CR07691-2024

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   - ○ Preliminary Information Statement
   - ◉ Definitive Information Statement
2. Name of Registrant as specified in its charter
   LBC EXPRESS HOLDINGS, INC. (formerly FEDERAL RESOURCES INVESTMENT GROUP INC.)
3. Province, country or other jurisdiction of incorporation or organization
   Philippines
4. SEC Identification Number
   AS93005277
5. BIR Tax Identification Code
   002-648-099-000
6. Address of principal office
   LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City
   Postal Code
   1300
7. Registrant's telephone number, including area code
   (632) 8856 8510
8. Date, time and place of the meeting of security holders
   9 December 2024, 2:00 P.M., to be conducted online (URL Address: https://lbcexpressholdings.com/2024-annual-general-meeting/)
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Nov 18, 2024
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor
    N/A

Address and Telephone No.

N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,425,865,471

13. 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

LBC Express Holdings, Inc.
LBC

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Dec 9, 2024
Type (Annual or Special)	Annual
Time	2:00 P.M.
Venue	To be conducted online (URL: https://lbcexpressholdings.com/2024-annual-general-meeting/)
Record Date	Nov 19, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
None.

Filed on behalf by:

Name	Ernesto III Naval
Designation	Alternate Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter	:	**LBC EXPRESS HOLDINGS, INC. (Formerly Federal Resources Investment Group, Inc.) ("LBCH" or the "Company")**
3. Province, country or other jurisdiction of incorporation or organization	:	**Philippines**
4. SEC Identification Number	:	**AS93-005277**
5. BIR Tax Identification Number	:	**002-648-099-000**
6. Address of Principal Office	:	**LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City**
Postal Code	:	**1300**
7. Registrant's telephone number, including area code	:	**(632) 8856 8510**
8. Date, time and place of the meeting of security holders	:	**9 December 2024, Monday, 2:00 PM, to be conducted online.** **The Chairman will conduct the online meeting from the principal place of business of the Company at LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City.**
9. Approximate date on which the Information Statement is first to be sent or given to security holders	:	**18 November 2024**
10. In case of Proxy Solicitations: *Name of Person Filing the Statement/Solicitor:*	:	**Not applicable**
Address and Telephone No.	:	**Not applicable**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of each class	Number of Common Stock Outstanding or Amount of Debt Outstanding (As of 30 September 2024)
Common Shares	**1,425,865,471**

12. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes [✓]   No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein.

    The Common Shares of LBC Express Holdings, Inc. are listed on the Philippine Stock Exchange.

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

A copy of this Information Statement may be accessed through the Corporation's website: http://lbcexpressholdings.com

LBC Express Holdings, Inc.
LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Please be advised that the Annual Meeting of the stockholders of **LBC Express Holdings, Inc.** (the "**Company**") for the year 2024 will be conducted **online** on **9 December 2024, Monday,** at **2:00 PM** Stockholders who wish to participate in the proceedings may do so by signing on at the following URL address: http://www.lbcexpressholdings.com/2024-annual-general-meeting.

The Chairman will conduct the online meeting from the principal place of business of the Company at LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City.

The following shall be the agenda of the meeting:

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on 4 December 2023
5. Report of Management
6. Approval of the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2023
7. Ratification of all acts of the Board of Directors and Officers since the 2023 Annual Stockholders' Meeting adopted in the ordinary course of business
8. Election of the Members of the Board of Directors including the Independent Directors for the Ensuing Year and the Directors
9. Appointment of the Company's External Auditors for Fiscal Year 2024
10. Ratification of the approval for the Amendment of Articles of Incorporation to change the Principal Address of the Company to 'LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines'
11. Approval for the Amendment of By-Laws to change the Principal Address of the Company to 'LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines'
12. Approval for the Amendment of By-Laws to change Annual Stockholder Meeting Date to be held every 2nd Monday of December of each year
13. Other Matters

The minutes of the 2023 Annual Meeting of Stockholders, the Information Statement (which includes the Management Report), SEC Form 17A (Annual Report) and other pertinent documents will be made available at the website of the Company, http://www.lbcexpressholdings.com/, and the Philippine Stock Exchange (PSE) EDGE portal.

The Board of Directors has set **19 November 2024**, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

The Company will dispense with the physical attendance of stockholders at the meeting. Consequently, attendance will only be by remote communication, with voting being accomplished in absentia through the Company's online voting system at URL address: http://www.lbcexpressholdings.com/2024-annual-general-meeting or through the Chairman of the meeting, as proxy.

Stockholders intending to participate by remote communication should pre-register with the Company via LBCH's Electronic Registration and Online-voting System (E-ReV System) at URL address: http://www.lbcexpressholdings.com/2024-annual-general-meeting during the given registration period and in any case, no later than **2 December 2024.**

Following such pre-registration and subject to validation procedures, stockholders may vote either electronically via the E-ReV System, no later than **29 November 2024** or submit duly accomplished proxies on or before **29 November 2024** to the Office of the Corporate Secretary at Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City and/or by email to cpalmagil@picazolaw.com or mggo@picazolaw.com. Validation of proxies is set on **2 December 2024** at 2:00 pm.

The detailed rules and procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in the Information Statement.

The Company is not soliciting proxies.

Cristina S. Palma Gil

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

AGENDA DETAILS AND RATIONALE[1]

1. Call to Order

The Chairman of the Board of Directors, Mr. Miguel Angel A. Camahort., will call the meeting to order.

2. Certification of Notice and Quorum

The Corporate Secretary, Atty. Cristina S. Palma Gil-Fernandez will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through LBCH's Electronic Registration and Online-voting (E-ReV) System (the **"E-ReV System"**). Stockholders may send their questions or comments prior to the meeting by e-mail at info@lbcexpressholdings.com. The E-ReV System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must register through the Company's E-ReV System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders registered in the E-ReV System at http://www.lbcexpressholdings.com/2024-annual-general-meeting or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

[1] Annex to Notice of Meeting for 2024 Annual Stockholder's Meeting.

3. Approval of the minutes of the last stockholders' meeting held on 4 December 2023

The minutes of the last Annual Meeting of Stockholders held on 4 December 2023 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

4. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2023

The President's Report and the Annual Report of the Company for the year 2023 and the audited financial statements of the Company for the year ended 31 December 2023 will be presented for the information, understanding, and approval of the stockholders. The President's Report and Annual Report for 2023 will provide context and details on the financial performance and results of operations of the Company for 2023. This report and presentation are in line with the Company's thrust to observe and abide by the best corporate governance practices. It will allow stockholders to understand the financial condition of the Company and they will be given the opportunity to propound questions to management on matters relating to the performance of the Company.

The comments and feedback from the stockholders and their approval or disapproval of these reports and the financial statements will provide guidance to the Board of Directors in the management of the business of the Company.

5. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 4 December 2023

The ratification of all acts and resolutions of the Board of Directors and all the acts of management taken or adopted since 4 December 2023 will be sought from the stockholders during the meeting.

The ratification of the acts and resolutions of the Board and management will also serve as an avenue for the stockholders to better understand how the Board manages the business and operations of the Company. The ratification will also serve as confirmation by the stockholders that they approve of the manner by which the Board and management of the Company have been running its business and affairs.

6. Election of the Directors (including the Independent Directors) of the Company for the ensuing fiscal year

The Corporate Secretary will present the names of the persons who have qualified and have been duly nominated for election as directors and independent directors of the Company consistent with the Company's By-Laws and Manual on Corporate Governance and other applicable laws and regulations.

The election of the members of the Board of Directors allows the stockholders to directly participate in the selection of the individuals who will serve in the Board which exercises the corporate powers of the Company.

The procedure for voting by remote communication, in absentia or by proxy, including cumulative voting, is provided in this Information Statement.

7. Appointment of the external auditor of the Company for 2024

The approval of the stockholders of the company is being sought for the appointment of SyCip Gorres Velayo & Co. as the external auditor of the Company.

8. Ratification of the Approval for the Amendment of Articles of Incorporation to change the Principal Address

The ratification of the approval of the stockholders of the company given last 4 December 2023 is being sought for the amendment of the Articles of Incorporation of the Company to reflect the change of the Company's principal office address to LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines.

9. Approval for the Amendment of By-Laws to change the Principal Address

The approval of the stockholders of the company is being sought for the amendment of the By-Laws of the Company to reflect the change of the Company's principal office address to LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines.

10. Approval for the Amendment of By-Laws to amend Annual Stockholder Meeting Date

The approval of the stockholders of the company is being sought for the amendment of the By-Laws of the Company to change its annual stockholder meeting date to be held every 2nd Monday of December of each year.

11. Other business that may properly be brought before the meeting.

Stockholders may be requested to consider such other issues/matters as may be raised throughout the course of the meeting.

12. Adjournment.

After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

Stockholders who will not, are unable or do not expect to attend the meeting in person but would like to be represented thereat may choose to execute and send a duly accomplished proxy to the Office of the Corporate Secretary (Atty. Cristina S. Palma Gil-Fernandez) at Picazo Buyco Tan Fider & Santos Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, on or before 15 November 2024. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to cpalmagil@picazolaw.com.

PROXY

The undersigned stockholder of **LBC Express Holdings, Inc.** (the **"Company"**) hereby appoints the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _______________ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company to be held on **9 December 2024, Monday, 2:00 PM,** to be conducted online, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 4 December 2023.
❑ For ❑ Against ❑ Abstain

2. Notation of the President's Report and Approval of the 2023 Audited Financial Statements
❑ For ❑ Against ❑ Abstain

3. Ratification of all acts of the Board of Directors and Management since the last Annual Stockholders' Meeting held on 4 December 2023.
❑ For ❑ Against ❑ Abstain

4. Election of Directors for the ensuing year (Please indicate number of votes)

NAME	FOR	AGAINST	ABSTAIN
Miguel Angel A. Camahort			
Rene E. Fuentes			
Enrique V. Rey, Jr.			
Augusto G. Gan			
Mark Werner J. Rosal			
Jason Michael Rosenblatt			
Anthony A. Abad			
Ferdinand D. Tolentino			
Victor Y. Lim Jr.			

5. Appointment of SyCip Gorres Velayo & Co. as External Auditors
❑ For ❑ Against ❑ Abstain

6. Ratification of the Approval for the Amendment of Articles of Incorporation to change the Principal Address of the Company to 'LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines'
❑ For ❑ Against ❑ Abstain

7. Approval for the Amendment of By-Laws to change the Principal Address of the Company to 'LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines'
❑ For ❑ Against ❑ Abstain

8. Approval for the Amendment of By-Laws to change Annual Stockholder Meeting Date to be held every 2nd Monday of December of each year
❑ For ❑ Against ❑ Abstain

9. Other Matters
❑ For ❑ Against ❑ Abstain

Printed Name of the Stockholder	**Signature of Stockholder/ Authorized Signatory**	**Date**

Instructions

This proxy should be received by the Corporate Secretary on or before **29 November 2024**, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy will also be considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Notarization of this proxy is not required.

WE ARE NOT ASKING YOU FOR A PROXY.
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of Security Holders

The Annual Meeting of the stockholders of LBC Express Holdings, Inc. (the "**Company**") will be held on **9 December 2024, Monday, 2:00 P.M. to be conducted via remote communication.**

The Chairman will conduct the online meeting from the principal place of business of the Company at the LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City.

Attendance and voting in the AGM by the stockholders shall be done only via remote communication by signing in through http://www.lbcexpressholdings.com/2024-annual-general-meeting. Stockholders may attend the meeting remotely through the *Zoom* application, with links to be posted on the Company's website.

The mailing address of the Company is at LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City.

This Information Statement will be first sent or given to security holders (by posting on PSE Edge and the Company's website) on or around **18 November 2024**.

The requirements and procedure for registration, participating and voting are set forth in **Annex "A"** to the Information Statement.

Item 2. Dissenters' Right of Appraisal

Under Sections 41 and 80 of the Revised Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the Company; and

3. In case of merger or consolidation.

4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Company for the fair value of his shares held. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken. If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Company and a third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code.

There are no matters or proposed actions as specified in the Notice of Annual Stockholders' Meeting that will give rise to a possible exercise by shareholders of their appraisal rights as provided in the Corporation Code of the Philippines and summarized above.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

Other than the election to office to include the nomination and election of directors and independent directors, there are no matters to be acted upon in which any director or executive officer is involved or had a direct, indirect, or substantial interest. Furthermore, no director has informed the registrant, in writing or otherwise, that he/she intends to oppose any action to be taken by the registrant at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 30 September 2024, the number of shares outstanding of LBC Express Holdings, Inc. (**"LBCH"** or the **"Company"**) is 1,425,865,471 shares with par value of One Peso (Php1.00) per share.

All stockholders of record at the close of business hours on **19 November 2024** (the **"Record Date"**) are entitled to notice and to vote at the Annual Stockholders' Meeting.

A common stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock and transfer book of the Company as of the Record Date. With respect to the election of directors, said stockholder may vote such number of shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote *in absentia*.

As of the end of 30 September 2024, LBCH has 485 registered holders of common shares. The following are the list of the top twenty (20) stockholders of the Company as of 30 September 2024:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	LBC Development Corporation	Common	1,205,974,632	84.58
2	Vittorio Paulo P. Lim	Common	59,663,948	4.18
3	Mariano D. Martinez Jr.	Common	59,663,946	4.18
4	Lowell L. Yu	Common	59,663,946	4.18
5	PCD Nominee Corporation - Filipino	Common	39,807,866	2.79
6	PCD Nominee Corporation – Non-Filipino	Common	567,022	0.04
7	Ferdinand S. Santos	Common	10,000	Nil
8	Andy Lantin	Common	5,000	Nil
9	Alfonso B. Cabual	Common	3,000	Nil
10	Jennifer H. Leong	Common	3,000	Nil
11	Wilfredo M. Abapo	Common	2,000	Nil
12	Juhjeh P. Amoncio	Common	2,000	Nil
13	Rommel Apal	Common	2,000	Nil
14	Agapito U. Aquino	Common	2,000	Nil
15	Jimmy P. Balo	Common	2,000	Nil
16	Wilfredo P. Batalla	Common	2,000	Nil
17	Norman S. Bordios	Common	2,000	Nil
18	Marleta T. Butron	Common	2,000	Nil

19	Roy V. Cabale	Common	2,000	Nil
20	Cristina S. Capuno	Common	2,000	Nil
Subtotal for Top 20 Stockholders		Common	1,425,382,360	99.9
Others		Common	483,111	0.01
TOTAL ISSUED AND OUTSTANDING			1,425,865,471	100%

Security Ownership of Certain Record and Beneficial Owners as of 30 September 2024.

The Company has no knowledge of any person who, as of 30 September 2024, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares of common stock or who has voting power of investment with respect to shares comprising more than five percent (5%) of the Company's outstanding shares of common stock except as stated below:

Title of Class	Name	Address	No. of Shares Held	Name of Beneficial Owner	Citizenship	%
Common Shares	LBC Development Corporation	LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City	1,206,178,232[2]	The record owner is the beneficial owner of the shares indicated	Filipino	84.59%

For purposes of this annual stockholders' meeting, the person who will vote on behalf of LBC Development Corporation is Mr. Miguel Angel A. Camahort.

Security Ownership of Directors and Management as of 30 September 2024

The following table shows the shareholdings beneficially held by the directors and executive officers of the Company as of 30 September 2024.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	% of Total Outstanding Shares
		Direct	Indirect		
Common	Rene E. Fuentes	1	N/A	Filipino	0.0
Common	Enrique V. Rey, Jr.	1	N/A	Filipino	0.0
Common	Augusto G. Gan	1	N/A	Filipino	0.0
Common	Miguel Angel A. Camahort	1	N/A	Filipino	0.0
Common	Jason Michael Rosenblatt	1	N/A	American	0.0
Common	Mark Werner J. Rosal	1,000	N/A	Filipino	0.0
Common	Ferdinand D. Tolentino	0	100	Filipino	0.0
Common	Victor Y. Lim Jr.	1	228,899	Filipino	0.0
Common	Anthony A. Abad	101	N/A	Filipino	
N/A	Rosalie H. Infantado	0	N/A	Filipino	0
N/A	Cristina S. Palma Gil-Fernandez.	0	N/A	Filipino	0
N/A	Mahleene G. Go.	0	N/A	Filipino	0
N/A	Ernesto C. Naval III	0	N/A	Filipino	0
N/A	Jeric C. Baquiran	0	N/A	Filipino	0
TOTAL		**1,107**	228,999		**0.0**

[2]Comprised of direct ownership over 1,205,974,632 common shares, and indirect ownership of 203,600 shares, for a total of 1,206,178,232 shares.

Voting Trust Holders of 5% or More

As of 30 September 2024, the Company is not aware of any voting trust or similar agreements involving the securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar agreements.

Change in Control

On 18 May 2015, LBC Development Corporation subscribed to 59,101,000 common shares of the Company (equivalent to 59.10% of the total issued and outstanding capital stock of the Company as of said date) which resulted in LBC Development Corporation acquiring control of the Company.

On 18 September 2015, LBC Development Corporation subscribed to an additional 1,146,873,632 common shares which were issued on 12 October 2015 following the approval by the SEC of the Company's application to increase its authorized capital stock from ₱100,000,000.00 divided into 100,000,000 common shares with par value of ₱1.00 per share, to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with par value of ₱1.00 per share. As of the date of this Report, LBC Development Corporation holds a total of 1,206,178,232 common shares of the Company or 84.59% of the Company's total issued and outstanding capital stock of the Company.

As of 30 September 2024, there are no arrangements which would delay, defer or prevent a change in control of the Company.

Item 5. Directors and Executive Officers

The following served as Directors of the Company for the year 2023, and have been nominated as Directors of the Company for the year 2024:

Name	Age	Nationality	Position	Current Term	Period during which individual has served as such
Miguel Angel A. Camahort	62	Filipino	Chairman of the Board	2023 to 2024	Since 2015
Enrique V. Rey, Jr.	53	Filipino	Director	2023 to 2024	Since 2015
Rene E. Fuentes	50	Filipino	Director	2023 to 2024	Since 2015
Mark Werner J. Rosal	48	Filipino	Director	2023 to 2024	Since 2015
Augusto G. Gan	61	Filipino	Director	2023 to 2024	Since 2015
Anthony A. Abad	60	Filipino	Independent Director	2023 to 2024	Since 2017
Jason Michael Rosenblatt	48	American	Director	2023 to 2024	Since 2018
Ferdinand D. Tolentino	61	Filipino	Independent Director	2023 to 2024	Since 2022
Victor Y. Lim, Jr.	78	Filipino	Independent Director	2023 to 2024	Since 2020

The business experience of each of the foregoing nominated directors is set forth below.

Miguel Angel A. Camahort
Chairman of the Board and President

Mr. Miguel Angel A. Camahort is the Chairman of the Board of Directors and President of LBCH. He is also the President and Chief Operating Officer of LBC Express, Inc. (**"LBCE"**), the operating company of LBCH. Prior to joining the LBC Group, Mr. Camahort was Senior Vice-President and Chief Operating Officer of Aboitiz One, Inc. from 2007 to 2009, and Aboitiz Transport System Corporation (**"ATSC"**) Solutions Division from 2004 to 2007. He also served as a Senior Vice-President and Chief Operating

Officer of Aboitiz Transport System Corp. (formerly, William, Gothong & Aboitiz, Inc.) in the Freight Division from 1999 to 2003; prior to which, he was President of Davao Integrated Stevedoring Services Corporation (**"DIPSCCOR"**), from 1999 to 2003. Mr. Camahort holds a Bachelor of Science degree in Business Administration and Economics from Notre Dame de Namur University (formerly, the College of Notre Dame) in California, U.S.A.

Enrique V. Rey, Jr.
Director

Mr. Enrique V. Rey Jr. assumed the position of Investor Relations Officer of the Company on September 2015 and elected as the Chief Finance Officer of LBCH on September 2017 after being an officer-in-charge for the same position since December 2015. Mr. Rey, Jr. was also a director of LBC Systems, Inc. from 2008 to 2010 and LBC Mundial Inc. from 2005 to 2008. Prior to joining the Company, Mr. Rey, Jr. worked for Coca-Cola Phil ATS, where he was the Senior Head of Sales from 2003 to 2005 and the Associate Vice President for Institutional Sales from 2000 to 2003. Mr. Rey, Jr. attended De La Salle University and completed a Management program at the Ateneo Business School. Mr. Rey, Jr. has also attended INSEAD and received training in Finance. Since 2010, Mr. Rey, Jr. has been a member of the Institute of Internal Auditors.

