideration of the Order dated February 22, 2023 after receipt of PDIC's Reply.

Meanwhile, due to the pendency of the Motion for Reconsideration of the Order dated 22 February 2023, the RTC cancelled the scheduled hearing on 8 March 2023, and reset the same to 19 April 2023.

On 19 April 2023, the RTC allowed PDIC to present its last witness during the hearing. The testimony of the witness was completed on 19 April 2023.

The RTC issued an Order dated 20 April 2023 ruling the defendants' Comment/Opposition to PDIC's Motion for Reconsideration has been rendered moot by the presentation and cross examination of the defendant. The RTC set the case for hearing on 4 May 2023 during which PDIC will formally offer its documentary evidence. The RTC likewise set the case for hearing on 18 May 2023 for the initial presentation of LBC's evidence and witnesses.

LBCE., LBCDC and the other defendants filed a Motion for Reconsideration, Motion to Resolve, and Motion to Defer Plaintiff's Formal Offer of Evidence dated May 4, 2023, which essentially sought to reconsider the RTC on April 20, 2023 Order on the ground that the cross-examination of the last witness was made with express objections to the admissibility of her testimony and with express reservations with respect to the pending Motion for Reconsideration of the PDIC as well as to any remedy against any adverse resolution on the pending Motion for Reconsideration of the PDIC.

LBCE, LBCDC and the other defendants also requested the RTC to resolve the pending Motion for Reconsideration of the PDIC and to defer the Plaintiff's formal offer of evidence scheduled on 4 May 2023.

At the hearing on May 4, 2023, the RTC postponed PDIC's oral formal offer of evidence in light of the defendants' motions and directed PDIC to file a comment or opposition. PDIC filed an Opposition/Comment dated May 9, 2023.

The RTC then issued an Order dated 18 May 2023, whereby the presiding judge voluntarily inhibited from the case. The case was then raffled to Makati RTC, Branch 132 presided by Hon. Rommel O. Baybay.

After conducting a status hearing on July 13, 2023, the new presiding judge issued an Order of the same date, denying the pending motions on the ground that they are moot and academic, seeing that the last witness already testified. The Order further directed PDIC to file a written formal offer of evidence within 30 days from notice and granting the defendants an equal period of time to comment thereto.

On August 15, 2023, LBCE, LBCDC and the other defendants, through counsel, received the written Formal Offer of Evidence of PDIC. LBCE, LBCDC, and the other defendants filed their respective comments thereto.

The judge issued an order dated 28 September 2023, admitting all of the documentary evidence of the PDIC. Since the judge appeared not to consider serious objections raised by the defendants to the documentary evidence, LBCE, LBCDC, and the other defendants filed their respective motions for reconsideration. In the Order dated 17 January 2024, the RTC denied the Motion for Reconsideration.

Accordingly, on 18 January 2024, LBCE filed its Demurrer to Evidence and LBCDC, LBC Properties, Inc. and the individual defendants filed a separate Demurrer to Evidence.

The RTC granted PDIC a period of 30 days to file its comments to the Demurrers and further granted the defendants a period of 30 days to file their replies.

Subsequently, another defendant filed her own Demurrer to Evidence dated 19 February 2024.

LBCE, LBCDC, LBC Properties, Inc. and the other defendants will file their Reply to the PDIC's Comment to the Demurrers to Evidence, which is due on 20 March 2024.

In a Motion for Extension of Time dated 27 February 2024, PDIC requested that it be given until 23 March 2024 to file its Comment to a defendant's Demurrer to Evidence.

Pending the resolution of the Demurrers, the initial presentation of evidence for the Defendants is set on 19 April 2024, 26 April 2024, and 10 May 2024.

At the hearing on 19 April 2024, the RTC noted that the Demurrers were not yet resolved. Defendant Berenger was given until 4 May 2024 to file a Reply in response to PDIC's Comment to Berenger's Demurrer to Evidence. Upon its request, PDIC was given 30 days from receipt of Berenger's Reply to file a Consolidated Rejoinder to Berenger's Reply and the Reply filed on behalf of LBCE and others.

The hearing dates on 26 April 2024 and 10 May 2024 were cancelled. The hearing dates for the presentation of Defendants' evidence were rescheduled to 19 July 2024, 2 August 2024, and 23 August 2024.

On 16 May 2024, LBCE received a copy of the Resolution dated 9 May 2024, denying all of the Demurrers. LBCE and the other Defendants intend to file motions for reconsideration, asking the RTC to reconsider the denial of the Demurrers.