Rene E. Fuentes
Director

Mr. Rene E. Fuentes is currently the Executive Vice-President and Chief Operating Officer of the International Sales and Operations division of LBCE, the operating company of LBCH. He previously held the Senior Vice-President for Global Retail Operations position of the same company, from 2015 to 2019. Prior to joining the LBC Group in 2001, Mr. Fuentes served as President of Documents Plus, Inc. from 1996 to 2001, and as Regional Manager, Vice-President of EFC Food Corporation from 1996 to 2001. Mr. Fuentes attended the De La Salle University, and completed a Key Executive Program in November 2013 at the Harvard Business School.

Mark Werner J. Rosal
Director

Atty. Mark Rosal became a Director of LBCH on 28 April 2015. Born in Cebu City, Atty. Rosal, prior to taking up Law, obtained a Bachelor's Degree in Physical Therapy from the Cebu Velez College, and and passed the board exams for Physical Therapy, the same year. Atty. Rosal subsequently graduated in the top 5% of his law school batch at the University of San Carlos, Cebu City, in 2002, and was admitted to the Philippine Bar in 2003. He spent his early years in the practice of law at Balgos and Perez Law Offices and Angara Cruz Concepcion Regala and Abello (ACCRALAW). Currently, he is the Managing Partner of Rosal Bacalla Fortuna Helmuth and Virtudazo Law Offices, a Cebu-based law firm. Atty. Rosal's field of practice is Corporate Law, Mergers and Acquisitions, Real Estate Law, Estate Planning, and Company Labor Law matters. He holds various positions and performs multiple roles in various private corporations such as Cebu Agaru Motors Inc., Wide Gain Property Holdings, Inc., Sem-Ros Food Corp, Rural Bank of Talisay, (Cebu) Inc., and OneMeridaLand Corp.

Augusto G. Gan
Director

Mr. Augusto G. Gan was appointed Director of LBCH in September 2015. He has also been a Director of LBCE, the operating company of LBCH, since 2013. Mr. Gan concurrently serves as a Chairman of Atlantic Gulf and Pacific Company, Investment and Capital Corp. of the Philippines, Pick Szeged ZRT and Sole-Mizo Zrt. He is also the Managing Director of Ganesp Ventures and the Chairman of the Board of Anders Consulting Ltd. Previously, Mr. Gan was the President of the Delphi Group from 2001 to 2012 and the Chief Executive Officer of Novasage Incorporations (HK) from 2006 to 2007. He has also served as a Director of AFP Group Ltd. (HK) from 2005 to 2007 and ISM Communication from 2003 to 2004, as well as the Chairman of the Boards of Cambridge Holdings from 1995 to 2000 and Qualibrand Industries from 1988 to 2001. Mr. Gan holds a Master in Business Management degree from the Asian Institute of Management.

Anthony A. Abad
Independent Director

Atty. Anthony A. Abad is currently Chief Executive Officer and Managing Director of TradeAdvisors, as well as a partner of Abad Alcantara & Associates. He is also the Chairman for the Philippines of the Commission on Competition, International Chamber of Commerce, and Legal Advisor to the International Finance Corporation. He graduated from the Harvard University John F. Kennedy School of Government, with a Master's Degree in Public Administration; and a Fellow in Public Policy and Management at the Harvard Institute for International Development. Atty. Abad graduated from the Ateneo de Manila School of Law with a Juris Doctor degree, and a Bachelor of Arts degree, Major in Economics (Honors). Other current engagements include: Bloomberg Philippines, Anchor; Ateneo Center for International Economic Law, Director; Ateneo de Manila University, Professor; World Trade Organization, Panelist. Previously, Atty. Abad was Key Expert, Trade Policy & Export Development Trade Assistant for the European Union, Chairman and Secretary's Technical Advisor at the Department of Agriculture, and President and CEO of the Philippine International Trading Corporation.

Jason Michael Rosenblatt
Director

Mr. Jason Rosenblatt is currently a Partner at Crescent Point, a private equity and investment firm based in Singapore. Mr. Rosenblatt assumed a director position at LBC Express Holdings, Inc. in March 2018. His previous positions include: Laurasia Capital Management, Partner; Standard Bank, Global Head of Special Situations; DKR Oasis, Head of Principal Strategies; Ritchie Capital Management, Director; McKinsey Company, Associate; and Bank One, Associate.

Victor Y. Lim, Jr.
Independent Director

Mr. Victor Y. Lim, Jr. was appointed as a Director of LBCH on 5 October 2020. He is currently serving as the President of Yuchengco Lim Development Corp. (since 1996), Chairman of V2S Property Developers Co., Inc. (since 2009), Chairman of Tune Abe Investment Corporation (since 2018), President of Banco Mexico Inc. (since 2014), a Director of Premier Horizon Alliance Corporation (since 2015), a Director of I-Pay Commerce Ventures, Inc. (since 2016), a Member of the Financial Executives Institute of the Philippines (since 1976) where he served as President in 1995, a Member of the Management Association of the Philippines (since 1996), a Trustee of Ateneo Scholarship Foundation Inc. (since 1986) where he served as Chairman thereof from 1989 to 1991, and is a Committee Chairman and member of the Rotary Club of Pasig (since 2008). Mr. Lim holds a Bachelor of Science in Economics degree from the Ateneo de Manila University and a Master in Business Management degree from the Asian Institute of Management.

Ferdinand D. Tolentino
Independent Director

Mr. Ferdinand D. Tolentino is a private law practitioner. Previously, Mr. Tolentino served as a Board Director and Chairman (Board Audit and Compliance Committee) of Small Business Corporation (March 2016 to May 2021), a Deputy Executive Director of Public-Private Partnership of the Philippines (March 2012 to November 2013), an Independent Director of CLSA Philippines (2011 to 2012), a Director - Tax Services of Isla Lipana & Co. (Pricewaterhouse Coopers) (September 2003 to December 2007), and a Commissioner at the Tariff Commission (April 2001 to August 2003). Mr. Tolentino holds a Master's Degree in Commercial Law (LLM) from the London School of Economics and Political Science (University of London), a Graduate Diploma in Urban and Regional Planning from the University of the Philippines (Diliman), a Juris Doctor degree from the Ateneo De Manila School of Law, and a Bachelor of Arts in Economics from the Ateneo De Manila College of Arts and Sciences.

The following served as Officers of the Company for the year 2023:

Name	Age	Nationality	Position
Miguel Angel A. Camahort	62	Filipino	Chief Executive Officer, Chairman of the Board, and President
Enrique V. Rey, Jr.	53	Filipino	Investor Relations Officer and Chief Finance Officer
Rosalie H. Infantado	48	Filipino	Treasurer
Cristina S. Palma Gil-Fernandez	56	Filipino	Corporate Secretary
Mahleene G. Go	44	Filipino	Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer
Ernesto C. Naval III	31	Filipino	Alternate Corporate Information Officer
Jeric C. Baquiran	46	Filipino	Chief Audit Executive

The business experience of each of the Company's officers is set forth below.

Miguel Angel A. Camahort
Chief Executive Officer and President

Please refer to the table of directors above.

Enrique V. Rey Jr.
Investor Relations Officer and Chief Finance Officer

Please refer to the table of directors above.

Rosalie H. Infantado
Treasurer

Ms. Infantado assumed the position of Treasurer of LBCH in September 2017. She graduated with a Bachelor of Science degree, Major in Accountancy from the Polytechnic University of the Philippines in 1997. She is currently Vice-President - Financial Reporting and Analysis at LBCE, and has been a Certified Public Accountant since 1998. With 20 years of experience in accounting, audit, and financial reporting, Ms. Infantado's previous professional experiences include employment at prestigious companies such as KPMG Philippines (Manabat SanAgustin & Co.), Concordia Advisors (Bermuda) Ltd., CITI Hedge Fund Services, Ltd. (Bermuda), and PriceWaterhouseCooper Philippines.

Cristina S. Palma-Gil Fernandez
Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of LBCH in September 2015. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has almost 30 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate. She currently serves as a Corporate Secretary of several large Philippine corporations, including three (3) other publicly-listed Philippine corporations, and as Assistant Corporate Secretary to one of the largest publicly-listed infrastructure companies in the Philippines.

Mahleene G. Go
Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer

Atty. Mahleene G. Go assumed the position of Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer of the Company in September 2015. Atty. Go graduated with the degree of Bachelor of Arts, Major in Political Science, from the University of the Philippines in 2001, and with the degree of Juris Doctor from Ateneo De Manila University-School of Law in 2005. She also received a Certificate of Mandarin Language Training for International Students from 2011 to 2012 in Peking University, Beijing, China. She served as a Junior Associate at Picazo Buyco Tan Fider & Santos Law Offices from 2007 to 2010 and 2012 and is currently a Partner at the same office.

Ernesto C. Naval III
Alternate Corporate Information Officer

Atty. Ernesto C. Naval III assumed the position of Alternate Corporate Information Officer of LBCH in June 2018. Born on November 4, 1992, Atty. Naval graduated with the degree of Bachelor of Science, Management, from the Ateneo De Manila University in 2013, and with the degree of Juris Doctor from Ateneo de Manila School of Law in 2017. He served as a Junior Associate at Picazo Buyco Tan Fider & Santos Law Offices from 2018 to 2022, and is currently a Senior Associate at the same office.

Jeric C. Baquiran
Chief Audit Executive

Mr. Jeric C. Baquiran was appointed Chief Audit Executive of the Company in March 2019. He joined LBCE in 2006, and since 2015 has led the Corporate Audit department for the company, as Senior Manager of the Corporate Audit Department. Mr. Baquiran graduated from Saint Mary's University, Bayombong, with a Bachelor of Science degree in Accountancy in 1999. He passed the Certified Public Accountancy Licensure Examination in May 2000. Prior to joining LBC, he held audit positions at DCCD Engineering Corporation (2000 to 2003), and Lapanday Foods Corporation (2003 to 2005).

The Board has established committees to assist in exercising its authority in monitoring the performance of the business of the Company. The committees, as detailed below, provide specific and focused means for the Board to address relevant issues including those related to corporate governance.

The committees and their respective membership are set forth below:

	Committees			
	Audit	**Corporate Governance**	**Related Party Transactions**	**Board Risk Oversight**
Ferdinand D. Tolentino	Chairman	Member		Member
Victor Y. Lim Jr.	Member	Member	Member	Chairman
Anthony A. Abad	Member	Chairman	Chairman	
Enrique V. Rey, Jr.				Member
Augusto G. Gan			Member	

<u>Information Required of Directors and Executive Officers</u>

Directors and Executive Officers

As of the date of this Information Statement, the following persons have been nominated to the Board for election at the Annual Stockholders' Meeting and have accepted their nomination:

MIGUEL ANGEL A. CAMAHORT
ENRIQUE V. REY, JR.
MARK WERNER J. ROSAL
VICTOR Y. LIM JR. as independent director
FERDINAND D. TOLENTINO as independent director
ANTHONY A. ABAD as independent director
RENE E. FUENTES
AUGUSTO G. GAN
JASON MICHAEL ROSENBLATT

Except for those nominated as independent directors, the nominees to the Board of Directors were formally nominated to the Corporate Governance Committee of the Board by a shareholder of the Company, LBC Development Corporation. Mr. Ferdinand D. Tolentino, Mr. Victor Y. Lim, Jr. and Mr.

Anthony A. Abad are being nominated as independent directors. The nominated independent directors, having possessed the qualifications and none of the disqualifications of an independent director, were nominated by Klarence Tan Dy in accordance with the guidelines for the nomination and election of independent directors pursuant to Rule 38 of the Securities Regulation Code (SRC). Klarence Tan Dy is not related to any of the nominees including Mr. Ferdinand D. Tolentino, Mr. Victor Y. Lim Jr., and Mr. Anthony A. Abad.

The qualifications of all nominated directors, including the nominated independent directors, have been pre-screened in accordance with the Corporate Governance Manual and By-Laws of the Company. Only the nominees whose names shall appear on the final list of candidates are eligible for election as directors (independent or otherwise), in accordance with the procedure set forth in the By-Laws of the Company. No other nominations will be entertained after the preparation of the final list of candidates and no further nominations shall be entertained or allowed during the Annual Stockholders' Meeting.

The Certifications of Independent Directors are attached hereto as **Annex "B".**

The Secretary's Certificate attesting to the fact that none of the directors and officers of the Corporation holds any position in any capacity in any government agency or instrumentality is hereto attached as **Annex "C"**.

Significant Employees

None. While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

There are no family relationships between Directors and members of the Company's senior management known to the Company.

Involvement in Certain Legal Proceedings

The Company believes that, except as discussed below, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this Prospectus: (1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

On 9 September 2011, pursuant to Monetary Board Resolution No. 1354, the Monetary Board prohibited LBC Bank (which is controlled by the Araneta Family) from doing business in the Philippines, ordered it closed, and placed it under the receivership of the PDIC based on the following:

1. LBC Bank has insufficient realizable assets to meet liabilities;

2. LBC Bank cannot continue in business without involving probable losses to its depositors and creditors; and

3. LBC Bank has willfully violated the Cease and Desist Order of the Monetary Board dated 12 March 2010 for acts or transactions which are considered unsafe and unsound banking

practices and other acts or transactions constituting fraud or dissipation of the assets of the institution and considering the failure of the Board of Directors/management of LBC Bank to restore the bank's financial health and viability despite considerable time given to address the financial problems, and that the bank had been accorded due process.

The PDIC thereafter stepped in as receiver and prepared its report on LBC Bank's status. Based on the Rehabilitation Report of PDIC, the conclusion/recommendation was that LBC Bank could not be rehabilitated or otherwise placed in such a condition that it can be permitted to resume business with safety to its depositors, creditors, and the general public considering that:

1. the estimated realizable value of its assets (ERVA) as of 31 December 2011 in the amount of ₱1.7 billion is deficient by ₱4.96 billion to cover estimated liabilities aggregating to ₱6.6 billion. Additional capital infusion of ₱5.96 billion is needed to meet the ₱1 billion minimum capital requirement for a thrift bank with head office located in Metro Manila; and

2. the rehabilitation proposal submitted by the LBC Group of Companies and the Rizal Banking Corporation via asset purchase agreement was found not viable.

On 5 July 2012, the MB of the BSP issued Resolution No. 1088 directing PDIC to proceed with the liquidation of LBC Bank on the basis of the Rehabilitation Report.

The PDIC has filed various criminal and administrative complaints against certain members of the Araneta Family in relation to the receivership of LBC Bank, which are described below:

- Mr. Juan Carlos Araneta, Mr. Santiago Araneta, Mr. Fernando Araneta and Ms. Ma. Monica G. Araneta (the **"Araneta Siblings"**) were named as respondents in their capacity as stockholders and/or directors LBC Bank in a complaint for estafa, falsification of commercial documents and conducting business in an unsafe and unsound manner that was filed by the PDIC with the Department of Justice (the **"DOJ"**). The complaint is entitled *"Philippine Deposit Insurance Corporation vs. Ma. Eliza G. Berenguer, et. al."* and docketed as NPS Docket No. XVI-INV-15D-00125. PDIC alleged that the Araneta Siblings, in conspiracy with the other respondents, made it appear that they infused capital into LBC Bank in the amount of approximately 39 Million Pesos to cover a capital deficiency as required by the BSP. The Araneta Siblings denied the allegations, stating that they actually paid for the subscription, as shown by PDIC's own evidence, that no evidence was presented to show conspiracy, and that as mere stockholders and/or directors, they are not involved with the day-to-day management of the bank and how the bank used the money subject of the case. On 18 April 2016, the complaint against all the respondents was dismissed by the investigating prosecutor. The PDIC filed a Petition for Review with the Secretary of Justice (**"SOJ"**) on 25 May 2016. The appeal is currently pending with the SOJ.

- Mr. Juan Carlos Araneta, Mr. Santiago Araneta and Mr. Fernando Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for syndicated estafa, falsification of commercial documents and conducting business in an unsafe and unsound manner that was filed by the PDIC with the DOJ. The complaint is entitled *"Philippine Deposit Insurance Corporation vs. Ma. Eliza G. Berenguer, et. al."* and docketed as NPS Docket No. XVI-INV-15H-00315. PDIC alleged, among others, that LBC Bank took out a 30 Million Peso loan from Chinabank "to generate funds for the purpose of remittance." The loan, however, was allegedly not recorded as "Bills Payable" nor as any other liability in LBC Bank's books. PDIC claims that the loan proceeds were transferred to LBC Development Corporation who used the funds to partially pay LBC Bank for advances of remittances. LBC Bank then allegedly paid the loan to Chinabank prior to maturity date using LBC Bank's own funds. The Aranetas denied the allegations, stating, among others, that the approval of the resolution granting the corporation the authority to obtain a loan was a regular action of the members of the board of directors in the normal and ordinary course of business, and they cannot be held liable individually as directors for the mere approval of a regular corporate action. In a resolution dated 27 March 2019, the complaint against all the respondents was dismissed by the investigating prosecutor. The resolution was belatedly furnished to the PDIC and thus, it only appealed to the SOJ on or about 14 October 2021. The Aranetas and other respondents filed their comment to the appeal on 2 November 2021. In a resolution dated 16 May 2023, the SOJ dismissed the appeal. The PDIC filed a motion for reconsideration dated 7 June 2023, which is currently pending resolution.

- Mr. Juan Carlos Araneta, Mr. Santiago Araneta and Mr. Fernando Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for syndicated estafa, falsification of commercial documents and conducting business in an unsafe and unsound manner that was filed by the PDIC with the DOJ. The complaint is entitled *"Philippine Deposit Insurance Corporation vs. Ma. Eliza G. Berenguer, et. al."* and docketed as NPS Docket No. XVI-INV-15J-00397. PDIC alleged that LBC Bank obtained three loans from Chinabank in the amount of approximately 50 Million Pesos, which were secured by a Hold-Put Agreement on LBC's existing Foreign Currency Deposit Unit Time Deposits of various LBC affiliate companies with Chinabank. The loans all indicated that the proceeds were intended for LBC Bank's "working capital" and yet were not recorded as "Bills Payables" or liabilities in the books of LBC Bank. The proceeds from the loan were allegedly credited by Chinabank to LBC Bank's Current/Savings Bank Account, and then used as partial payment for "advance to affiliates". Thereafter, LBC Bank used the proceeds of the matured time deposits to pay the loans to Chinabank. The Aranetas denied the allegations, stating, among others, that the approval of the resolution granting the corporation the authority to obtain loans was a regular action of the members of the board of directors in the normal and ordinary course of business, and they cannot be held liable individually as directors for the mere approval of a regular corporate action. The case was submitted for resolution of the investigating prosecutor on 25 May 2016. In a joint resolution dated 20 June 2022, the investigating prosecutor jointly resolved this case and the succeeding case (NPS Docket No. XVI-INV-15K-00414) and dismissed both of them. After their motion for reconsideration was denied, the PDIC appealed to the SOJ on or about 26 July 2022. The Aranetas and other respondents filed a joint comment dated 16 August 2022. In a resolution dated 29 September 2022, the SOJ dismissed the appeal of the PDIC. The PDIC filed a motion for reconsideration on or about 14 October 2022. In a resolution dated 16 May 2023, the SOJ denied the motion for reconsideration. The Aranetas and other respondents are currently awaiting if the PDIC will appeal further to the Court of Appeals.

- Mr. Juan Carlos Araneta, Mr. Santiago Araneta and Mr. Fernando Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for syndicated estafa, falsification of commercial documents and unsound business practices that was filed by the PDIC with the DOJ. The complaint is entitled *"Philippine Deposit Insurance Corporation vs. Ma. Eliza G. Berenguer, et. al."* and docketed as NPS Docket No. XVI-INV-15K-00414. PDIC alleged that Foreign Currency Remittances received by LBC Mabuhay were not deposited to LBC Bank's Dollar Account with CalBank resulting in funding gaps or "short remittances." Despite this, LBC Bank continued to pay the full amount of the remittance instructions resulting in Advances by LBC Bank in favor of LBC Mabuhay, supposedly in violation of the Memorandum of Understanding between LBC Bank and the BSP. The Aranetas denied the allegations, stating, among others, that as mere stockholders and/or directors, they are not involved in the day-to-day management and operations of the bank and thus could not have participated in the actions alleged in the complaint. The case was submitted for resolution of the investigating prosecutor on 25 May 2016 and is still currently pending. In a joint resolution dated 20 June 2022, the investigating prosecutor jointly resolved this case and the preceeding case (NPS Docket No. XVI-INV-15J-00397) and dismissed both of them. After their motion for reconsideration was denied, the PDIC appealed to the SOJ on or about 26 July 2022. The Aranetas and other respondents filed a joint comment dated 16 August 2022. In a resolution dated 29 September 2022, the SOJ dismissed the appeal of the PDIC. The PDIC filed a motion for reconsideration on or about 14 October 2022. The appeal is currently pending with the SOJ. The Aranetas and other respondents are currently awaiting if the PDIC will appeal further to the Court of Appeals.

- Mr. Juan Carlos Araneta, Mr. Santiago Araneta, Mr. Fernando Araneta and Mr. Carlos G. Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for unsafe and unsound business practices that was filed by the PDIC with the prosecutor's office. The complaint is entitled *"Philippine Deposit Insurance Corporation vs. Juan Carlos G. Araneta, et. al."* and docketed as NPS Docket No. XVI-INV-16D-00128. PDIC alleged that the respondents committed acts or omissions constituting unsafe and unsound business practice by entering into Service Agreements with LBC Express, whose terms were supposedly manifestly and grossly disadvantageous to Bank. The respondents allegedly failed to enforce payment of service fees, thereby causing undue injury and/or unwarranted benefits, advantage, or preference to LBC Express through manifest partiality and bad faith that resulted in a material loss or damage to the liquidity or solvency of LBC Bank and to the latter's depositors, creditors, and the general public. The Aranetas denied the allegations, stating, among others, that as mere stockholders and/or directors, they are not involved in the day-to-day management and operations of the bank and thus could not have participated in the actions alleged in the complaint. They further allege that the complaint does not actually impute any specific criminal action to each of them individually. In a resolution dated 20 February 2018, the complaint against all the respondents was dismissed by the investigating prosecutor. The PDIC filed a Petition for Review with the SOJ on or about 25 February 2019. In a resolution dated 16 May 2023, the SOJ dismissed the Petition for Review. In lieu of moving for reconsideration, the PDIC filed a Petition for Certiorari dated 21 July 2023, which is currently pending action by the Court of Appeals.

- An administrative complaint was filed by the PDIC before the Office of the Special Investigation (OSI) BSP against Mr. Juan Carlos Araneta, Mr. Santiago Araneta, and Mr. Fernando Araneta, together with other respondents in their capacity as stockholders and/or directors of LBC Bank. The administrative complaint is based on the same complaint discussed in the preceding paragraph. The administrative complaint is entitled *"Philippine Deposit Insurance Corporation vs. Ma. Eliza G. Berenguer, et. al."* and docketed as OSI-AC-No. 2016-003. The Aranetas adopted the same defences as discussed in the preceding paragraph. After a preliminary investigation, the OSI issued a Resolution dated 14 September 2017, finding a *prima facie* case of unsound banking practice against the Aranetas and the former LBC Bank president, while dismissing the case against the other respondents who were former employees of LBC Bank for lack of evidence. The OSI denied the Aranetas' motion for reconsideration in a Resolution dated 6 March 2018. The OSI filed formal charges against the Aranetas and the former LBC Bank president with the Supervised Banks Complaints Evaluation Group (SBCEG) of the BSP on or about 12 March 2018. The case before the SBCEG is entitled *"In Re: Administrative Case against Ma. Eliza G. Berenguer, et. al.,"* and docketed as Administrative Case No. 2018-092. The Aranetas have filed their respective Answers to the formal charges and intend to present their evidence when the case is set for trial. On 7 August 2018, the Aranetas filed a motion to suspend the proceedings before the BSP because the civil case described in the Legal Proceedings section below (Civil Case No. 15-1258) involves the same issues and thus represents a prejudicial question. In the resolution dated 3 November 2021, the Special Hearing Panel granted the motion and suspended the proceedings until the Civil Case is resolved with finality. The PDIC filed a motion for reconsideration which was denied. Thus, the PDIC appealed to the Court of Appeals last 23 September 2022, which is docketed as CA-G.R. No. 175378 and is still pending resolution. In the meantime, the BSP proceedings remain suspended, pending the outcome of the Civil Case and/or the appeal.

- Mr. Juan Carlos Araneta, Mr. Fernando Araneta, and Mr. Santiago Araneta were named as respondents in their capacity as directors of LBC Bank in a complaint for violation of Section 55.1 (a) of the General Banking Law and Subsection X306.3 of the Manual of Regulations for Banks in relation to Section 36 of the New Central Bank Act that was filed by the Bangko Sentral ng Pilipinas (BSP) with the DOJ. The complaint is entitled *"Bangko Sentral ng Pilipinas vs. Ma.*

Eliza G. Berenguer, et. al." and docketed as NPS Docket No. XVI-INV-16L-00383. The complaint alleged that the amortizations for certain loans by related parties were allegedly simulated and that the Bank did not receive actual payment. Furthermore, the same loans by such related parties were allowed to be renewed and restructured under terms favourable to the borrowers, to the prejudice of the bank. The case is currently undergoing preliminary investigation before the city prosecutor. The Aranetas have denied the accusations and emphasized that they were not aware of nor did they participate in any alleged simulation of payments. They also maintain that the evidence filed by the BSP does not show their knowledge or involvement. They also approved the renewal and restructuring terms only after the Credit Group of LBC Bank performed due diligence and made recommendations.

In a resolution dated 29 June 2022, the investigating prosecutor found probable cause to charge the Aranetas and other respondents with 2 counts of violating Sec. 55.1(a) of RA 8791 in relation to Sec. 36 of RA 7653 and 1 count for violating Subsection X306.3 of the MORB in relation to Sec.36 of RA 7653. The Aranetas and other respondents filed a Petition for Review to the SOJ on 29 July 2022, appealing the adverse resolution. The SOJ issued a resolution dated 6 October 2022, denying the appeal but the Aranetas and other respondents filed a motion for reconsideration 14 October 2022.

The Makati City Prosecutor proceeded to file the aforementioned 3 criminal charges against the Aranetas, which were docketed as Criminal Case Nos. R-MKT-22-02606, Criminal Case Nos. R-MKT-22-02607, and Criminal Case Nos. R-MKT-22-02608 and raffled to Branch 137 of the Makati City Regional Trial Court (Makati RTC). The Aranetas have all been admitted to bail and allowed provisional liberty. The arraignment and pre-trial were concluded on 11 April 2023, with the Aranetas and all other accused pleading "not guilty" to the charges. The prosecution commenced its initial presentation of evidence, which is scheduled to continue until January 2024, depending on the number of witnesses to be presented. The defense counsels will then present the evidence for the accused from February 2024 onwards.

In the meantime, the SOJ issued a resolution dated 30 August 2023, partially granting the motion for reconsideration. The SOJ ruled that there is no probable cause to charge the Aranetas and other members of the board of directors and directed the public prosecutors to withdraw the charges against them. The Makati City Prosecutor filed a manifestation and motion to withdraw the informations dated 22 September 2023. The Makati RTC however issued an order dated 12 October 2023, denying the motion to withdraw. The Makati City Prosecutor, as well as the Aranetas and other board members, filed their respective motions for reconsideration, which were denied in the Joint Order dated 13 November 2023.

The Prosecution thus proceeded to present its next witnesses, Ms. Imelda Barro and Ms. Nenette Detoon.

Related to these criminal cases, the Aranetas and other accused also filed a Petition for Certiorari dated 23 February 2023 with the Court of Appeals docketed as CA G.R. SP No. 178125. The Petition assails the orders of the Makati RTC which denied motions filed by the Aranetas and other accused to dismiss/quash the informations and to exclude the private prosecutor from intervening. The Court of Appeals issued a Decision dated 9 July 2024, finding that the Makati RTC committed grave abuse of discretion, finding that the Constitutional rights of the accused were violated and ordering the dismissal of all criminal cases. The Office of the Solicitor General filed a Motion for Reconsideration dated 5 August 2024, while the BSP filed its own Motion for Reconsideration dated 21 August 2024. The two motions for reconsideration are pending resolution.

In light of the Court of Appeals Decision, the Aranetas and other accused filed an Ex-Parte Manifestation and Motion dated 25 July 2024, asking the judge to comply with the Court of Appeals Decision and dismiss the criminal cases, because the said decision is tantamount to an acquittal. After the prosecution filed its opposition, the judge issued an Order dated 19 August 2024, dismissing the three criminal cases against the Aranetas and other accused.

The prosecution has filed a Motion for Reconsideration dated 27 August 2024, which has been opposed by all accused. The motion for reconsideration is currently pending resolution.

On 16 November 2018, Mr. Santiago Araneta and Mr. Juan Carlos Araneta received, via registered mail, letters from the BSP ISD II, informing them that the Monetary Board, under Resolution No. 1716 dated 28 October 2018 has approved the inclusion of their names in the BSP Masterlist of Watchlisted Persons – Disqualification File "B" (Temporary) (the **"BSP Watchlist"**) and temporarily disqualifying them from becoming a director and/or officer in any BSP-supervised financial institution. Mr. Fernando Araneta received the same letter on 21 November 2018. As a result of their inclusion in the BSP Watchlist, Mr. Santiago Araneta and Mr. Fernando Araneta vacated their positions as directors of LBC Express, and an election was held last 6 December 2018 to fill in the positions they vacated.

The Aranetas subsequently received letters dated 23 February 2023 from the BSP Financial Supervision Department VII, asking them to file their written explanation as to why additional grounds for disqualification should not be included under their names in the BSP Masterlist of Watchlisted Persons due to the filing of the following cases against them: (a) Criminal Case Nos. R-MKT-22-02606, Criminal Case Nos. R-MKT-22-02607, and Criminal Case Nos. R-MKT-22-02608, (b) BSP Administrative Case No. 2018-092, and (c) Civil Case No. 15-1258. They submitted their consolidated reply dated 24 March 2023. They are currently awaiting the decision of the Monetary Board.

All of the legal proceedings against any director, officer, and controlling person are all updated as of date of the Information Statement.

Certain Relationships and Related Transactions

LBC Express Holdings and its subsidiaries in their ordinary course of business, engage in transactions with related parties and affiliates consisting of its parent company (LBC Development Corporation) and entities under common control. These transactions include royalty, service and management fee arrangements and loans and advances.

It is a policy of the Company that related party transactions are entered into on terms which are not more favorable to the related party than those generally available to third parties dealing at arm's length basis and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving authority, as may be determined by the board of directors. In the event of a related party transaction involving a director, the relevant director should make a full disclosure of any actual or potential conflict of interest and must abstain from participating in the deliberation and voting on the approval of the proposed transaction and any action to be taken to address the conflict.

Please refer to Note 18 (Related Party Transactions) of the Notes to the 2023 Consolidated Financial Statements.

The Company, inclusive of its subsidiaries (collectively, the **"Group"**) has the following major transactions with related parties:

Royalty Fee and Licensing Agreement with Parent Company

LBC Express, Inc. (**"LBCE"**), a subsidiary of the Company, and LBC Development Corporation have entered into a trademark licensing agreement dated 29 November 2007 under which LBC Development Corporation has granted LBCE the full and exclusive right within the Philippines to use LBC Marks including the names "LBCE," "LBC Express," "LBC", "Hari Ng Padala" (Tagalog for "King of Forwarding Services"), "We Like to Move It", and "WWW.LBCEXPRESS.COM" as well as the "LBC" corporate logo, the "Team LBC Hari Ng Padala" logo.

On 4 August 2017, LBCE and LBC Development Corporation entered into a trademark licensing agreement, which amended and restated the trademark licensing agreement entered by the same parties on 9 November 2007. Both parties agreed to discontinue royalty payments for the use of LBC Marks in recognition of LBCE's own contribution to the value and goodwill of the trademark effective 4

September 2017.

Cash Advances to and from Related Parties

The Group 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.

Fulfillment Fee and Brokerage Fee

In the normal course of business, the Group fulfills the delivery of balikbayan boxes, documents, parcels and money remittances, and performs certain administrative functions on behalf of its international affiliates. The Group charges delivery fees and service fees for the fulfillment of these services based on agreed rates. LBCE acquires services from Orient Freight International Incorporated (OFII), which include sea freight and brokerage mainly for the cargoes coming from international origins. These expenses are billed to the origins at cost.

Guarantee Fee

LBCE entered into a loan agreement with BDO which is secured with real estate mortgage on various real estate properties owned by the Group's affiliate. In consideration of the affiliate's accommodation to the LBCE request to use these properties as loan collateral, the Group agreed to pay the affiliate, every April 1 of the year starting 1 April 2016, a guarantee fee of 1% of the outstanding loan and until said properties are released by the bank as loan collateral.

On 15 April 2021, the Board of Directors of the Company approved the collateralization of the Company's time deposit of up to Php 437,100,000 by way of hold-out on such amount, in substitution of the aforementioned affiliate's property collateral. The current amount of time deposit as of December 31, 2023 is P224.28 million. Such guarantee shall substitute the existing real estate mortgage on the affiliate's real estate properties as security.

Business Combinations

On 29 May 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 1 July 2019, LBCE sold all its QUADX Inc. shares to LBC Development Corporation 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, LBC Development Corporation and QUADX Inc. entered into a Deed of Assignment of Receivables whereas LBCE agreed to assign, transfer and convey its receivables from QUADX Inc. as of 31 March 2019 amounting to ₱832.64 million to LBC Development Corporation which shall be paid in full, from time to time starting 1 July 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 LBC Development Corporation. In July 2021, LBCE and LBCDC entered into amended agreements to extend 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, 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.

Notes receivable

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 31 December 2023, total outstanding notes receivable amounted to ₱15.31 million, ₱10.45 million of which is presented as noncurrent under "Other noncurrent assets". Interest income earned from notes receivable amounted to ₱1.75 million, ₱1.76 million and ₱0.80 million in 2023, 2022 and 2021, respectively.

Dividend Declaration

There were no dividends declared by the Company during the years 2021, 2022 and 2023.

Appraisals and Performance Report of the Board

As of date, there is no formal appraisal or assessment process in respect of Board performance, although attendance by directors in board meetings are strictly monitored.

Resignation of Directors

No director has resigned from, or declined to stand for re-election to the Board since the date of the 2023 Annual Stockholders' Meeting.

Item 6. Compensation of Directors and Executive Officers

Compensation

The Company's president and its next highest-ranking officers are as follows:

Name	**Position**
Miguel Angel A. Camahort	Chief Executive Office, Chairman of the Board, and President
Enrique V. Rey, Jr.	Chief Finance Officer, Investor Relations Officer, and Chief Risk Officer
Rosalie H. Infantado	Treasurer
Cristina S. Palma Gil-Fernandez	Corporate Secretary
Mahleene G. Go	Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer

The following table identifies and summarizes the aggregate compensation of the Company's President and the four most highly compensated executive officers of the Company in fiscal years 2021, 2022, 2023 and 2024 (projected):

	Year	**Salary**	**Bonus**	**Others**	**Total[1] (₱)**
President and the four most highly compensated executive officers named above and aggregate compensation paid to all officers as a	December 2020 to November 2021	61,153,534	-	15,556,736	76,710,270
	December 2021 to November 2022	63,174,113	-	14,578,680	77,752,793
	December 2022 to	86,623,446	-	2,053,853	88,677,299

	Year	Salary	Bonus	Others	Total[1] (₱)
group[3]	November 2023				
	Projected December 2023 to November 2024	87,671,213	-	2,099,628	89,770,841

Note:

(1) Includes salary, bonuses and other income.

The President, the Chief Finance Officer and the Treasurer do not receive any compensation from the Company. The compensation of those three officers is paid by the Company's subsidiary, LBC Express. The individuals who hold those positions, Mr. Camahort, Mr. Rey, Ms. Infantado, and Mr. Baquiran, have been working for the Group even prior to the Corporate Reorganization of the Company in 2015 which resulted in the Company becoming the parent company of LBC Express. After such Corporate Reorganization, the compensation for services they rendered to the Group continued to be paid by LBC Express.

The incumbent Corporate Secretary, Assistant Corporate Secretary/Corporate Information Officer/Compliance Officer, and Alternate Corporate Information Officer are not executive officers of the Company. They do not receive any compensation from the Company in their personal capacities as such officers.

The said positions are filled-in by Picazo Buyco Tan Fider and Santos (**"Picazo Law"**), retained counsel of the Company. Picazo Law provides its lawyers to service the requirements of the Company, pursuant to a retainer agreement for general and external legal services, in consideration for which Picazo Law is paid its standard retainer fees.

<u>EMPLOYMENT CONTRACTS</u>

The Company has no special employment contracts with the named Executive Officers.

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments for 2010 up to the present. No per diems were paid during 2023 to the directors.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, during 2023 for any service provided as a director.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the President, the named executive officers, and all officers and directors as a group.

[3] This aggregate compensation amount excludes Atty. Gil-Fernandez and Atty. Go, who are not employees of the Company. They do not receive any compensation from the Company in their personal capacities as such officers.

Item 7. Independent Public Accountants

The external auditor of the Company is the accounting firm of SyCip Gorres Velayo & Co. (**"SGV & Co."**). The Board, upon the recommendation of the Company's Audit Committee, approved the reappointment of SGV & Co. as the Company's independent auditor for 2023 based on their performance and qualifications.

The reappointment of SGV and Co. will be presented to the stockholders for their approval at the Annual Stockholders' Meeting.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The consolidated financial statements of the Company as of and for the year ended 31 December 2023, 2022, 2021, 2020, and 2019 were audited by SGV & Co., a member firm of Ernst & Young Global Limited.

SGV & Co. has acted as the Company's independent auditor since fiscal year 2014. Dolmar C. Montanez is the current audit partner for the Company and has served as such since fiscal year 2021. The Company has not had any material disagreements on accounting and financial disclosures with its current independent auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Audit and Audit-related Fees

The following table sets forth the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.:

	2023	**2022**
In millions (**₱**)		
Audit and Audit-Related Fees [(1)]	₱2.14	₱2.03
Non-audit service fees [(2)]	₱1.35	
Total	₱3.49	₱2.03

(1) Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years

(2) Related to transfer pricing fees.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual, provides that the audit committee shall, among other activities, (i) review the reports submitted by the internal and external auditors; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) coordinate, monitor and facilitate compliance with laws, rules and regulations.

The Audit Committee consists of at least three appropriately qualified non-executive members of the board of directors, the majority of whom, including the Chairman, is an Independent Director. The Audit Committee, with respect to an external audit, shall:

(i) Perform oversight functions over the Company's external auditors. The Audit Committee should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

(ii) Prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

(iii) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.

(iv) Review the reports submitted by the external auditors.

Item 8. Compensation Plans

During the Annual Stockholders' Meeting held on 13 August 2007, the stockholders owning or representing at least two thirds (2/3) of the outstanding capital stock approved the stock option for the Company's deserving employees, officers and board members to be derived from the Company's unissued authorized capital stock up to the extent of ten percent (10%) of the outstanding capital stock of the Company, subject for approval by the Securities and Exchange Commission (**"SEC**") and the Philippine Stock Exchange (**"PSE"**).

The terms and conditions governing the stock option plan still have to be determined and approved by the Board of Directors. The application for said stock option plan has not been filed yet with the SEC and PSE. There are no stock warrants or options outstanding.

While the Company currently does not have any intention of issuing stock option plans, it reserves the right to issue the same in the future subject to applicable regulations.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

(i) Management's Discussion and Analysis of Financial Condition and Results of Operations are attached hereto as **Annex "D"**.

(ii) The Annual Report for the year ended 31 December 2023 are attached hereto as **Annex "E"**.

(iii) The Quarterly Report for the quarter ending 30 September 2024 is attached herewith as **Annex "F".**

Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to mergers, consolidations, acquisitions, sales, or other transfers of all or any substantial part of the assets of the Company, liquidation or dissolution of the Company, and similar matters.