In relation to the above case, in the opinion of management and in concurrence with its legal counsel, any liability of LBCE is not probable and estimable at this point.

National taxes

LBCE and its certain subsidiaries are currently involved in assessments for national taxes and the outcome is not currently determinable.

The estimate of the probable costs for the resolution of this assessment has been developed in consultation with the Group's tax counsel and based upon an analysis of potential results. The inherent uncertainty over the outcome of this matter is brought about by the differences in the interpretation and application of laws and rulings. Management believes that the ultimate liability, if any, with respect to this assessment, will not materially affect the financial position and performance of the Group.

Without prejudice to the results of the assessment, the Group paid tax advance to the taxation authority amounting to ₱2.03 billion. In 2022, management assessed that it is probable that these tax advance payments will be used to settle tax liabilities, if there's any, and be used as tax credit for tax liabilities in the succeeding years. As such, the Group recognized the tax advance payment as other assets classified between current and noncurrent in consideration of the expected timing of usage in future periods (see Note 7).

The Group does not provide further information required under Philippine Accounting Standards (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets*, on the ground that it may prejudice the outcome of the assessments.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

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LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES**SCHEDULE A: FINANCIAL ASSETS****MARCH 31, 2024**

Name of issuing entity and association of each issue	Number of shares	Amount shown in the balance sheet	Income received and accrued	Value Based on Market Quotation and End of Reporting Period
Financial assets at fair value through other comprehensive income - Araneta Properties, Inc.	195,060,074	₱185,307,070	₱—	N/A
Financial assets at fair value through profit or loss	—	2,289,697	—	N/A
		187,596,767	—	
Financial assets at amortized costs:				
Cash in bank and cash equivalents	—	₱1,788,307,982	109,577	N/A
Short-term investments	—	30,755,419	—	N/A
Restricted cash in bank	—	242,095,053	3,153,881	N/A
Trade and other receivables	—	1,912,570,860	—	N/A
Due from related parties	—	1,139,003,785	—	N/A
Notes receivable (noncurrent)	—	9,290,774	150,651	N/A
Loans receivable (current and noncurrent)	—	78,655,923	416,242	N/A
		₱5,200,679,796	₱3,830,351	
		₱5,388,276,563	₱3,830,351	

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

MARCH 31, 2024

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non-current	Balance at end of period
Santiago G. Araneta, Beneficial owner	₱9,537,587	₱–	₱–	₱–	₱9,537,587	₱–	₱9,537,587
Fernando G. Araneta Beneficial owner	18,821,782	–	–	–	18,821,782	–	18,821,782
Monica G. Araneta Beneficial owner	9,349,708	–	–	–	9,349,708	–	9,349,708
	₱37,709,077	₱–	₱–	₱–	₱37,709,077	₱–	₱37,709,077