Description of the business of the registrant and its significant subsidiaries

As of 31 December 2023, this is the list of the subsidiaries of LBCH:

	Country of incorporation	Principal activities
LBCE	Philippines	Logistics and money remittance
LBC Express - MM, Inc.	Philippines	Logistics and money remittance
LBC Express - CL, Inc.	Philippines	Logistics and money remittance
LBC Express - NL, Inc.	Philippines	Logistics and money remittance
LBC Express - VIS, Inc.	Philippines	Logistics and money remittance
LBC Express - SL, Inc.	Philippines	Logistics and money remittance
LBC Express - SCS, Inc.	Philippines	Logistics and money remittance
LBC Express Corporate Solutions, Inc.	Philippines	Logistics and money remittance
LBC Express - CMM, Inc.	Philippines	Logistics and money remittance
LBC Express - EMM, Inc.	Philippines	Logistics and money remittance
LBC Express - MIN, Inc.	Philippines	Logistics and money remittance
LBC Express - SMM, Inc.	Philippines	Logistics and money remittance
LBC Express - SEL, Inc.	Philippines	Logistics and money remittance
LBC Express - WV, Inc.	Philippines	Logistics and money remittance
LBC Express - SEM, Inc.	Philippines	Logistics and money remittance
LBC Express - SCC, Inc.	Philippines	Logistics and money remittance
South Mindanao Courier Co., Inc.	Philippines	Logistics and money remittance
LBC Express - NEMM, Inc.	Philippines	Logistics and money remittance
LBC Express - NWMM, Inc.	Philippines	Logistics and money remittance
LBC Systems, Inc.	Philippines	Logistics and money remittance
LBC Express Bahrain WLL	Bahrain	Logistics
LBC Express Shipping Company WLL	Kuwait	Logistics
LBC Express LLC (1)	Qatar	Logistics
LBC Mabuhay Saipan Inc.	Saipan	Logistics and money remittance
LBC Aircargo (S) PTE. LTD	Singapore	Logistics
LBC Aircargo (S) PTE. LTD Taiwan Branch	Taiwan	Logistics
LBC Express Airfreight (S) PTE. LTD.	Singapore	Logistics
LBC Money Transfer PTY Limited	Australia	Money remittance
LBC Australia PTY Limited	Australia	Logistics
LBC Mabuhay (Malaysia) SDN BHD.	Malaysia	Logistics
QuadX Pte. Ltd.	Singapore	Digital logistics
LBC Mabuhay (B) Sdn Bhd	Brunei	Logistics
LBC Mabuhay Remittance Sdn Bhd	Brunei	Money remittance
LBC Mundial Corporation	United States of America	Logistics and money remittance
LBC Mundial Nevada Corporation	United States of America	Logistics and money remittance
LBC Business Solutions North America Corp.	United States of America	Logistics
LBC Mabuhay North America Corporation	United States of America	Logistics and money remittance
LBC Mundial Cargo Corporation	Canada	Logistics

	Country of incorporation	Principal activities
LBC Mabuhay Remittance Corporation	Canada	Money remittance
LBC Mabuhay Hawaii Corporation	United States of America	Logistics and money remittance
Mermaid Co., Ltd	Japan	Logistics
Blue Eagle and LBC Service Pte. Ltd. [(2)]	Taiwan	Remittance

Note:

1) This entity is a subsidiary of LBC Express Shipping Company WLL which has 49% ownership interest.
2) On 28 September 2023, LBC Express Holdings, Inc. acquired 100% equity in Blue Eagle and LBC Service Ltd.

On 31 October 2019, the Board of Directors of the Company approved the purchase of 100% of the shares in Mermaid Co., Ltd., a company which is engaged in providing services for the shipping of household and other goods from expatriates living in Japan to their respective home countries, known as the "Balikbayan Box".

On 12 December 2019, the purchase of Mermaid Co. Ltd. was completed upon approval of the relevant government agencies.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty, Agreement or Labor contracts including duration

The Company uses a variety of registered names and marks, including the names "LBCE," "LBC Express," "LBC", "Hari Ng Padala" (Filipino for "King of Forwarding Services") and "WWW.LBCEXPRESS.COM" as well as the traditional and the re-designed "LBC" corporate logos (including the new slogan "We like to move it"), the "Team LBC Hari Ng Padala" logo and "LBC Remit Express" logo in connection with its business. Except for the "LBC Remit Express" design and logo registered on 26 July 2012 and expires on 26 July 2022) and the LBC in rectangular box and Pesopak logo (registered on 31 May 2012 and expires on 31 May 2022), which are owned directly by the Company, these marks (collectively, the "LBC Marks") are owned and licensed to the Company by LBC Development Corporation, the Company's parent company, pursuant to a trademark licensing agreement entered into on 9 November 2007. Under the terms of this agreement, the Company has the full and exclusive right to utilize the LBC Marks in consideration for a fixed royalty fee of 3.5% of the Company's annual gross revenues (defined as all revenue from sales of products and services, direct and indirect, relating to the Company's business operations). Pursuant to an addendum signed on 25 October 2013, the fixed royalty fee was lowered to 2.5%, effective 1 December 2013. Under the agreement, the Company also has the right to extend the use of the LBC marks to its subsidiaries (defined as companies in which the Company holds at least 67% of the voting rights) within the Philippines, as well as to its remittance and cargo/courier/freight forwarding fulfillment service partners and agents in the Philippines and abroad, subject to certain terms and conditions. In practice, foreign agents of the Company are granted very limited use of the "LBC" brand and logos pursuant to the individual agency agreements entered into between them and the Company.

The LBC Marks have also been registered in each major jurisdiction in the Company's international network. LBC Development Corporation is currently in the process of registering the LBC Marks in the International Register pursuant to the Protocol Relating to the Madrid Agreement (the "Protocol"), which will grant the LBC Marks intellectual property protection in the jurisdictions of all Contracting Parties (as such term is defined in the Protocol). LBC Development Corporation is also currently in the process of registering the LBC Marks in jurisdictions within the Company's international network not covered by the Protocol.

On 4 August 2017, the trade licensing agreement was amended and both parties agreed to discontinue royalty payments for the use of LBC Marks in recognition of LBCE's own contribution to the value and goodwill of the trademark effective 4 September 2017.

Governmental approval of principal products and services

Republic Act No. 776 (**"RA 776"**) and Executive Order No. 514 (**"EO 514"**) are the principal statutes that provide the regulatory framework for freight forwarding by air and sea, respectively.

Freight Forwarding by Air

Under RA 776, an air freight forwarder is defined as an indirect air carrier which, in the ordinary and usual course of its undertaking, assembles and consolidates or provides for assembling and consolidating such property or performs or provides for the performance of break-bulk and distributing operations with respect to consolidated shipments, and is responsible for the transportation of property from the point of receipt to point of destination and utilizes for the whole or any part of such transportation the services of a direct air carrier. As mandated by RA 776, an airfreight forwarder shall only be allowed to engage in its allowed activities as stated in the law if it has, in force, a permit or any other form of authorization issued by the Civil Aeronautics Board (**"CAB"**). RA 776 states that only "citizens of the Philippines" may engage in domestic air commerce or air transportation, which includes air freight forwarding. For this purpose, a "citizen of the Philippines" means (a) an individual who is a citizen of the Philippines, or (b) a partnership of which each member is such an individual, or (c) a corporation or association created or organized under the laws of the Philippines, of which the directing head and two-thirds or more of the Board of Directors and other managing officers are citizens of the Philippines, and in which 60% of the voting interest is owned or controlled by persons who are citizens of the Philippines.

Each permit/certificate issued by the CAB shall be effective from the date specified therein and shall continue in effect until suspended or revoked or until the CAB shall certify that operation thereunder has ceased. If any service authorized by a permit/certificate is not inaugurated within a period of 90 days after the date of authorization as shall be fixed by the CAB or after such other period as may be designated by the CAB, the CAB may by order or direct that such permit/certificate shall thereupon cease to be effective to the extent of such service. No permit/certificate shall be issued for a period of more than 25 years.

Freight Forwarding by Sea

Under EO 514, the Philippine Shippers' Council was converted into a regular agency of the Department of Trade and Industry (**"DTI"**) known as Philippine Shippers' Bureau (**"PSB"**).

Under the PSB Rules, an international freight forwarder (**"IFF"**) is defined as a local entity that acts as a cargo intermediary and facilitates transport of goods on behalf of its client without assuming the role of a carrier. An IFF can also perform other forwarding services, such as booking cargo space, negotiating freight rates, preparing documents, advancing freight payments, providing packing/crating, trucking and warehousing, engaging as an agent/representative of a foreign Non-Vessel Operating Common Carrier (**"NVOCC"**) cargo consolidator named in a Master Bill of Lading as consignee of a consolidated shipment, and other related undertakings. The required minimum paid up capital of an IFF is ₱2,000,000.00 while its required minimum insurance coverage is ₱500,000.00. In contrast, a domestic freight forwarder (**"DFF"**) is defined as an entity that facilitates and provides the transport of cargo and distribution of goods within the Philippines on behalf of its client. The required minimum capital of a DFF is ₱250,000.00 while its required minimum insurance coverage is ₱250,000.00.

An IFF and DFF shall secure an accreditation with the PSB in order to conduct sea freight forwarding activities. The PSB issues a Certificate of Accreditation to a DFF and IFF to engage in the specific sea freight forwarding functions and/or category/ies it can operate. Every branch of a DFF and IFF must first be accredited before said branch can legally engage in the freight forwarding business. The Certificate of Accreditation has a life span of two years unless sooner cancelled under the PSB Rules. Its life span may also be cut short when it is automatically, or deemed revoked. The said Certificate shall not be transferred, alienated or inherited, in any manner. Official representatives of an accredited IFF or DFF firm are required to obtain PSB IDs. The life span of a PSB ID is co-terminus with the life span of the Certificate of Accreditation. Thus, the cancellation, suspension, expiration or automatic/deemed revocation of the Certificate of Accreditation shall result in the automatic cancellation, suspension, expiration or revocation of the PSB ID.

Regulation of Private Express and Messengerial Delivery Services in the Philippines

Under Republic Act No. 7354, otherwise known as the "Postal Service Act of 1992", the Department of Transportation and Communications (the **"DOTC"**) was given the exclusive power and authority to regulate the postal delivery services industry or those engaged in domestic postal commerce, including the registration and prequalification of any natural or juridical person, other than freight forwarders, who engage in the business of letter and parcel messengerial services, door-to-door delivery, or the transporting of the property of others that are similar to mail or parcel. Pursuant to such authority, on 23 January 2001, the DOTC issued Department Circular No. 2001-01 known as the "Rules and Regulations in the Processing, Hearing and Adjudication of Applications for Authority to Operate Private Express and/or Messenger Delivery Service, and in Investigation of Complaints in connection with the Operation of such Services" (the **"DOTC Rules"**).

The DOTC Rules provide that only Filipino citizens or corporations or partnerships duly registered with the Securities and Exchange Commission, at least 60% of whose capital stock or shares is owned by Filipino citizens may apply to operate private express and/or messenger delivery services in the Philippines. Further, the executive and managing officers of such applicant are also required to be citizens of the Philippines. If assessed favorably, and after complying with the substantive and procedural requirements under the DOTC Rules, the applicant may be granted an authority by the Secretary of the DOTC to operate private express and/or messenger delivery services, which authority may be renewed, upon application, on a graduated scale (i.e., 1 to 5 years) and shall be renewable thereafter every five years. A copy of the authority granted shall also be furnished to the Private Express and Messengerial Association of the Philippines. Moreover, the authority granted may be amended, suspended, or cancelled when the public interest so requires or whenever the holder thereof has violated any order, rule or regulation prescribed by the DOTC.

The Commission on Information and Communication Technology (**"CICT"**) was created in 2004 and attached to the Office of the President by Executive Order No. 269. The CICT was the primary policy, implementing, and regulating entity for the promotion and development of integrated and strategic information and communications technology systems and communication facilities and services. Among the functions transferred to the CICT included the responsibilities of the DOTC relating to communications, and the authority to establish and prescribe rules and regulations for the operation and maintenance of a nationwide postal system that shall include mail processing, delivery services, and money order services.

In 2011, President Aquino issued Executive Order No. 47 renaming the CICT as the Information and Communications Technology Office (**"ICTO"**), transferring the former's functions to the latter, and placed the ICTO under the technical and administrative supervision of Department of Science and Technology (**"DOST"**). Among others, the ICTO is tasked with the implementation of the government's ICT-related initiatives.

Applications for authority or renewal of authority to operate private express and/or messengerial delivery entities as described earlier, are currently dealt with by the ICTO.

Regulation of Remittance Agents in the Philippines

Under BSP Circular No. 471, series of 2005, all qualified persons or non-bank institutions who intend to act as foreign exchange dealers/money changers and/or remittance agents are required to register with the BSP, before they can operate as such. Upon approval of the application of the foreign exchange dealer/money changer or remittance agent, a certificate of registration shall be issued by the BSP.

All foreign exchange dealers/money changers and/or remittance agents are likewise required to comply with the applicable provisions of Republic Act No. 7653 (The New Central Bank Act) and Republic Act No. 9160, as amended by Republic Act No. 9194, and further amended by Republic Act No. 10167, or the Philippine Anti-Money Laundering Act of 2001.

Effect of existing or probable government regulations on the business

The Company has been intently monitoring the effects of Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion" Act (the **"TRAIN Act"**) on prices, focusing on utilities and oil as these have a direct and indirect effect on the Company's costs.

On 26 March 2021, Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act" ("**CREATE Law**") was passed into law which introduced reforms to the corporate income tax and incentives systems. Effective July 1, 2020, the corporate income tax rate on domestic corporations has been reduced from 30% to 25%, while domestic corporations with net taxable income not exceeding ₱5 million and total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million are subject to 20% corporate income tax. The CREATE Law enhanced certain incentives that investment promotion agencies may grant to business enterprises, such as additional deductions, increased net-operating loss carry-over, value-added tax (**"VAT"**) exemption on importation and VAT zero-rating of local purchases of goods and services directly and exclusively used in the registered project or activity, among others.

Subsequently, and following approval by the House of Representatives and the Senate on third and final reading of their respective bills amending the CREATE Law or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy Bill ("**CREATE MORE Bill**") on 18 March and 9 September 2024, respectively, the Bicameral Conference Committee of the House of Representatives and the Senate was tasked to reconcile the disagreeing provisions of House Bill No. 9794 and Senate Bill No. 2762. On 10 September 2024, the Bicameral Conference Committee submitted its report on the disagreeing provisions of the bills, recommending that the respective bills be approved in accordance with the reconciled copy of the bill. The CREATE MORE Bill is now pending before the President and shall become law upon the President's approval and signature or upon lapse of a period of thirty (30) days beginning from the date the President received a copy of the bill (if such bill remains unsigned), and in each case after publication.

The CREATE MORE Bill, among others, introduces amendments to enhance the tax incentive regime that registered business enterprises (e.g., Board of Investment-registered entities) may receive, including: (a) VAT zero-rating on local purchases (which shall now include goods and services related to a registered project or activity such as janitorial, security, financial, consultancy, marketing, and administrative functions such as human resources, legal, and accounting services); (b) VAT exemption on importation of goods and services; (c) duty exemption on importation shall now include goods used for administrative purposes; (d) an enhanced deductions regime; (e) income tax holiday; (f) a registered business enterprise local tax that shall be assessed a registered business enterprise in lieu of all local taxes and local fees and charges imposed by a local government, during the period when the registered business enterprise enjoys income tax holiday or avails of the enhanced deductions regime; and (g) a special corporate income tax of five percent (5%) in lieu of all national and local taxes as well as local fees and charges.

Registered business enterprises who have a project or activity registered prior to the effectivity into law of the CREATE Law, are qualified to avail the incentives to be introduced by the CREATE MORE Bill.

As the Company continues to expand its branch network, warehouse & distribution network, an increase in utility and oil prices will affect the Company's costs which are directed to support increases in sales volumes. The Company is likewise preparing for the effects that an increase oil prices may have on its carriers and service partners (airlines, shipping lines, trucking companies).

Aside from the above, there are no existing or probable governmental regulation that are material to the business of the Company.

Major risks involved in each of the business of the company and subsidiaries.

A significant portion of the Company's business activities are conducted in the Philippines and a significant portion of its assets are located in the Philippines, which exposes the Company and its subsidiaries to risks associated with the Philippines, including the performance of, and impacts of global conditions on, the Philippine economy. Some of these risks include the following:

- Any political instability in the Philippines may adversely affect the Company's business, results of operations or financial condition.
- There is no guarantee that future events will not cause political instability in the Philippines. Such instability may disrupt the country and its economy, as well as commercial traffic into and out of the Philippines, which could materially and adversely affect the Company's business, financial condition and results of operations. Acts of terrorism, clashes with separatist groups and violent crimes could destabilize the country and could have a material adverse effect on the Company's business and financial condition.

- Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.
- Investors may face difficulties enforcing judgments against the Company.
- Corporate governance and disclosure standards in the Philippines may be less stringent than those in other countries.
- The sovereign credit ratings of the Philippines may adversely affect the Company's business.
- The occurrence of natural catastrophes could adversely affect the Company's business, financial condition or results of operations.
- Volatility in the value of the Peso against the U.S. dollar and other currencies could adversely affect the Company's business.

Legal Proceedings

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. Such litigation involves, among others, claims against the Group for non-delivery, loss or theft of packages and documents, mis-release of remittances, labor disputes, as well as cases filed by the Group against employees and others for theft and similar offenses.

Except as disclosed below, neither the Company nor any of its Subsidiaries have been or are involved in, or the subject of, any governmental, legal or arbitration proceedings which, if determined adversely to the Company or the relevant Subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its Subsidiaries.

On 2 November 2015, LBC Bank, through its receiver/liquidator, the PDIC, filed a case against LBC Express and LBC Development Corporation, together with other respondents, for a total collection of ₱1.82 billion. The PDIC seeks to collect allegedly unpaid service fees due from June 2006 to August 2011 and service charges on remittance transactions from January 2010 to September 2011. The case is entitled "LBC Development Bank, as represented by its receiver/liquidator, the Philippine Deposit Insurance Corporation, vs. LBC Express, Inc., LBC Development Corporation, LBC Properties, Inc., Juan Carlos Araneta, Santiago G. Araneta, Fernando G. Araneta, Monica G. Araneta, Carlos G. Araneta, Ma. Eliza G. Berenguer, Ofelia F. Cuevas, Apolonia L. Ilio, Joseph Jeffrey Rodriguez, and Arlan T. Jurado," and docketed as Civil Case No. 15-1258. It was initially raffled to Branch 143 of the Makati City Regional Trial Court.

On 28 December 2015, the summons, together with a copy of the Complaint of LBC Development Bank, Inc., and the writ of preliminary attachment were served on the former Corporate Secretary of LBC Express. The writ of preliminary attachment resulted in the (a) tagging of the 1,205,974,632 shares of LBC Express Holdings, Inc. owned by LBC Development Corporation and; (b) the attachment of various banks accounts of LBC Express totalling ₱6.90 million. The tagging of the shares in the record of the stock transfer agent had the effect of preventing the registration or recording of any of the said shares in the records, unless the writ of attachment is lifted, quashed or discharged.

On 12 January 2016, LBC Express and LBC Development Corporation filed with the court a Motion to Dismiss the Complaint for the collection of the sum of ₱1.82 billion. Also on 21 January 2016, they filed an Urgent Motion to Approve the Counterbond and Discharge the Writ of Attachment.

On 17 February 2016, the court issued an order to lifting and setting aside the writ of preliminary attachment. The said order directed the sheriff of the court to deliver to LBC Express. and LBC Development Corporation all properties previously garnished pursuant to the writ of preliminary attachment. The counterbond delivered by LBC Express and LBC Development Corporation, which is for an amount equal to ₱1.82 billion, the total amount of the claim, shall stand in place of the properties so released and shall serve as security to satisfy any final judgement against LBC Express or LBC Development Corporation in the case. Furthermore, LBC Development Corporation has expressly undertaken to both the Company and LBC Express to fund, through additional equity in LBC Express, any amount that the latter may be adjudged to pay in the case.

Pursuant to the said order setting aside the writ of preliminary attachment and garnishment, RCBC Stock Transfer Department has effected, as of 13 July 2016, the lifting of the (i) tagging of LBC Express Development Corporation's 1,205,974,632 shares in the Company and (ii) garnishment of PLDT preferred shares of LBC Development Corporation.

In a Joint Resolution dated 28 June 2016, the court resolved to deny the Motion to Dismiss filed by LBC Express, as well as the other defendants. On 18 July 2016, LBC Express, together with the other defendants, filed motions for reconsideration of the Joint Resolution. In its Resolution dated 16 February 2017, the court resolved to deny the defendants' Motion for Reconsideration and directed the defendants to file their respective Answers within the remaining period. On 24 April 2017, LBC Express and LBC Development Corporation filed a Petition for Certiorari with the Court of Appeals, assailing the Joint Resolution denying the motions to dismiss. The Petition for Certiorari is entitled "LBC Express, Inc. and LBC Development Corporation vs. Hon. Maximo M. De Leon and LBC Development Bank, as represented by its receiver/liquidator, the Philippine Deposit Insurance Corporation," and docketed as CA-G.R. SP No. 150698.

On 10 April 2017, the other defendants filed their respective Answers while LBC Express and LBC Development Corporation filed their Answer on 11 April 2017. Initially, the court issued a Resolution dated 15 June 2017 declaring the LBC Express, LBC Development Corporation and the other defendants in default. On 7 July 2017, LBC Express, LBC Development Corporation and the other defendants filed their respective Verified Omnibus Motions for Reconsideration, to Lift the Order of Default, and to Suspend Proceedings, praying for the reversal of the order of default and the suspension of the proceedings pending such motion. The other defendants also filed an Urgent Motion for Inhibition. The court then issued a Joint Resolution dated 20 July 2017, lifting the order of default and admitting all of the Answers filed by the defendants, including LBC Express and LBC Development Corporation. The judge of Branch 143 also granted the urgent motion for inhibition and the case was re-raffled to Branch 142. The PDIC filed a Motion for Reconsideration dated 7 August 2017 of the Joint Resolution. The defendants, including LBC Express and LBC Development Corporation, have filed oppositions and the said motion is currently pending resolution.

The parties were then referred to mediation and Judicial Dispute Resolution (JDR) in order to discuss the possibility of amicable settlement. Although LBC Express is open to an amicable settlement, negotiations did not prosper and mediation was terminated on 8 December 2017, while JDR was terminated on 19 January 2018.

The case was re-raffled to Branch 134 of the Makati RTC. The Acting Presiding Judge issued an Order dated 12 April 2018, setting the case for preliminary conference on 31 May 2018. However, the counsels have agreed to file a joint motion to defer or suspend the preliminary conference, in order to continue the discussion of an amicable settlement. The PDIC, LBC Express, LBC Development Corporation, and the other defendants filed a Joint Motion to Suspend Proceedings, praying that the Makati RTC postpone pre-trial in order to give the parties an additional opportunity to discuss amicable settlement. In the Order dated 25 May 2018, the Makati RTC granted said Joint Motion, suspending the proceedings and deferring the pre-trial to 6 September 2018.

Thereafter, a new Presiding Judge was appointed to Branch 134 of the Makati RTC, and subsequently the scheduled pre-trial on 6 September 2018 was deferred by the new Presiding Judge.

On or about 3 September 2018, the PDIC filed a motion to issue alias summons to five (5) individual defendants, who were former officers and directors of LBC Bank. For reasons not explained by the PDIC, it had failed to cause the service of summons upon five of the individual defendants and hence, the court had not acquired jurisdiction over them.

On 26 October 2018, the Motion to Defer Pre-Trial scheduled on 15 November 2018 was filed because the PDIC was still trying to serve summons on the five (5) individual defendants and thus, for orderly proceedings, pre-trial should be deferred until the court acquires jurisdiction over them.

At the hearing held on 9 November 2018, which the PDIC did not attend, the judge directed the PDIC's counsel to coordinate with the Sheriff and cause the service of summons promptly. The judge then rescheduled the pre-trial to 23 January 2019. On 21 November 2018, the comment from the PDIC was received, arguing that pre-trial can proceed, even without the presence of the five (5) individuals because they are merely necessary parties to the case, and not indispensable parties.

As of early January 2019, the alias summons was served on only two of the individual defendants, who filed their respective Motions to Dismiss in November 2018 and January 2019. The PDIC filed its comments thereto and both Motions to Dismiss were deemed submitted for resolution.

On 18 January 2019, the PDIC filed a Pre-Trial Brief. LBC Express, LBC Development Corporation and the other defendants, on 21 January 2019, filed a Motion, asking the court to direct the PDIC to explain in writing its compliance with the previous order to cause the service of summons on the remaining five (5) individual defendants and to defer pre-trial until the court has acquired jurisdiction over them.

On 23 January 2019, the Judge ordered the PDIC to file its comment to the Motion and rescheduled the pre-trial to 21 February 2019.

The PDIC filed a Comment with Motion to Declare Defendants in Default, arguing that the pre-trial should proceed and that the current defendants are just delaying the proceedings. The PDIC also explained its efforts to serve summons on the five (5) individuals but admitted that it had only served summons of two of the individual defendants. The PDIC also stated that it is filing another motion for the issuance of another round of alias summons for the three (3) remaining defendants.

On 4 February 2019, LBC Express, LBC Development Corporation and the other defendants filed a Reply arguing that: (a) the PDIC never explained the three (3) -year delay in serving summons on the other defendants, (b) it is the PDIC's omission that have made the proceedings disorderly because not all of the defendants are at the pre-trial state, and (c) to avoid complications, the pre-trial should be deferred until the court has acquired jurisdiction over all defendants.

The court conducted a hearing on 1 February 2019 on the Motion to Declare Defendants in Default and granted time to submit comment thereto. LBC Express, LBC Development Corporation and the other defendants filed a Comment/Opposition on 11 February 2019, arguing that there is no basis to consider the current defendants in default because they are appearing at every hearing and that there are pending motions citing just and valid reasons to defer pre-trial, considering that summons are still being served on some defendants. Emphasis was given in particular that once jurisdiction is acquired over individual defendants, they will file their own answers, raising their own defenses, which should be considered at pre-trial. Also, it is mandatory to refer them to mediation and Judicial Dispute Resolution (JDR) for possible amicable settlement of the entire case. Even if mediation and JDR fail, the current judge is required by procedural rules to raffle the case to another branch so that his judgment is not influenced by matters discussed during JDR.

On 18 February 2019, a Pre-Trial Brief was filed by LBC Express, LBC Development Corporation and the other defendants, without prejudice to the defendants' pending motions to defer Pre-Trial.

At the hearing scheduled on 21 February 2019, the Judge took note of all the pending motions and said that they are deemed submitted for resolution. In the meantime, the Judge directed the parties to perform a pre-marking of all their documentary exhibits before the clerk of court. The Judge then rescheduled Pre-Trial to 28 March 2019.

On 6 March 2019, with respect to CA-G.R. SP No. 150698, LBC Express and LBC Development Corporation received a copy of the Court of Appeals' Decision dated 28 February 2019, denying the Petition for Certiorari. The Court of Appeals ruled that the PDIC representative was sufficiently authorized to sign the verification and the PDIC does not need to secure prior approval of the liquidation court to file the case. LBC Express and LBC Development Corporation filed a motion for reconsideration last 21 March 2019. On 18 July 2019, they received a copy of the Court of Appeals' resolution denying the motion for reconsideration. LBC Express and LBC Development Corporation filed an appeal to the Supreme Court on 2 September 2019 assailing the Court of Appeals Decision and Resolution. The appeal with the Supreme Court is entitled "LBC Express, Inc. and LBC Development Corporation v. Hon. Maximo M. De Leon, Presiding Judge of the Regional Trial Court of Makati Branch 143 and LBC Development Bank as represented by its receiver/liquidator, the Philippine Deposit Insurance Corporation" and docketed as G.R. No. 248539. The appeal is assigned to the Third Division of the Supreme Court. In the appeal, LBC Express and LBC Development Corporation are praying for the dismissal of the Complaint because the PDIC failed to obtain leave from the liquidation court to file the Complaint before the Regional Trial Court, contrary to the provisions of the Rules of Court and established jurisprudence. PDIC has already filed its Comment to the Petition for Review while LBC

Express and LBC Development Corporation filed their respective Reply thereto on 14 October 2020. The Supreme Court has not resolved the appeal as of today.

The Pre-Trial scheduled for 28 March 2019 was subsequently reset to 2 May 2019, due to the order of Executive Judge for courts to conduct records disposal during the week of 28 March 2019.

The PDIC pre-marked its evidence during pre-marking conferences held last 6 and 11 March 2019. LBC Express, LBC Development Corporation and the other defendants continued pre-marking its evidence on 22 March 2019 and 10, 11, 12, 24, 29 and 30 April 2019.

At the pre-trial hearing on 2 May 2019, the judge released his Order, whereby he: (a) noted that several of the individual defendants have already received summons, (b) consequently, granted the motion of LBC Express to defer pre-trial proceedings in order to have an orderly and organized pre-trial, (c) cancelled the pre-trial hearing until the other defendants have filed their answers, and (d) denied the PDIC's motion to declare the defendants in default. The judge also denied the motion to dismiss of Santiago G. Araneta, and later on the judge denied the motion for reconsideration of the said individual defendant. Subsequently, the Santiago G. Araneta filed his Answer.

Thereafter, three out of the four (4) individual defendants, ie. Juan Carlos G. Araneta, Fernando G. Araneta and Ma. Eliza G. Berenguer, received summons and filed motions to dismiss the case, all of which were denied by the court. Juan Carlos G. Araneta and Fernando G. Araneta then filed their motion for reconsideration but was denied by the court in an Order dated 23 April 2020.

On 13 July 2020, the said two (2) individual defendants filed their Answer to the Complaint. On the other hand, Ma. Eliza G. Berenguer filed a motion for reconsideration of the order denying her motion to dismiss. The court has not resolved her motion for reconsideration yet. When the motion for reconsideration of Ma. Eliza G. Berenguer is resolved by the court, she will have to file her Answer to the Complaint with the court.

On 15 December 2020, we received PDIC's Motion to Declare Carlos G. Araneta in Default dated 9 December 2020, alleging that summons was served on Carlos G. Araneta on 16 April 2019 yet more than a year and 6 months has passed without an answer being filed. On 21 December 2020, Juan Carlos G. Araneta filed his Comment/Opposition to PDIC's Motion to Declare Carlos G. Araneta in Default dated 9 December 2020, alleging that he is known and called by his friends and colleagues as "Carlos" and his middle initial is "G", which stands for Gonzalez, and that he has duly filed his Answer on 13 July 2020. On 14 January 2021, PDIC filed its Reply with Motion to Show Cause. On 19 January 2021, Juan Carlos G. Araneta filed his Manifestation and Comment/Opposition to the Motion to Show Cause.

Meanwhile, on 16 January 2021, summons, together with a copy of the Complaint were served on LBC Properties, Inc., another defendant in this case. LBC Properties, Inc. therefore had until 15 February 2021 within which to file its Answer to the Complaint. On 11 February 2021, LBC Properties, Inc. filed its Answer with Compulsory Counterclaims of even date.

The Motion for Reconsideration of Ma. Eliza G. Berenguer and Motion to Show Cause of PDIC was set for hearing on 5 February 2021 at 8:30 a.m. In addition, hearing on 5 February 2021 was also set for the marking of the parties' additional exhibits and/or initial setting for pre-trial.

During the hearing on 5 February 2021, the court reset the pre-trial to 3 March 2021 due to the parties' pending motions.

During the hearing on 3 March 2021, the court reset the pre-trial to 15 April 2021, insisting that the parties' duly authorized representatives must be present.

The pre-trial scheduled on 15 April 2021 and the preliminary conferences for marking of exhibits scheduled on 21 and 23 April 2021 did not proceed because courts in National Capital Region are physically closed as directed by the Supreme Court in Administrative Circulars Nos. 21-2021 and 22-2021.

On 24 May 2021, Ma. Eliza G. Berenguer filed her Answer with Compulsory Counterclaims.

From June 2021 to September 2022, the parties held several preliminary conferences before the Clerk of Court to mark their documentary exhibits and to conduct pre-trial proceedings.

At the hearing last 29 September, 2022, the pre-trial proceedings were finally terminated. The court scheduled hearings for the presentation of the parties' witnesses and evidence on the following dates: 11, 18, 25 January 2023 and 1, 8, 15, 22 February 2023, and 1, 8, 15 March 2023. Notwithstanding the trial dates, the parties were referred to mediation, which was declared failed.

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 judge 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 and the PDIC filed its reply.

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

On 19 April 2023, the judge allowed PDIC to present its last witness during the hearing, albeit without any order yet resolving the Motion for Reconsideration. The testimony of the witness was completed on 19 April 2023, but without prejudice to the resolution of the pending motion.

The judge set the case for hearing on 4 May 2023 during which PDIC will formally offer its documentary evidence. The judge likewise set the case for hearing on 18 May 2023 for the initial presentation of LBC's evidence and witnesses. The judge also subsequently issued an Order dated 20 April 2023 ruling that the Motion for Reconsideration of the Order dated 22 February 2023 has been rendered moot.

LBC and the other defendants filed a Motion for Reconsideration, Motion to Resolve, and Motion to Defer Plaintiff's Formal Offer of Evidence dated 4 May 2023, praying that the judge reconsider the order that the Motion for Reconsideration is rendered moot and to resolve the same. At the hearing on 4 May 2023, the judge postponed the PDIC's oral formal offer of evidence in light of the defendants' motions and directed the PDIC to file a comment or opposition. The PDIC filed an Opposition/Comment dated 9 May 2023.

The judge then issued an Order dated 18 May 2023, whereby he 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 13 July 2023, the new presiding judge issued on 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 the 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 15 August 2023, LBC and the other defendants, through counsel, received the written Formal Offer of Evidence of the PDIC. LBC 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 to consider serious objections raised by the defendants to the documentary evidence, LBC and the other defendants filed their respective motions for reconsideration. In the Order dated 19 January 2024, the judge denied all the motions for reconsideration.

LBC, the other defendants, and Ms. Berenguer then proceeded to file three separate Demurrers to Evidence, arguing that the PDIC failed to present sufficient evidence of its claims. After the parties filed their respective comments and replies, the judge issued a Resolution dated 16 May 2024, denying all the Demurrers to Evidence.

LBC, the other defendants, and Ms. Berenguer then proceeded to file Motions for Reconsideration. After the parties filed their respective comments and replies, the judge issued a Resolution dated 1 August 2024, denying all the Demurrers to Evidence.

LBC and the other defendants presented their first witness, Ms. Janet Tayag-Ong, on 20 September 2024. Due to lack of time to complete her cross-examination, her presentation was continued to 15 November 2024. LBC and the other defendants have at least five more witnesses to present. Hence, the trial of the civil case is still on-going.

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 in time.

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 legal 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 specific tax liabilities, if there's any, or 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 of the 2023 Audited Financial Statements.

Item 13. Acquisition or Disposition of Property

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the acquisition or disposition of any significant Company property.

Item 14. Restatement of Accounts

There are no actions or matters to be discussed in the Annual Stockholders' Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are to be submitted for approval during the Annual Stockholders' Meeting:

(i) Minutes of the Annual Stockholders' Meeting held on 4 December 2023;

(ii) President's Report based on the Annual Report and 2023 Audited Consolidated Financial Statements of the Company;

(iii) Approval of the Annual Report and Audited Financial Statements for the fiscal year ended 31 December 2023;

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, Bylaws or Other Documents

The following are to be submitted for ratification or approval during the Annual Stockholders' Meeting, concerning amendment of the Company's Charter and Bylaws:

(i) Ratification of the Approval for the Amendment of Articles of Incorporation to change the Principal Address of the Company to LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines

(ii) Approval for the Amendment of By-Laws to change the Principal Address of the Company to LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines

(iii) Approval for the Amendment of By-Laws to amend Annual Stockholder Meeting Date to be held every 2nd Monday of December of each year

Document	Article and Section No.	From	To	Rationale	Action Requested
Articles of Incorporation	Third	That the principal office of the Corporation shall be at LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City, Metro Manila, Philippines	That the principal office of the Corporation shall be at **LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila**, Philippines	The amendment will be made to reflect the updated principal office address of the Company.	Ratification
By-Laws	Article VII, Section 5	The annual meeting of the stockholders shall be held on the Second Monday of June of each year, when they shall elect by plurality of vote by ballot of a board of nine (9) directors to serve for one year and until their successors are elected and qualified.	The annual meeting of the stockholders shall be held on the **Second Monday of December** of each year, when they shall elect by plurality of vote by ballot of a board of nine (9) directors to serve for one year and until their successors are elected and qualified.	The adjustment of the annual stockholder meeting date is intended to allow the Company's management to better adequately prepare for the stockholder meetings each year.	Approval
	Article II	The principal office of the corporation shall be located at LBC Hangar, General Aviation Centre, Domesti Airport Road, Pasay City, Metro	The principal office of the corporation shall be located at **LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque**	The amendment will be made to reflect the updated principal office address of the Company.	Approval

		Manila, Philippines	**City, Metro Manila**, Philippines		

Item 18. Other Proposed Actions

(i) Election of the members of the Board of Directors, including independent directors, for the ensuing calendar year;

(ii) Reappointment of external auditors;

(iii) General ratification of all the acts and proceedings of the incumbent Board of Directors and Management from the date following the last annual stockholders' meeting which are covered by resolutions duly adopted in the normal course of trade or business such as:

a. Approval of the minutes of previous meetings;
b. Approval of the audited financial statements;
c. Approval of the schedule, venue, and agenda of the Annual Stockholders' Meeting.

Item 19. Voting Procedures

Manner of Voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validated by the Company shall be provided with unique log-in credentials to securely access the voting portal and participate and watch the online meeting of the stockholders of the Company. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies.

Vote Required

With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2023, approval of minutes of the annual stockholders' meeting held on 4 December 2023, the approval of the President's Report, election of the members of the Board of Directors, including independent directors, for the ensuing calendar year, and reappointment of external auditors, the approval or ratification of the other actions set forth above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

With respect to the (a) ratification of the approval for amendment of Articles of Incorporation for change of principal address of the Company to LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines, (b) approval for the amendment of By-

Laws for change of principal address of the Company to LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines, and (c) approval for the amendment of By-Laws to change the date of the annual stockholder meeting to be held every 2nd Monday of December of each year, the vote of 2/3 of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the partial results of voting during the meeting. The actual voting results shall be reflected in the minutes of the meeting.

The requirements and procedure for registration, participating and voting are set forth in **Annex "A"** to the Information Statement.

UNDERTAKING

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH WRITTEN REQUEST SHOULD BE ADDRESSED TO:

THE OFFICE OF THE CORPORATE SECRETARY
Penthouse, Liberty Center,
104 H.V. dela Costa Street,
Salcedo Village, Makati City

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in 14 November 2024, on Makati City.

LBC EXPRESS HOLDINGS, INC.

BY:

MIGUEL ANGEL A. CAMAHORT
President, Chief Executive Officer, and Chairman of the Board

Signature page to the Information Statement

ANNEX A

**VIRTUAL ANNUAL STOCKHOLDERS' MEETING
AND REQUIREMENTS AND PROCEDURES
FOR ELECTRONIC VOTING IN ABSENTIA**

The Annual Meeting of the stockholders of LBC EXPRESS HOLDINGS, INC. ("LBCH" or the "Company") will be held on Monday, **9 December 2024 at 2:00 p.m.**

The Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy. Should circumstances change, the Company will timely notify the stockholders if physical attendance will be allowed at the meeting on **9 December 2024**. If such will be the case, the guidelines therefor will be provided through a disclosure at the Philippine Stock Exchange or publication of a notice in a newspaper of general circulation.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia or who participates by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through Zoom with links to be posted in LBCEH's website (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at info@lbcexpressholdings.com. The Company's Electronic Registration and Voting (E-ReV) System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must register through the Company's E-ReV System to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders registered in the E-ReV System at http://www.lbcexpressholdings.com/2024-annual-general-meeting or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

Registration Period

Registration to vote in absentia or via an absentee ballot may be made through the Electronic Registration and Voting (E-ReV) System at http://www.lbcexpressholdings.com/2024-annual-general-meeting (the "E-ReV System") from **9:00 a.m. of 11 November 2024 until 5:00 p.m. of 2 December 2024.** Beyond this time and date, a stockholder may no longer be allowed to personally participate in the Annual Meeting of the stockholders but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 29 November 2024.

Registration Requirements

The following are needed for the online registration:

A. *For individual Stockholders*

1. The unique Stockholder ID which the Stockholder should request from Rizal Commercial Banking Corporation, the stock transfer agent (STA) of LBCH, before commencing with the online registration. Stockholders may reach the LBCH STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
2. Full name of the Stockholder;
3. Valid and current email address;
4. Valid and current contact number, including the area code (landline or mobile number);
5. Citizenship/Nationality; and
6. Digital copy of the Stockholder’s valid and unexpired government-issued ID (in JPG format).