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
MARCH 31, 2024c

Name of Subsidiaries	Balance at beginning of period	Additions	Amounts collected/paid	Amounts Written Off	Current	Not current	Balance at end of period
LBC Express, Inc.	₱340,753,871	(₱676,094,606)	₱909,102,242	₱—	₱573,761,508	₱—	₱573,761,508
LBC Express, Inc. - MM	42,610,772	58,585,336	(54,023,048)	—	47,173,060	—	47,173,060
LBC Express, Inc. - SCC	(2,814,114)	10,757,831	(8,711,601)	—	(767,884)	—	(767,884)
LBC Express, Inc. - NEMM	(28,049,976)	31,870,287	(28,531,465)	—	(24,711,154)	—	(24,711,154)
LBC Express, Inc. - NWMM	—	24,394,365	(21,565,685)	—	2,828,681	—	2,828,681
LBC Express, Inc. - EMM	6,757,032	26,974,053	(24,000,143)	—	9,730,942	—	9,730,942
LBC Express, Inc. - SMM	(29,479,808)	23,237,299	(20,529,064)	—	(26,771,573)	—	(26,771,573)
LBC Express, Inc. - CMM	(19,059,985)	26,276,477	(23,647,351)	—	(16,430,859)	—	(16,430,859)
LBC Express, Inc. - SL	—	49,768,019	(46,188,998)	—	3,579,021	—	3,579,021
LBC Express, Inc. - SEL	(21,372,184)	30,695,117	(28,138,454)	—	(18,815,521)	—	(18,815,521)
LBC Express, Inc. - CL	(4,635,049)	39,635,978	(35,836,330)	—	(835,402)	—	(835,402)
LBC Express, Inc. - NL	(22,158,162)	39,327,181	(34,940,037)	—	(17,771,018)	—	(17,771,018)
LBC Express, Inc. - VIS	(1,015,802)	48,382,171	(42,532,771)	—	4,833,598	—	4,833,598
LBC Express, Inc. - WVIS	(8,042,581)	39,559,723	(34,346,770)	—	(2,829,628)	—	(2,829,628)
LBC Express, Inc. - MIN	(13,259,773)	42,965,259	(38,812,302)	—	(9,106,816)	—	(9,106,816)
LBC Express, Inc. - SEM	(1,630,396)	25,650,068	(23,092,839)	—	926,833	—	926,833
LBC Express, Inc. - SMCC	1,511,825	7,013,352	(6,768,052)	—	1,757,124	—	1,757,124
LBC Express, Inc. - ESI	(7,297,657)	—	(42,260)	—	(7,339,917)	—	(7,339,917)
LBC Express, Inc. - SCS	(19,520,153)	39,967,578	(36,650,093)	—	(16,202,668)	—	(16,202,668)
LBC Systems, Inc.	(56,943,981)	3,822,196	(3,462,975)	—	(56,584,761)	—	(56,584,761)
LBC Express WLL	(10,024,106)	(9,365,490)	18,758,008	—	(631,588)	—	(631,588)
LBC Express Bahrain WLL	(58,460,113)	(2,453,452)	(1,630,129)	—	(62,543,694)	—	(62,543,694)
LBC Express LLC	(106,364,115)	(4,629,450)	5,178,141	—	(105,815,423)	—	(105,815,423)
LBC Mabuhay Saipan, Inc.	(9,862,255)	(1,744,104)	4,361,440	—	(7,244,919)	—	(7,244,919)
LBC Aircargo (S) Pte. Ltd	(140,491,666)	(667,318)	(10,591,908)	—	(151,750,892)	—	(151,750,892)
Blue Eagle and LBC Service Ltd.	(17,205,603)	(383,504)	(313,165)	—	(17,902,272)	—	(17,902,272)
LBC Money Transfer PTY Limited	(61,895,120)	(1,929,387)	2,150,825	—	(61,673,682)	—	(61,673,682)
LBC Airfreight (S) Pte. Ltd	83,377,999	(15,819,821)	(4,961,304)	—	62,596,873	—	62,596,873
LBC Australia PTY Limited	(4,764,182)	(14,286,894)	22,502,131	—	3,451,055	—	3,451,055
LBC Mabuhay (Malaysia) SDN BHD	(2,237,707)	(5,052,621)	4,408,537	—	(2,881,791)	—	(2,881,791)
LBC Mabuhay (B) SDN BHD	8,116,333	(1,128,287)	(1,275,734)	—	5,712,311	—	5,712,311
LBC Mabuhay Remittance SDN BHD	34,360,742	(1,763,833)	(12,874,259)	—	19,722,650	—	19,722,650
LBC Mundial Corporation	48,857,566	(122,867,933)	10,484,638	—	(63,525,729)	—	(63,525,729)
LBC Mabuhay North America Corporation	449,495	—	59,808	—	509,303	—	509,303
LBC Mabuhay Hawaii Corporation	987,712	—	(2,882,219)	—	(1,894,507)	—	(1,894,507)
LBC Business Solutions North America Corp.	17,883,723	30,319,569	(30,041,914)	—	18,161,378	—	18,161,378
QuadX Pte Ltd.	61,270,653	24,434,562	(12,420,014)	—	73,285,201	—	73,285,201
Mermaid Co., Ltd.	(37,876,346)	(2,901,050)	3,973,164	—	(36,804,232)	—	(36,804,232)
	(₱37,523,111)	(₱237,451,332)	₱392,168,049	₱—	₱117,193,606	₱—	₱117,193,606

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES**SCHEDULE D: LONG TERM DEBT****MARCH 31, 2024**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current liabilities" in Statement of Financial Position	Amount shown under caption "Noncurrent liabilities" in Statement of Financial Position
Notes payable	₱2,149,817,797	₱1,272,909,315	₱876,908,482
Lease liabilities	2,078,307,893	807,316,918	1,270,990,975
Bond payable	2,086,608,477	2,086,608,477	—
Derivative liability	2,068,734,030	2,068,734,030	—
	₱8,383,468,197	₱6,235,568,740	₱2,147,899,457