B. *For corporate Stockholders*

1. Secretary’s certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the representative to vote for and on behalf of the corporation;
2. The unique Stockholder ID which the Stockholder should request from the LBCH STA before commencing with the online registration. Stockholders may reach the LBCH STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
3. Full name of the Stockholder’s Representative;
4. Valid and current email address of the Stockholder’s Representative;
5. Valid and current contact number (landline or mobile number) of the Stockholder’s Representative;
6. Citizenship/Nationality of the Stockholder’s Representative; and
7. Digital copy of the valid and unexpired government-issued ID of the Stockholder’s Representative (in JPG format).

C. *For Stockholders with shares under Broker Accounts (PCD Nominees)*

In addition to the requirements specified in Item A or B above:

1. A certification from the stockholder's broker on the Stockholder’s shareholdings in the Company as of the Record Date (in JPG format); and
2. The unique Broker’s ID assigned to stockholder's broker by the PCD, together with sub-ID number assigned by such broker to the stockholder, which the stockholder should request from such broker before commencing with the online registration.

In all cases, incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be allowed access to vote electronically *in absentia* but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 29 November 2024.

Online Registration Procedure

1. Prior to online registration:

(a) For shareholders holding share certificates, contact the LBCH STA via email to secure your unique Stockholder ID. Stockholders are encouraged to secure said unique Stockholder ID via email at **ppflores@rcbc.com** as this has been set up as the primary manner for securing such ID. When contacting the LBCH STA, please be prepared to indicate your stock certificate number/s and corresponding number of shares.

(b) For stockholders whose shares are lodged under broker accounts, in addition to Item 1 (a) above, please contact your respective brokers to secure the necessary requirements under Item C (Registration Requirements).

2. Log-in into the LBCH's E-ReV System using your unique individual Stockholder ID/Broker's ID. Please ensure that you have prepared the necessary information and requirements.
3. Read the Data Privacy Notice in the E-ReV System. If you agree to its terms, please check the box signifying your consent to the processing of your personal information which shall be used solely for purposes of Annual Stockholders' Meeting of LBCH.
4. Enter the information required in the respective fields and upload the digital copies of your valid government-issued photo ID. When all information and digital copies have been uploaded, please click the "Submit" button.

Reminders:

- Please take note of your Stockholder ID/Broker ID and Authentication Code (as described below) and keep them in a safe place. While the Company shall endeavor to take all reasonable steps to generate replacements, the Company cannot in any way guarantee that it will be able to do so in a timely manner.
- A Stockholder's online registration cannot be completed if any of the mandatory requirements are not submitted.
- Only Stockholders who submitted the complete requirements thru the E-ReV System by 2 December 2024, 5:00 P.M., are entitled to personally participate in the Annual Stockholders' Meeting of LBCH.
- In any event, stockholders whose registration cannot be completed may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 15 November 2024.
- In case of any issues relating to your registration in the E-ReV System, or in case you lose your Stockholder ID or Authentication Code, please send an email to info@lbcexpressholdings.com.

Verification of Stockholder Registrations

The Company or the LBCH STA shall verify the information and details submitted through the Electronic Voting in Absentia System, starting on 2 December 2024.

After verification of complete submission of the required information and documents, the stockholder shall receive an e-mail confirming registration in the E-ReV System through the stockholder's e-mail address provided in such registration. Such e-mail confirmation shall include the stockholder's unique Authentication Code (for use during the online AGM) and detailed instructions on how to participate and cast votes in the Annual Meeting of the stockholders of the Company.

In the event that you have not received such e-mail notification by 2 December 2024 please call or contact the Company or the LBCH STA.

Annual Meeting of the Stockholders

The Annual Meeting of the stockholders of LBCH shall be broadcasted online. The procedure for online voting, as well as the manner by which stockholders may bring up questions or concerns to the Board of

Directors, shall be emailed to stockholders who successfully registered before the lapse of the Registration Period and whose registration has been verified.

Data Privacy

Each individual stockholder's (or that of the corporate stockholder's Authorized representative) data will be collected, stored, processed and used exclusively for the purposes of electronic registration in the E-Rev System of LBCH for Annual Meeting of the stockholders. Personal information will be processed and retained in accordance with the Data Privacy Act of 2012 and applicable regulations. The detailed data privacy policy of the Company may be accessed through the Company's website.

ANNEX B-1

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **VICTOR Y. LIM, JR.** Filipino, of legal age, and a resident of 82 Sanso Street, Corinthian Gardens, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LBC Express Holdings, Inc. (the "Corporation").

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Yuchengco Lim Development Corp.	President	1996 to present
V2S Property Developers Co., Inc.	Chairman	2009 to present
Tune Abe Investment Corporation	Chairman	2018 to present
Banco Mexico Inc.	President	2014 to present
Premier Horizon Alliance Corporation	Director	2015 to present
I-Pay Commerce Ventures, Inc.	Director	2016 to present
Rotary Club of Pasig	Member Committee Chairman	2008 to present
Financial Executives Institute of the Philippines (FINEX)	Regular Member Past President	1976 to present (1995)
Management Association of the Philippines (MAP)	Regular Member Life Member	1996 to 2016 2016 to present
Ateneo Scholarship Foundation Inc.	Chairman Trustee	1989 to 1991 1986 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this OCT 0 9 2024 in MAKATI CITY City.

VICTOR Y. LIM JR.
Affiant

SUBSCRIBED AND SWORN to before me this OCT 0 9 2024 in MAKATI CITY, affiant exhibiting to me his SSS NO. 03-1471132-8 issued on ______ at ______ and expiring on ______.

Doc. No. 403;
Page No. 82;
Book No. II;
Series of 2024.

KRISTINE ISABELLE S. SESPEÑE
Appointment No. M-457
Notary Public for Makati City
Until December 31, 2025
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 87427
PTR No. 10081175/Makati City/01-09-2024
IBP No. 301910/Makati City/01-05-2024
Admitted to the bar in 2023

ANNEX B-2

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ANTHONY A. ABAD,** Filipino, of legal age, and a resident of 2 Balmori Street, San Lorenzo Village, Makati 1223 Metro Manila, Philippines, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LBC Express Holdings, Inc. (the "Corporation") and have been its independent director since 2017.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
TRADEADVISORS	CEO and Managing Director	2005-present
WORLD TRADE ORGANIZATION (WTO/OMC)	Panelist, Dispute Settlement Panel	2011-present
WORLD TRADE INSTITUTE	Researcher / PhD Candidate	2024-present
ATENEO DE MANILA UNIVERSITY SCHOOL OF LAW	Professor	1998-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this OCT 0 9 2024 in MAKATI CITY City.

--Signature page follows--

ANTHONY A. ABAD
Affiant

SUBSCRIBED AND SWORN to before me this OCT 0 9 2024 in MAKATI CITY, affiant exhibiting to me his DLNO-N15-80-020827 issued on ______ at LTO and expiring on 2032/12/17.

Doc. No. 401;
Page No. 82;
Book No. II;
Series of 2024.

KRISTINE ISABELLE S. SESPEÑE
Appointment No. M-457
Notary Public for Makati City
Until December 31, 2025
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 87427
PTR No. 10081175/Makati City/01-09-2024
IBP No. 301910/Makati City/01-05-2024
Admitted to the bar in 2023

ANNEX B-3

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **FERDINAND D. TOLENTINO,** Filipino, of legal age, and a resident of 107 Remarville Avenue, Quezon City, Philippines, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LBC Express Holdings, Inc. (the "Corporation").

2. I am affiliated or have been previously affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
LBC Express Inc.	Independent Director	December 2022 to current date
PPP Governing Board	Private Sector Representative	February 2024 to current date
Aboitiz Infra Capital	External Affairs Adviser	June 2023 to June 2025
Jackferijoy Realty Inc	Director	1980s to current date
Small Business Corporation	Board Member and Chairman of the Audit and Compliance Committee	March 2016 to May 2021
PPP Center of the Philippines	Deputy Executive Director	March 2012 to November 2013
CLSA Philippines	Independent Director	2011 to 2012
Isla Lipana & Co. (Pricewaterhouse Coopers)	Director, Tax Services	September 2003 to December 2007
Tariff Commission	Commissioner	April 2001 to August 2003

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

5. I have the required permission or consent to be an independent director in the Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Service Rules.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this OCT 0 9 2024 in MAKATI CITY City.

FERDINAND D. TOLENTINO
Affiant

SUBSCRIBED AND SWORN to before me this OCT 0 9 2024 in MAKATI CITY, affiant exhibiting to me his DSCQ1DNO-D05-D00-D0253W4D issued on 2021/07/26 at Quezon City and expiring on 2031/10/08.

Doc. No. 402;
Page No. 82;
Book No. II;
Series of 2024.

KRISTINE ISABELLE S. SESPEÑE
Appointment No. M-457
Notary Public for Makati City
Until December 31, 2025
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 87427
PTR No. 10081175/Makati City/01-09-2024
IBP No. 301910/Makati City/01-05-2024
Admitted to the bar in 2023

ANNEX C

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

SECRETARY'S CERTIFICATE

I, **CRISTINA S. PALMA GIL-FERNANDEZ,** Filipino, of legal age, with office address at the Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the incumbent Corporate Secretary of **LBC EXPRESS HOLDINGS, INC.** (hereinafter the **"Corporation"**), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines.

2. Based on the respective representations and certifications of the directors and officers of the Corporation, as well as the records of the Corporation presently in my custody, only Director Ferdinand D. Tolentino is currently holding a government position, having been duly appointed on 21 February 2024 as the Private Sector Representative to the Governing Board of the Public-Private Partnership of the Philippines (**"PPP Governing Board"**), to which he does not derive any compensation and/or honorarium.

3. Director Tolentino has further represented that prior to his appointment as Private Sector Representative, he has disclosed to the PPP Governing Board his position as independent director of the Corporation, and that such body has raised no objections thereto.

4. Aside from Director Tolentino, no other directors or officers of the Corporation has disclosed that they are holding any position in any capacity in any government agency or instrumentality.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 08 2024 in Makati City, Metro Manila.

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this OCT 08 2024 in Makati City, Metro Manila, affiant exhibiting to me her Passport with Passport No. P5655630A issued by DFA NCR South on 18 January 2018

Doc. No. 248;
Page No. 51;
Book No. II;
Series of 2024.

MARIANNE JULIA G. ANGELES
Appointment No. M-458
Notary Public for Makati City
Until December 31, 2025
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 84514
PTR No. 10081169/Makati City/01-09-2024
IBP No. 301904/Makati City/01-05-2024
Admitted to the bar in 2023

ANNEX D

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DESCRIPTION OF CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company and its subsidiaries (the "Group") service revenues, cost of services, gross profit, net income and other income line items for the periods indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31							For the nine-months ended September 30			
	2021	2022	2023	2022 vs 2021		2023 vs 2022		2023	2024	2024 vs 2023	
Amounts in (₱ millions)	**Audited**	**Audited**	**Audited**	**Amount**	**% change**	**Amount**	**% change**	**Unaudited**	**Unaudited**	**Amount**	**% change**
Service Revenue	16,249.7	15,189.7	14,513.7	(1,060.0)	(7%)	(676.0)	(4%)	10,882.49	10,582.64	(299.85)	(3%)
Cost of Services	(12,638.3)	(12,323.2)	(11,468.2)	315.1	(2%)	(855.0)	(7%)	(8,604.60)	(8,300.87)	(303.73)	(4%)
Gross Profit	3,611.4	2,866.5	3,045.4	(744.9)	(21%)	178.9	6%	2,277.89	2,281.76	3.88	0%
Operating Expenses	(3,512.4)	(2,482.5)	(2,490.3)	(1,029.9)	(29%)	7.8	0%	(1,820.00)	(1,791.36)	(28.64)	(2%)
Operating Income	99.0	384.0	555.2	285.0	288%	171.2	45%	457.89	490.40	32.52	7%
Other Income (Charges)	(790.4)	(748.4)	(541.5)	(42.0)	(5%)	(206.9)	(28%)	(250.33)	(531.12)	280.79	53%
Income (Loss) before Income Tax	(691.4)	(364.4)	287.5	327.0	47%	651.9	179%	207.56	(40.72)	(248.28)	(610%)
Benefit from (Provision for) Income Tax	(162.2)	(178.8)	(119.3)	(16.6)	(10%)	59.5	33%	(20.03)	(81.00)	60.97	75%
Net Income (Loss)	(853.6)	(543.2)	168.2	310.4	(36%)	711.4	131%	187.52	(121.72)	(309.25)	(254%)
Other comprehensive income (loss)	(42.2)	289.5	(22.2)	331.7	786%	(311.7)	(108%)	28.19	(109.50)	(137.69)	(126%)
Total comprehensive income (Loss)	(895.7)	(253.7)	146.0	642.0	72%	399.7	158%	215.71	(231.22)	(446.94)	(193%)
Net income attributable to:											
Shareholders of LBC Express Holdings, Inc.	(907.7)	(258.3)	153.4	649.4	72%	411.7	159%	215.23	(127.82)	(343.05)	(268%)
Non-controlling interests	11.9	4.6	(7.4)	(7.3)	(61%)	(12.0)	(261%)	(9.47)	6.10	15.57	255%

Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023

Service Revenue

The Company's service revenue decreased by 3% to ₱10,582.64 million for the nine months period ended September 30, 2024, from ₱10,882.49 million for the nine months ended September 30, 2023, mainly from retail segment by 6%. This is countered by the growth in revenue from the corporate segment by 10%.

Cost of Services

Cost of services decreased by 4% to ₱8,300.87 million for the nine months ended September 30, 2024, from ₱8,604.60 million for the nine months ended September 30, 2023, pertaining to improvement in cost of delivery and remittance by 5% and facilities costs (rental, utilities, depreciation) by 8%. There were reductions in direct cost as management continues to engage in cost rationalization programs which also include consolidation of facilities, rightsizing of workforce and improving operational touchpoints.

Gross Profit

Gross profit slightly increased to ₱2,281.76 million for the nine months ended September 30, 2024, from ₱2,277.89 million for the nine months ended September 30, 2023, primarily related to improved efficiency and cost rationalization.

Operating Expenses

Operating expenses came down to ₱1,791.36 million for the nine months ended September 30, 2024, from ₱1,820.00 million for the nine months ended September 30, 2023, mainly driven by decreases in manpower cost, utilities and supplies, depreciation cost, software maintenance cost and other dues and subscriptions. These movements were countered by increases in professional fees, provision in credit losses, and taxes and licenses.

Operating Income

Operating income is higher by 7% to ₱490.40 million for the nine months ended September 30, 2024, from ₱457.89 million for the nine months ended September 30, 2023, mainly due to improvement in gross profit and decrease in operating expenses.

Other Charges, Net

Other charges, net increased to ₱531.12 million for the nine months ended September 30, 2024, from ₱232.10 million for the nine months ended September 30, 2023, mainly from loss on derivative and interest expense.

Net Income (Loss) after tax

Net loss after tax amounted to ₱121.72 million for the nine months ended September 30, 2024, from income of ₱205.76 million for the nine months ended September 30, 2023, which is mostly from higher Non-operating losses mainly from loss on valuation of convertible bond and interest expense.

This is countered by the uplift in operating income by 7% as the result of rationalization in direct and facilities costs.

Quarter ended September 30, 2024 compared to the quarter ended September 30, 2023

Service Revenue

The Company's service revenue decreased by 2% to ₱3,450.34 million for the quarter ended September 30, 2024, from ₱3,509.16 million for the quarter ended September 30, 2023, mainly from overseas by 6% while improvement can be observed in domestic revenue from the corporate segment by 8%.

Cost of Services

Cost of services went down by 1% to ₱2,707.75 million for the three months ended September 30, 2024, from ₱2,729.64 million for the three months ended September 30, 2023, pertaining to improvement in cost of delivery and remittance cost and decrease in rent, depreciation cost, and utilities and supplies expense, in aligned to the decline in current sales volume and improvement from rationalization program. This was countered by increase in manpower and transportation cost.

Gross Profit

Gross profit amounted to ₱742.92 million for the three months ended September 30, 2024, which is a decrease from ₱780.16 million for the three months ended September 30, 2023, primarily related to movement in sales volume.

Operating Expenses

Operating expenses decreased by 5% to ₱583.62 million for the three months ended September 30, 2024, from ₱613.22 million for the three months ended September 30, 2023, mainly due to decrease in manpower and depreciation cost, despite the increase in professional fees and taxes and licenses.

Operating Income

Operating income amounted to ₱159.30 million for the three months ended September 30, 2024, from ₱166.94 million for the three months ended September 30, 2023, mostly driven by decline in gross profit, countered by lower operating expenses.

Other Charges, Net

Other charges, net increased to ₱21.74 million for the three months ended September 30, 2024, from ₱11.50 million for the three months ended September 30, 2023, because of losses incurred in the valuation of derivative liability in 2024 as compared to gains in 2023. This was offset by gains in foreign exchange and lower interest expense due to extension of maturity of convertible instrument.

Net Income after tax

Net income after tax resulted to ₱69.22 million for the three months ended September 30, 2024, a decline from ₱123.63 million for the three months ended September 30, 2023, mainly due to the following:

- Increase in other charges - net due to losses in incurred in the valuation of derivative, as offset by gains in foreign exchange and lower interest expense.
- Increase in income tax expense to ₱68.30 million in 2024 as compared to ₱31.81 million in 2023.
- Decrease in operating income by 5%.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31						For the nine-months ended September 30			
	2021		2022		2023		2023		2024	
Amounts in (₱ millions)	Audited	% of Total	Audited	% of Total	Audited	% of Total	Unaudited	% of Total	Unaudited	% of Total
ASSETS										
Current Assets										
Cash and cash equivalents	3,475.1	22%	3,517.6	21%	2,281.8	15%	1,796.8	12%	2,403.2	16%
Trade and other receivables	2095.6	13%	2,045.0	12%	1,950.2	13%	2,011.5	14%	2,098.0	14%
Due from related parties	1,118.6	7%	1,156.1	7%	1,139.9	7%	1,173.7	8%	1,134.5	8%
Investment at fair value through profit or loss	15.7	0%	2.2	0%	2.3	0%	2.2	0%	2.3	0%
Prepayments and other current assets	2,909.4	18%	1,480.5	9%	1,265.9	8%	1,332.1	9%	1,285.6	9%
Total Current Assets	**9,614.4**	**60%**	**8,201.4**	**49%**	**6,640.0**	43%	6,316.4	43%	6,923.5	46%
Noncurrent Assets										
Property and equipment	1,899.7	12%	2,167.4	13%	2,644.2	17%	2,521.5	17%	2,507.8	17%
Right-of-use assets	2,213.3	14%	2,052.5	12%	1,980.5	13%	1,571.4	11%	1,580.2	11%
Intangible assets	268.0	2%	256.0	2%	237.0	2%	238.8	2%	228.5	2%
Investment at fair value through other comprehensive income	189.2	1%	199.0	1%	191.1	1%	206.8	1%	115.1	1%
Deferred tax assets - net	462.1	3%	521.4	3%	526.0	3%	558.1	4%	519.7	3%
Security deposits	401.6	3%	427.4	3%	419.1	3%	424.1	3%	380.6	3%
Investment in associate	354.8	2%	371.7	2%	356.0	2%	345.7	2%	363.0	2%
Goodwill	287.0	2%	287.0	2%	287.0	2%	287.0	2%	287.0	2%
Other noncurrent assets	227.5	1%	2,106.1	13%	2,094.3	14%	2,077.4	14%	2,043.0	14%
Total Noncurrent Assets	**6,303.4**	**40%**	**8,388.5**	**51%**	**8,734.7**	57%	8,230.7	57%	8,025.0	54%
Total Assets	**15,917.8**	**100%**	**16,589.9**	**100%**	**15,374.8**	100%	14,547.1	100%	14,948.5	100%
Current Liabilities										
Accounts and other payables	3,358.2	21%	3,890.1	23%	3,380.1	22%	3,037.4	21%	3,539.1	24%
Due to related parties	36.4	0%	30.6	0%	11.5	0%	15.9	0%	18.1	0%
Current portion of notes payable	1,160.6	7%	1,442.3	9%	1,375.3	9%	1,242.9	9%	1,137.6	8%
Transmissions liability	903.0	6%	850.3	5%	606.8	4%	648.6	4%	617.8	4%
Income tax payable	55.8	0%	25.0	0%	19.4	0%	18.3	0%	3.2	0%
Current portion of lease liabilities	942.8	6%	919.4	6%	828.2	5%	668.5	5%	752.7	5%
Derivate Liability	2,558.1	16%	2,180.9	13%	2,030.0	13%	2,082.6	14%	2,227.7	15%
Bond Payable	1,702.1	11%	1,715.4	10%	1,979.7	13%	1,952.5	13%	2,179.8	15%
Bond Redemption Payable	-	0%	1,014.7	6%	-	0%	-	0%	-	0%
Total Current Liabilities	**10,717.1**	**67%**	**12,068.7**	**73%**	**10,231.0**	67%	9,666.6	66%	10,476.0	70%
Noncurrent Liabilities										
Retirement benefit liability	803.7	5%	734.5	4%	900.7	6%	855.9	6%	987.8	7%
Notes payable - net of current portion	832.1	5%	661.1	4%	947.4	6%	922.2	6%	747.1	5%
Deferred tax liability - net	15.0	0%	-	-	-	-	-	-	-	-
Lease liabilities - net of current portion	1,477.8	9%	1,343.6	8%	1,369.6	9%	1,088.3	7%	1,042.7	7%
Other non-current liabilities	0.7	0%	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	**3,129.3**	**20%**	**2,739.2**	**17%**	**3,217.7**	21%	2,866.4	20%	2,777.6	19%
Total Liabilities	**13,846.3**	**87%**	**14,807.9**	**89%**	**13,448.7**	87%	12,533.1	86%	13,253.6	89%
Equity										
Equity attributable to shareholders of the parent company										
Capital stock	1,425.9	9%	1,425.9	9%	1,425.9	9%	1,425.9	10%	1,425.9	10%
Retained earnings	670.2	4%	128.3	1%	304.6	2%	343.5	2%	176.7	1%
Accumulated comprehensive income (loss)	(45.5)	0%	238.1	1%	215.3	1%	265.3	2%	102.3	1%
Non-controlling interests	20.9	0%	(10.3)	0%	(19.6)	0%	(20.6)	0%	(10.0)	0%
Total Equity	**2,071.5**	**13%**	**1,782.0**	**11%**	**1,926.1**	13%	2,014.0	14%	1,694.9	11%
Total Liabilities and Equity	**15,917.8**	**100%**	**16,589.9**	**100%**	**15,374.8**	100%	14,547.1	100%	14,948.5	100%

FINANCIAL CONDITION

As of September 30, 2024 compared to as of December 31, 2023

Assets

Current Asset
Cash and cash equivalents increased by 5% to ₱2,403.15 million as of September 30, 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 ₱2,098.03 million as of September 30, 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 9% and 10%, respectively, offset by the higher allowance for expected credit losses as a factor of the additional provisions this period.

Due from related parties has minimal movement as compared to last reporting period, to ₱1,134.46 million as of September 30, 2024, from ₱1,139.86 million as of December 31, 2023 mainly from settlement of advances and notes receivable, offset by the recognized dividend receivables from an associate.

Investments at fair value through profit and loss increased to ₱2.33 million as of September 30, 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 increased by 2% to ₱1,285.55 million as of September 30, 2024, from ₱1,265.92 million as of December 31, 2023, primarily attributable to additional insurance payments, creditable withholding taxes, reclassification of input VAT on capital goods, which were countered by amortization of prepaid employee benefits, taxes and the reduced level of restricted cash in bank and short-term investments. Notes receivable from a related party was also fully settled during the period.

Noncurrent Assets
Property and equipment, net decreased by 5% to ₱2,507.81 million as of September 30, 2024, from ₱2,644.17 million as of December 31, 2023, mostly due to depreciation expense recognized during the period and retirement of leasehold, office furniture and equipment, and computer hardware related to closed branches.

Right-of-use assets, net is lower by 20% to ₱1,580.18 million as of September 30, 2024, from ₱1,980.48 million as of December 31, 2023, mainly attributable to amortization amounting to ₱646.61 million as of the period, offset by the net effect of additions and end of contracts at
₱246.31 million.

Intangible assets decreased by 4% to ₱228.54 million as of September 30, 2024, from ₱236.89 million as of December 31, 2023, mainly attributable to amortization amounting to ₱56.36 million as of the period, as countered by the additions in one of the subsidiaries amounting to ₱48.25 million.

Investment at fair value through other comprehensive income went down by 40% to ₱115.09 million as of September 30, 2024, from ₱191.16 million as of December 31, 2023, relative to movement in market price from ₱0.98/share to ₱0.59/share.

Investment in associates increased to ₱362.97 million as of September 30, 2024, from ₱355.57 million as of December 31, 2023, due to share in earnings, offset by dividends declaration by one of the associates.

Deferred tax assets - net slightly decreased by 1% to ₱519.72 million as of September 30, 2024, from ₱525.94 million as of December 31, 2023, due to application of net operating loss carry over (NOLCO), as countered by increase in minimum corporate income tax recognized and higher deferred taxes from retirement liability.

Security deposit decreased by 9% to ₱380.64 million as of September 30, 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 ₱2,042.98 million as of September 30, 2024, from ₱2,094.31 million as of December 31, 2023, because of settlements of loan and note receivables as well as reclassification of input VAT on capital goods to current assets.

Liabilities

Accounts and other payable increased by 5% to ₱3,539.08 million as of September 30, 2024, from ₱3,380.08 million as of December 31, 2023, due to increase in trade payables, contracted services, and taxes payable, offset by the lower contractual liabilities and settlement of trade payables to a related party.

Due to related parties increased to ₱18.09 million as of September 30, 2024, from ₱11.48 million as of December 31, 2023, due to additional advances from an affiliate.

Notes payable (current and noncurrent) decreased to ₱1,884.70 million as of September 30, 2024, from ₱2,322.66 million as of December 31, 2023, driven by the settlement of loans amounting to ₱1,482.83 million, offset by total availment during the period amounting to ₱1,044.86 million.

Transmissions liability slightly increased to ₱617.78 million as of September 30, 2024, from ₱606.73 million as of December 31, 2023, mainly attributable to additional transactions.

Income taxes payable declined to ₱3.19 million as of September 30, 2024, from ₱19.44 million as of December 31, 2023, mainly attributable to lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 12% to ₱1,795.41 million as of September 30, 2024, from ₱2,197.83 million as of December 31, 2023, primarily pertaining to lease payments during the period.

Bond payable increased by 10% to ₱2,179.79 million as of September 30, 2024, from ₱1,979.74 million as of December 31, 2023, mainly from the accretion of interest amounting to ₱188.27 million and the foreign exchange losses recognized amounting to ₱10.72 million.

Derivative liability increased to ₱2,227.74 million as of September 30, 2024, from ₱2,030.07 million as of December 31, 2023, related to the loss on valuation incurred for the period amounting to ₱197.67 million.

Retirement benefit obligation increased to ₱987.81 million as of September 30, 2024, from ₱900.66 million as of December 31, 2023, primarily due to accrual of expense recognized in current period.

As of December 31, 2023 compared to as of December 31, 2022

Assets

Current Asset

Cash and cash equivalents decreased by 35% to ₱2,281.86 million as of December 31, 2023, from ₱3,517.62 million as of December 31, 2022. This effect is mainly from the settlement of redemption payable related to convertible instrument in 2023. Refer also to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net decreased to ₱1,950.15 million as of December 31, 2023, from ₱2,045.05 million as of December 31, 2022, driven by the increase in allowance for expected credit losses as a factor of the additional provisions this year, write off of an affiliate receivable and the decline in other receivables mainly related to SSS benefit.

Due from related parties went down to ₱1,139.86 million as of December 31, 2023, from ₱1,156.08 million as of December 31, 2022, mainly due to settlements.

Investments at fair value through profit and loss increased to ₱2.24 million as of December 31, 2023, from ₱2.17 million as of December 31, 2022, due to fair value gain amounting to ₱0.10 million during the year.

Prepayments and other current assets declined by 14% to ₱1,265.92 million as of December 31, 2023, from ₱1,480.53 million as of December 31, 2022, primarily attributable to the impact of the following:

- Transfer of short-term investment and restricted cash to cash in bank;
- Input value-added tax (VAT) decreased by 26% because of decline in costs and application/usage during the year; and
- Prepaid employee benefits went down by 30% due to expense out of loyalty awards, educational and medical benefits.
- Offset by the increases in prepaid taxes.

Noncurrent Assets

Property and equipment, net increased by 22% to ₱2,644.17 million as of December 31, 2023, from ₱ 2,167.40 million as of December 31, 2022, primarily due to additions amounting to ₱787.32 million, offset by depreciation and net disposal amounting to ₱286.95 million and ₱23.8 million, respectively.

Right-of-use assets’ net is lower by 4% to ₱1,980.48 million as of December 31, 2023, from ₱2,052.46 million as of December 31, 2022, mainly attributable to amortization amounting to ₱1,024.71 million, which is offset by additions of ₱1,083.84 million, resulting from new branches and renewals.

Intangible assets, net is lower by 7% to ₱236.89 million as of December 31, 2023, from ₱255.99 million as of December 31, 2022, driven by amortization of ₱73.80 million, offset by ₱54.34 million additions.

Investment at fair value through other comprehensive income went up down 4% to ₱191.16 million as of December 31, 2023, from ₱198.96 million as of December 31, 2022, relative to movement in market price from ₱1.02/share to ₱0.98/share.

Investment in associates decreased to ₱355.57 million as of December 31, 2023, from ₱371.66 million as of December 31, 2022, due to the dividends declared by an associate during the year.

Deferred tax assets - net increased by 1% to ₱525.94 million as of December 31, 2023, from ₱521.42 million as of December 31, 2022, largely because of the additional income tax deferred recognized related to MCIT and allowance for impairment losses. This is offset by reduction of NOLCO as portion of it was applied this year.

Security deposit decreased by 2% to ₱419.20 million as of December 31, 2023, from ₱427.43 million as of December 31, 2022, mainly due to forfeitures and applications to rent expense of closed branches.

Other noncurrent assets decreased by 1% to ₱2,094.31 million as of December 31, 2023, from ₱2,106.06 million as of December 31, 2022, because of settlements of loan and note receivables and application of input VAT on capital goods.

Liabilities

Accounts and other payable is lower by 13% to ₱3,380.08 million as of December 31, 2023, from ₱3,890.05 million as of December 31, 2022 mainly due to settlement of trade payables, withholding tax payment related to dividends declared by the Board of Directors of North America entities and lower amount of contractual liabilities.

Notes payable (current and noncurrent) increased to ₱2,322.66 million as of December 31, 2023, from ₱ 2,103.39 million as of December 31, 2022, driven by the availment of loans amounting to ₱999.12 million, offset by total settlement during the period amounting to ₱779.85 million.

Transmissions liability went down by 29% to ₱606.73 million as of December 31, 2023, from ₱850.30 million as of December 31, 2022, mainly attributable to transactions claimed during the period.

Income taxes payable went down by 22% to ₱19.44 million as of December 31, 2023, from ₱25.03 million as of December 31, 2022, mainly attributable to lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 3% to ₱2,197.83 million as of December 31, 2023, from ₱2,262.94 million as of December 31, 2022, primarily pertaining to lease payments during the year amounting to ₱1,153.24 million, offset by the additions amounting to ₱1,083.36 million.

Bond payable increased by 15% to ₱1,979.74 million as of December 31, 2023, from ₱1,715.38 million as of December 31, 2022, mainly from the accretion of interest amounting to ₱285.05 million, offset by foreign exchange gain recognized amounting to ₱20.69 million.

Derivative liability decreased to ₱2,030.07 million as of December 31, 2023, from ₱2,180.88 million as of December 31, 2022, related to the gain on valuation incurred for the period amounting to ₱150.81 million.

Redemption payable amounting to ₱1,014.74 million as of December 31, 2022, related to convertible instrument was settled in 2023.

Retirement benefit obligation increased to ₱900.66 million as of December 31, 2023, from ₱734.48 million as of December 31, 2022, primarily due to accrual of expense recognized in current period.

<u>As of December 31, 2022, compared to as of December 31, 2021</u>

Assets

Current Assets
Cash and cash equivalents decreased by 1% to ₱3,517.43 million as of December 31, 2022, from ₱3,475.11 million as of December 31, 2021. Refer to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net decreased by 2% to ₱2,045.05 million as of December 31, 2022, from ₱2,095.62 million as of December 31, 2021, due to settlements from both outside and related parties.

Due from related parties increased by 3% to ₱1,156.08 million as of December 31, 2022, from ₱1,118.61 million as of December 31, 2021, mostly from receivable related to platform subscription fee.

Investments at fair value through profit and loss declined to ₱2.17 million as of December 31, 2022, from ₱15.69 million as of December 31, 2021, due to sale of investments.

Prepayments and other current assets decreased by 49% to ₱1,480.53 million as of December 31, 2022 from ₱2,909.41 million as of December 31, 2021, because of the reclassification of advance payments of taxes to other non-current assets as the management expects to realize it for more than a year.

Noncurrent Assets
Property and equipment, net increased by 14% to ₱2,167.40 million as of December 31, 2022, from ₱1,899.75 million as of December 31, 2021, primarily due to additions amounting to ₱636.03 million, offset by depreciation amounting to ₱369.00 million and net book value of disposal amounting to ₱3.34 million.

Right-of-use assets, net is lower by 7% to ₱2,052.46 million as of December 31, 2022, from ₱2,213.34 million as of December 31, 2021, mainly due to amortization that amounts to ₱1,046.12 million, offset by net additions of ₱981.77 million resulting mostly from new branches and renewals.

Intangible assets, net is lower by 4% to ₱255.99 million as of December 31, 2022, from ₱268.04 million as of December 31, 2021, driven by amortization of ₱38.48 million, offset by ₱31.90 million additions for the year.

Investment at fair value through other comprehensive income is up by 5% to ₱198.96 million as of December 31, 2022 from ₱189.21 million as of December 31, 2021, relative to movement in market price from ₱0.97/share to ₱1.02/share.

Investment in associate decreased by 5% to ₱371.66 million as of December 31, 2022, from ₱354.79 million as of December 31, 2021 due to cash dividends received, offset by the share in net income of the associates during the year.

Deferred tax assets - net increased by 13% to ₱521.41 million as of December 31, 2022, from ₱462.14 million as of December 31, 2021 largely because of the additional income tax deferred recognized related to NOLCO and unrealized foreign exchange losses.

Security deposit is higher by 6% to ₱427.43 million as of December 31, 2022 from ₱401.64 million as of December 31, 2021, due to additional security deposits paid for the existing warehouse and branches.

Liabilities
Accounts and other payable increased by 16% to ₱3,890.05 million as of December 31, 2022, from ₱3,358.18 million as of December 31, 2021. Majority of the variance represents the increase in taxes payable and trade payables to outside parties.

Notes payable (current and noncurrent) increased to ₱2,103.39 million as of December 31, 2022, from ₱1,992.73 million as of December 31, 2021, driven by the availment of loan amounting to ₱781.51 million, offset by the settlement amounting to ₱670.85 million during the year.

Transmissions liability went down by 6% to ₱850.30 million as of December 31, 2022, from ₱903.00 million as of December 31, 2021, mainly attributable to transactions claimed during the year.

Income tax payable decreased by 55% to ₱25.03 million as of December 31, 2022, from ₱55.82 million as of December 31, 2021 because of lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 7% to ₱2,262.94 million as of December 31, 2022, from ₱2,420.60 million as of December 31, 2021, primarily pertaining to lease payments during the year.

Bond payable increased by 1% to ₱1,715.38 million as of December 31, 2022, from ₱1,702.09 million as of December 31, 2021, mainly from the accretion of interest amounting to ₱308.40 million and foreign exchange loss recognized amounting to ₱189.11 million, offset by the redemption amounting to ₱484.22 million.

Derivative liability is down to ₱2,180.88 million as of December 31, 2022, from ₱2,558.12 million as of December 31, 2021, related to redemption amounting to ₱607.89 million, offset by the loss on valuation incurred for the period amounting to ₱230.55 million.

Redemption payable related to convertible instrument amounted to ₱1,014.74 million was recognized as of December 31, 2022.

Retirement benefits liability decreased by 9% to ₱734.48 million as of December 31, 2022 from ₱803.74 million as of December 31, 2021 primarily attributable to actuarial gains arising from changes in financial assumptions.

As of December 31, 2021, compared to as of December 31, 2020

Assets

Current Assets
Cash and cash equivalents decreased by 34% to ₱3,475.11 million as of December 31, 2021 from ₱5,246.05 million as of December 31, 2020. Refer to analysis of cash flows in "Liquidity" section below.

Trade and other receivables, net increased to ₱2,095.62 million as of December 31, 2021 from ₱1,983.37 million as of December 31, 2020 mainly driven by increase in 'Trade receivable - related parties' by 18% because of the higher volume of acceptances from overseas bound to Philippines.

Investment at fair value through profit or loss is higher by 5% to ₱15.69 million as of December 31, 2021 from ₱14.94 million as of December 31, 2020 driven by the fair value gain and related foreign exchange gain amounting to ₱0.02 million and ₱0.73 million, respectively.

Prepayments and other current assets increased to ₱2,909.41 million as of December 31, 2021 from ₱896.45 million as of December 31, 2020 primarily due to the following attributes:

- Advance payments for national taxes which can be refunded or be used to settle specific tax liabilities, if there's any, or be used as tax credit for future tax liabilities;
- Additional restricted cash representing LBCH's time deposit guarantee to LBCE loans; and
- Acquired vaccines for COVID19.

Noncurrent Assets

Property and equipment, net decreased by 7% to ₱1,899.75 million as of December 31, 2021 from ₱2,031.82 million as of December 31, 2020, primarily due to net depreciation of assets.

Right-of-use assets, net is higher by 1% to ₱2,213.34 million as of December 31, 2021 from ₱2,197.90 million as of December 31, 2020, mainly due to additions of ₱1,067.75 million, offset by amortization of ₱1,034.49 million for the year. There is also the effect of lease modifications and changes in foreign exchange rates.

Intangible assets, net is lower by 17% to ₱268.04 million as of December 31, 2021 from ₱321.69 million as of December 31, 2020, driven by amortization of ₱93.74 million, offset by ₱39.26 million additions for the year.

Investment at fair value through other comprehensive income is down by 18% to ₱189.21 million as of December 31, 2021 from ₱232.12 million as of December 31, 2020, relative to movement in market price from ₱1.19/share to ₱0.97/share.

Investment in associates is up by 13% to ₱354.79 million as of December 31, 2021 from ₱314.28 million as of December 31, 2020 due to share in net income of the associates during the year.

Deferred tax assets - net increased by 4% to ₱462.14 million as of December 31, 2021 from ₱443.56 million as of December 31, 2020 mainly from NOLCO and MCIT recognized for the year; offset by the impact of CREATE Law transition.

Liabilities

Accounts and other payables is up by 12% to ₱3,358.18 million as of December 31, 2021 from ₱2,985.54 million as of December 31, 2020, primarily due to increase in trade payable and accruals for manpower cost and advertising as operating costs were higher this year relative to increase in revenue.

Notes payable (current and noncurrent) increased to ₱1,992.73 million as of December 31, 2021 from ₱1,879.73 million as of December 31, 2020, driven by availments amounting to ₱508.86 million, offset by settlements amounting to ₱395.86 million.

Transmission liability went down by 17% to ₱903.00 million as of December 31, 2021 from ₱1,081.61 million as of December 31, 2020, mainly attributable to decline in merchant liabilities.

Income tax payable is higher by 17% to ₱55.82 million as of December 31, 2021 from ₱47.62 million as of December 31, 2020 mainly due to increase in taxable income related to foreign subsidiaries.

Lease liabilities (current and noncurrent) is higher by 2% to ₱2,420.60 million as of December 31, 2021 from ₱2,368.33 million as of December 31, 2020, primarily pertaining to additions to right-of-use assets amounting to ₱1,067.75 million, offset by lease payments during the period amounting to ₱1,098.94 million. There is also the movement related to lease modification, rent concession and accretion of interest.

Dividends payable amounting to ₱5.69 million as of December 31, 2020 represent remaining balance of cash dividends declared by LBCH and a partially owned subsidiary in 2020. This was paid in January 2021.