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

MARCH 31, 2024

	Balance at Beginning of Period	Balance at End of Period
Fernando G. Araneta, <i>Beneficial owner</i>	₱43,927	₱43,927
LBC Insurance Agency, Inc.	3,483,369	8,981,060
QUADX Inc.	7,505,009	7,505,008
Others	448,305	450,835
	₱11,480,610	₱16,980,830

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

MARCH 31, 2024

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
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NOT APPLICABLE

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

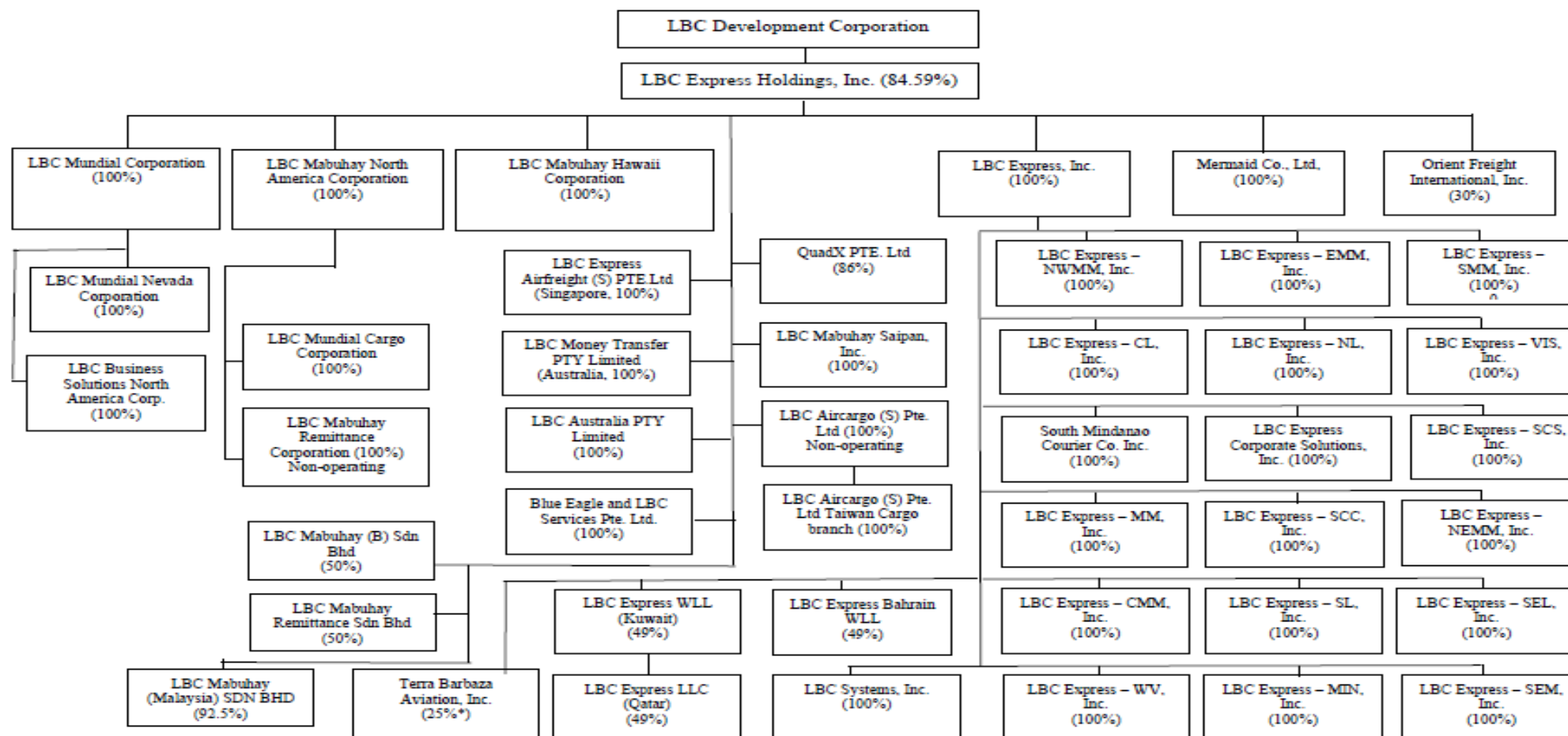
MARCH 31, 2024

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related Statement of Financial Position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱1 par value	2,000,000,000	1,425,865,471	—	1,206,178,232	230,106	219,457,133

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

MARCH 31, 2024



*25% ownership in Terra Barbaza Aviation, Inc. is based on common stock with voting rights

LBC EXPRESS HOLDINGS, INC.**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION****March 31, 2024**

Unappropriated retained earnings, beginning of the year		₱368,735,674
Add: <u>Category A:</u> Items that are directly credited to		
Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	—	
Effect of restatements of prior-period adjustments	—	
Others:	—	
Fair value adjustments in prior year	(605,009,011)	
Unrealized foreign exchange gain in prior year	(110,576,515)	(715,585,526)
Less: <u>Category B:</u> Items that are directly debited to		
Unappropriated Retained Earnings		
Dividend declaration during the reporting period	—	
Retained Earnings appropriated during the reporting period	—	
Effect of restatements of prior-period adjustments	—	
Others – Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) from prior year	—	—
Unappropriated retained earnings, as adjusted		(346,849,853)
Net loss for the current year		(144,890,265)
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the year (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Sub-total		(144,890,265)
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Sub-total		—

Add: Category C.3: Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	—	
Reversal of previously recorded fair value gain of Investment Property	—	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Sub-total		—
Add: Category D: Non-actual losses recognized in profit or loss during the year (net of tax)		
Depreciation on revaluation increment (after tax)	—	
Sub-total		—
Add: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	—	
Total amount of reporting relief granted during the year	—	
Others	—	
Sub-total		—
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	—	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	—	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	—	
Others	—	
Sub-total		—
TOTAL RETAINED EARNINGS, END OF THE PERIOD AVAILABLE FOR DIVIDEND DECLARATION		(P491,740,118)

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

Below are the financial ratios that are relevant to the Group for the three months ended March 31:

Financial ratios	Formula	March 31, 2024		March 31, 2023	
Current ratio	Total Current Assets	6,331,799,377	0.64	6,738,729,073	0.66
	Total Current Liabilities	9,930,771,599		10,274,817,851	
Acid Test Ratio	Total Current Assets - Prepayments and other current assets	5,112,734,215	0.51	5,360,653,653	0.52
	Current Liabilities	9,930,771,599		10,274,817,851	
Solvency Ratio	Net Income After Tax - Non-Cash Expenses	473,023,600	0.04	568,066,368	0.04
	Total Liabilities	13,014,815,366		13,008,976,549	
Debt-to-equity ratio	Total liabilities	13,014,815,366	6.95	13,008,976,549	6.59
	Stockholder's equity attributable to Parent Company	1,872,616,179		1,973,417,475	
Asset-to-equity ratio	Total Assets	14,863,100,939	7.94	14,972,086,069	7.59
	Stockholder's equity attributable to Parent Company	1,872,616,179		1,973,417,475	
Interest rate coverage ratio	Income before interest and tax expense	186,028,262	1.06	333,825,334	2.69
	Interest Expense	175,773,385		124,249,914	
Return on equity	Net income (loss) attributable to Parent Company	(9,844,793)	(0.01)	207,000,539	0.10
	Stockholder's equity attributable to Parent Company	1,872,616,179		1,973,417,475	
Debt to total assets ratio	Total liabilities	13,014,815,366	0.88	13,008,976,549	0.87
	Total assets	14,863,100,939		14,972,086,069	
Return on average assets	Net income (loss) attributable to Parent Company	(9,844,793)	(0.001)	207,000,539	0.01
	Average assets	15,118,934,679		15,780,974,467	
Net profit margin	Net income (loss) attributable to Parent Company	(9,844,793)	(0.003)	207,000,539	0.05
	Service fee	3,613,195,655		3,780,602,464	
Book value per share	Stockholder's equity attributable to Parent Company	1,872,616,179	1.31	1,973,417,475	1.38
	Total number of shares	1,425,865,471		1,425,865,471	
Basic earnings (loss) per share	Net income (loss) attributable to Parent Company	(9,844,793)	(0.01)	207,000,539	0.15
	Weighted average number of common shares outstanding	1,425,865,471		1,425,865,471	
Diluted earnings per share	Net income attributable to Parent Company after impact of conversion of bonds payable	(9,844,793)	(0.01)	198,154,424	0.12
	Adjusted weighted average number of common shares for diluted EPS	1,425,865,471		1,589,182,471	