Bond payable increased by 24% to ₱1,702.09 million as of December 31, 2021 from ₱1,377.72 million as of December 31, 2020, mainly from the accretion of interest amounting to ₱239.49 million and foreign exchange loss recognized amounting to ₱84.87 million.

Derivative liability increased to ₱2,558.12 million as of December 31, 2021 from ₱2,099.79 million as of December 31, 2020, related to the loss on valuation incurred for the year amounting to ₱458.33 million.

Other liabilities account is lower by 96% to ₱0.70 million as of December 31, 2021 from ₱17.45 million in 2020 due to settlements during the year.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the years ended December 31			**For the nine-months ended September 30**	
	2021	**2022**	**2023**	**2023**	**2024**
Amounts in (₱ millions)	Audited	Audited	Audited	Unaudited	Unaudited
Net cash provided by (used in) operating activities	(₱446.7)	₱1,741.0	₱1.548.1	₱727.8	₱1,494.9
Net cash generated from (used in) investing activities	(335.6)	(643.6)	(689.9)	(552.5)	(53.2)
Net cash generated from (used in) financing activities	(1,107.2)	(1,178.4)	(2,059.8)	(1,879.9)	(1,290.4)
Net increase (decrease) in cash and cash equivalents	(1,889.5)	(81.0)	(1,199.7)	(1,704.6)	151.3
Effect of foreign currency exchange rate changes on cash and cash equivalents	118.6	123.5	(34.1)	(16.3)	(30.0)
Cash and cash equivalents					
Beginning of year/period	5,246.1	3,475.1	3.517.6	3,517.6	2,281.9
End of year/period	**₱3,475.1**	**₱3,517.6**	**₱2,281.9**	**₱1,796.8**	**₱2,403.1**

LIQUIDITY

Cash Flows

Nine months ended September 30, 2024 compared to the nine months ended September 30, 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 and losses, gain and loss on derivative, equity in net earnings of associates and changes in working capital. The Company's net cash inflows from these activities amounted to ₱1,494.85 million and ₱ 727.77 million for the nine months ended September 30, 2024 and 2023, respectively.

Cash flows from investing activities

Cash used in investing activities for the nine months ended September 30, 2024 and 2023 amounted to ₱53.21 million and ₱552.48 million, respectively. For the nine months ended September 30, 2024, the Company spent ₱129.78 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the nine months ended September 30, 2024 and 2023 amounted to ₱1,290.39 million and ₱1,879.87 million, respectively. Other activities comprise primarily of payments of lease liabilities and notes payable

Year ended December 31, 2023 compared to the year ended December 31, 2022

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 ₱1,549.95 million and ₱1,741.05 million for the year ended December 31, 2023 and 2022, respectively.

Cash flows from investing activities
Cash used in investing activities for the year ended December 31, 2023 and 2022 amounted to ₱689.87 million and ₱643.467 million, respectively. For the year ended December 31, 2023, the Company spent ₱ 800.36 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities
Net cash used in financing activities for the year ended December 31, 2023 and 2022 amounted to ₱2,059.82 million and ₱1,178.42 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.

Year ended December 31, 2022 compared to the year ended December 31, 2021

Cash flows from operating activities
The Company's net cash from operating activities is primarily affected by loss before income tax, depreciation and amortization, retirement benefit expense, interest expense, unrealized foreign exchange loss, loss on derivative, equity in net earnings of associates, gain on redemption of convertible instruments and changes in working capital. The Company's cash inflows from (used in) these activities amounted to ₱1,741.05 million and (₱446.70) million for the year ended December 31, 2021, respectively.

Cash flows from investing activities
Net cash used in investing activities for the year ended December 31, 2022 and 2021 amounted to ₱643.67 million and ₱335.64 million, respectively. For the year ended December 31, 2022, the Company spent ₱695.28 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities
Net cash used in financing activities for the year ended December 31, 2022 and 2021 amounted to ₱1,178.42 million and ₱1,107.20 million, respectively. In 2022 and 2021, cash used comprise primarily of payments of lease liabilities and notes payable.

<u>Year ended December 31, 2021 compared to the year ended December 31, 2020</u>

Cash flows from operating activities
The Company's net cash from operating activities is primarily affected by loss 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 flows from these activities resulted to a net cash outflow of ₱446.70 million for the year ended December 31, 2021 and net cash inflow of ₱1,791.05 million for the year ended December 31, 2020. The outflow in 2021 is primarily because of the movement in working capital. Cash inflow before changes in working capital is ₱1,726.07 million and ₱2,286.69 million for 2021 and 2020, respectively.

Cash flows from investing activities
Cash used in investing activities for the year ended December 31, 2021 and 2020 amounted to ₱335.64 million and ₱468.15 million, respectively. For the year ended December 31, 2021, the Company spent ₱384.27 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities
Net cash used in financing activities for the year ended December 31, 2021 and 2020 amounted to ₱1,107.20 million and ₱367.68 million, respectively. Financing activities include payments of finance lease obligations, notes payable and related interests.

CAPITAL EXPENDITURES

The Group's capital expenditures for the years ended December 31, 2021, 2022 2023 and for the period ended September 30, 2024 were ₱314.5 million, ₱117.5 million, ₱1,269.6 million, and ₱68.9 million respectively. The table below sets forth the primary capital expenditures of the Group over the same periods.

	For the years ended December 31			For the nine-months ended September 30
	2021	**2022**	**2023**	**2024**
Transportation equipment	₱18.3	₱4.2	₱6.3	₱3.4
Leasehold improvements	141.0	9.2	32.9	19.3
Furniture, fixture and office equipment	74.8	58.8	67.2	12.8
Computer hardware	80.4	45.3	21.8	33.4
Building	-	-	1,141.4	-
Total capital expenditures	**₱314.5**	**₱117.5**	**₱1,269.6**	**₱68.9**

LBC Express' capital expenditure plans currently comprise the establishment of additional branches, the improvement of existing branches and further updates to its IT infrastructure.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the Group's contractual obligations and commitments as of September 30, 2024:

	Contractual Obligations and Commitments			
		Principal Payments Due by Period (₱ millions)		
	Total	**Fiscal 2025**	**Fiscal 2025 - 2028**	**Fiscal 2029 onwards**
Lease liabilities	**₱2,285.1**	**752.7**	**1,142.1**	**390.3**

The table below sets forth key financial performance indicators for the Group for the years ended December 31, 2021, 2022, 2023 and for the nine (9) months ending September 30, 2024:

Financial Key Performance Indicators

	For the years ended December 31			**For the nine-months ended September 30**	
	2021	**2022**	**2023**	**2023**	**2024**
	Audited	Audited	Audited	Unaudited	Unaudited
Gross profit (service fees less cost of services) (₽ millions)	3,611.4	2,866.5	3,045.4	2,277.9	2,281.76
Operating income(1) (₽ millions)	99.0	384.0	555.2	457.9	1,791.36
EBITDA(2) (₽ millions)	1,320.5	1,605.9	2,199.2	1,596.3	1,154.6
EBITDA margin (3)(%)	8%	11%	15%	14.7%	10.9%
Net income (4) (₽ millions)	(853.6)	(543.2)	168.2	205.8	(121.7)
Net profit margin (5) (%)	(5%)	(4%)	1%	0%	0%
Total debt(6) (₽ millions)	8,693.9	9,278.3	8,530.3	7,957.0	8,087.6
Net cash(7) (₽ millions)	(5,218.8)	(5,760.6)	(6,248.5)	(6,160.8)	(5,684.5)

Notes:

(1) *Operating income is calculated as income before income tax, interest expense-net and other income (expense).*

(2) *EBITDA is calculated as income before income tax plus depreciation and amortization and interest expense-net. EBITDA is not a measure of performance under IFRS or PFRS, and investors should not consider EBITDA in isolation or as alternatives to net profit as an indicator of the Group's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Group's presentation of this measure may not be comparable to similarly titled measures used by other companies.*

(3) *EBITDA as a percentage of service revenues.*

(4) *Net income before other comprehensive income.*

(5) *Net income as a percentage of service revenues.*

(6) *Total debt includes notes payable (current and non-current portion), lease liabilities in years presented prior to 2019 (current and non-current, excluding deferred lease liability arising from PAS 17 adjustment), convertible instrument and other liabilities (including current portion presented under Accounts Payable).*

(7) *Calculated as total cash and cash equivalents less total debt.*

FINANCIAL RATIOS

		2021	2022	2023	September 30, 2024
Current ratio	Current Assets/Current Liabilities	0.90:1	0.68:1	0.65:1	0.66
Debt to equity ratio	Total Liabilities/Stockholders' Equity	6.75:1	8.31:1	6.91:1	7.77:1
Debt to total assets ratio	Total Liabilities/Total Assets	0.87:1	0.89:1	0.87:1	0.89:1
Return on average assets	Net income attributable to Parent Company/Average Assets(1)	(5.49%)	(3.33%)	0.01	(0.01)
Book value per share	Stockholders' Equity (including non-controlling interest)/Total Number of Shares	₱1.44	₱1.25	₱1.36	₱1.20
Earnings/(Loss) per share	Net Income or (Loss) attributable to Parent Company/ Weighted Average Number of Common Shares Outstanding	(₱0.61)	(₱0.38)	₱0.12	(₱0.09)

Notes:

(1) Average assets is Total Assets at the beginning of the period plus Total Assets at the end of the period, divided by two.

DEBT OBLIGATIONS AND FACILITIES

The Group's debt obligations mainly comprise loan and notes availments from various local banks, and the bonds payable to CP Briks.

As of September 30, 2024, long-term notes payable amounted to ₱747.1 million, representing the outstanding noncurrent portion of various loans from Unionbank availed in 2019 to 2022.

As of September 30, 2024, the bond payable and the derivative liability amounted to ₱2,227.7 million and ₱2,179.8 million, respectively, resulting from the issuance of a seven-year secured convertible instrument (the "Convertible Bonds"), in favor of CP Briks in the aggregate principal amount of US$50.0 million, convertible at any time into agreed number of common shares of the Company at the option of the holder at ₱13.00 per share conversion price (using the US$1=₱50 exchange rate). The instrument is due in 2024 or the seventh anniversary from the issuance date.

The Company has covenants under the Convertible Bonds which are standard and customary for transactions of similar nature, including financial covenants to ensure that, on a consolidated basis, (a) the ratio of total debt (excluding the Convertible Bonds) to EBITDA for any relevant period 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 (excluding the Convertible Bonds) on each relevant date to shareholders' equity for that relevant period shall be no more than 1:1. The determination and calculation of the foregoing financial ratios are subject to the terms of the LBC Convertible Instrument.[1] The Company also has a covenant to ensure that neither it or its Subsidiaries shall incur, create or permit to subsist or have

[1] The calculation of these financial ratios are not the same with the manner of calculation of the Company's key performance indicators.

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.

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.

On August 2, 2024, CP Briks agreed to extend the maturity date from August 4, 2024 to such time CP Briks opts to terminate the instrument upon thirty (30) days prior notice ("Extended Stated Maturity Date"). LBCH acknowledges and agrees that the interest in the instrument shall continue to accrue from the original stated maturity date until the extended maturity date, at the relevant IRR pursuant to Sections 4 and 5 of the instrument. Any reference in the purchase agreement and in the instrument to "due 2024" or "maturity date" or similar terms whether any such term is capitalized or not shall hereafter mean extended stated maturity date.

OFF BALANCE SHEET ARRANGEMENTS

As of September 30, 2024, the Group had no off-balance sheet arrangements.

FINANCIAL RISK DISCLOSURE

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, convertible instrument, derivative liability and other noncurrent liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

The Group is exposed to various types of market risks in the ordinary course of business, including foreign currency risk, credit risk, interest rate risk and liquidity risk.

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 Group's functional currency.

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), 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.

The Group primarily reduces foreign currency exchange rate exposure by entering into currency forward contracts from time to time, as well as managing the timing of payments and settlements.

Credit Risk

Credit risk is the risk that one (1) party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is exposed to credit risk through its cash and cash equivalents, trade and other receivables, net, due from related parties and security deposits. Cash and cash equivalents are generally deposited in universal banks as defined by the Philippine Banking System. Universal banks are considered as stable and are the single largest group of financial institutions in the country. Generally, the Group manages its credit risk from trade and other receivables and due from related parties by clearly delineating risk limits and implementing strict requirements relating to the creditworthiness of the counterparty throughout the life of the transaction. With respect to managing its credit risk from security deposits, the Group transacts only with counterparties that have passed its vendor accreditation process and are in good financial standing.

Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments recognized in the consolidated statement of financial position and on some financial instruments not recognized in the financial position. The Group's exposure to interest rate risk relates primarily to its short-term investments and short-term debt obligations. The Group manages its exposures in interest rate risk by closely monitoring the same with various banks and other financial instruments and maximizing borrowing period based on market volatility of interest rates.

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 regularly monitors its cash position to ensure that maturing liabilities will be adequately met by maintaining sufficient cash, having access to committed credit facilities and the ability to close out market positions on certain short-term financial instruments.

Price Risk

The Group closely monitors the prices of its equity securities as well as macroeconomic and entity specific factors that 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.

SEASONALITY

The Group tends to experience increased volume in remittance transmission as well as cargo throughput during the months of June and July, corresponding to the start of the school year, and during the months of October and November, in anticipation of the holiday season.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

There are no material (i) known trends, events or uncertainties with material impact on liquidity, (ii) events that will trigger direct or contingent financial obligation that is material to the company (including any default or acceleration of an obligation, (iii) material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period, (iv) material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures, and (v) any other known trends, events or uncertainties with material impact on sales.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The PSE is the principal market for the Company's shares. As of the latest practicable trading date, October 11, 2024, the total number of shares held by the public was 219,457,133 common shares or 15.39% of the total issued and outstanding capital stock of LBCH.

The high and low sale prices of the shares of stock of the Company for each quarter during the last three (3) calendar years are as follows:

YEAR	Q1		Q2		Q3		Q4	
	High	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**
2024	17.16	16.78	14.75	14.48	13.56	13.37	-	-
2023	18.84	16.64	17.90	13.94	20.45	17.70	19.34	16.92
2022	24.95	21.70	26.00	19.02	23.85	18.10	22.95	16.02
2021	17.28	15.32	18.38	15.36	18.36	16.00	24.95	16.00

The stock price of each common share of LBCH as of the close of the latest practicable trading date, October 11, 2024 is P12.00.

STOCKHOLDERS

As of the end of 30 September 2024, LBCH has 485 registered holders of common shares. The following are the top 20 registered holders

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	LBC Development Corporation	Common	1,205,974,632	84.58
2	Vittorio Paulo P. Lim	Common	59,663,948	4.18
3	Mariano D. Martinez Jr.	Common	59,663,946	4.18

4	Lowell L. Yu	Common	59,663,946	4.18
5	PCD Nominee Corporation - Filipino	Common	39,807,866	2.79
6	PCD Nominee Corporation – Non-Filipino	Common	567,022	0.04
7	Ferdinand S. Santos	Common	10,000	Nil
8	Andy Lantin	Common	5,000	Nil
9	Alfonso B. Cabual	Common	3,000	Nil
10	Jennifer H. Leong	Common	3,000	Nil
11	Wilfredo M. Abapo	Common	2,000	Nil
12	Juhjeh P. Amoncio	Common	2,000	Nil
13	Rommel Apal	Common	2,000	Nil
14	Agapito U. Aquino	Common	2,000	Nil
15	Jimmy P. Balo	Common	2,000	Nil
16	Wilfredo P. Batalla	Common	2,000	Nil
17	Norman S. Bordios	Common	2,000	Nil
18	Marleta T. Butron	Common	2,000	Nil
19	Roy V. Cabale	Common	2,000	Nil
20	Cristina S. Capuno	Common	2,000	Nil
Subtotal for Top 20 Stockholders		Common	1,425,382,360	99.9
Others		Common	483,111	0.01
TOTAL ISSUED AND OUTSTANDING			1,425,865,471	100%

DIVIDENDS

Dividend Policy

The Company has adopted a dividend policy to distribute to its shareholders a portion of its funds that are surplus subject to the operating and expansion needs of the Company, as determined by the board of directors of the Company, in the form of stock and/or cash dividends, subject always to:

(a) All requirements of the Corporation Code of the Philippines as well as all other applicable laws, rules, regulations and/or orders;

(b) Any banking or other funding covenants by which the Company is bound from time to time; and

(c) The operating and expansion requirements of the Company as mentioned above.

The Company's subsidiary, LBC Express, Inc. has adopted the same dividend policy.

Cash dividends are subject to approval by the Company's Board of Directors without need of stockholders' approval. However, property dividends, such as stock dividends, are subject to the approval of the Company's Board of Directors and stockholders.

The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company.

Dividend History

There were no dividends declared during the years 2021, 2022 and 2023

RECENT SALES OF UNREGISTERED SECURITIES

There is no recent sale of unregistered securities or exempt securities or recent issuance of securities constituting an exempt transaction.

CORPORATE GOVERNANCE

The Company submitted its Manual on Corporate Governance to the Philippine SEC on May 26, 2017 in compliance with Philippine SEC Memorandum Circular No. 19 series of 2016.

As of 11 October 2024, the Company remains substantially in compliance with and has no material deviation from its Manual and no sanctions were imposed on any director, officer or employee on account of non-compliance with the same.

The Manual assists the Company in monitoring and assessing its level of compliance with leading practices on good corporate governance as specified in pertinent SEC circulars. Aside from establishing specialized committees to aid in complying with the principles of good corporate governance, the Manual also outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system which highlights adherence to the principles of transparency, accountability and fairness. The Compliance Officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Board members and members of the Committees. There has been no deviation from the Manual's standards as of 11 October 2024.

The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been established by the Company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Company has a robust internal audit system as well as external audit engagements. The Company also plans to engage the services of an external firm to independently review its governance practices and in the process create an evaluation system that is independent.

Pursuant to SEC Memorandum Circular No. 15, series of 2017 mandating all publicly-listed companies to submit an Integrated Annual Corporate Governance Report (I-ACGR), the Company filed its 2023 I-ACGR on 30 May 2024.

ANNEX E

C O V E R   S H E E T
for
SEC FORM 17-A (ANNUAL REPORT)

SEC Registration Number

AS93005277

C O M P A N Y   N A M E

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

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

LBC HANGAR, GENERAL AVIATION CENTRE, DOMESTIC AIRPORT ROAD, PASAY CITY METRO MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	+63 2 8856-8510	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
485	2nd Monday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Enrique V. Rey, Jr.	evrey@lbcexpress.com	8856-8510	

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-A

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

1. For the fiscal year ended: **December 31, 2023**

2. SEC Identification Number: **AS93-005277**

3. BIR Tax ID 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 and postal code: **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, former fiscal year (if changed since last report):

   Federal Resources Investment Group Inc.
   No. 35 San Antonio Street, San Francisco Del Monte, Quezon City

10. Securities registered pursuant to Section 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

    As of December 31, 2023:

Title of each class	Number of shares issued and outstanding
Common Shares	1,425,865,471[1]
Bond payable	1,979,740,743[2]
Derivative Liability	2,030,069,446[2]

11. Are any or all of these securities listed on a Stock Exchange? Yes (x) No ( )

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of securities listed: **Common Shares[3]**

[1] Inclusive of 1,388,357,471 common shares which are exempt from registration.
[2] Related to convertible instrument at an aggregate principal amount of $50 million, $11 million of which was redeemed on December 29, 2022.
[3] As of December 31, 2023, 40,899,000 common shares have been listed with the Philippine Stock Exchange. The remaining 1,384,966,471 are subject of listing applications filed with the Philippine Stock Exchange.

12. Check whether the issuer:

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

Yes (x) No ( )

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

Yes (x) No ( )

13. Aggregate market value of voting stock held by non-affiliates is **₱3,291,856,995 as of April 26, 2024.**[4]

DOCUMENTS INCORPORATED BY REFERENCE

14. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

(a) **2023 Consolidated Audited Financial Statements** (incorporated as reference for items 6, 7 and 12 of SEC Form 17-A

(b) 2023 Sustainability Report

[4] Inclusive of common shares with pending listing applications.

Unless otherwise specified or the context otherwise requires, all references to the "Company" are to LBC Express Holdings, Inc. (**LBCH**), its subsidiary LBC Express, Inc. (**LBCE**) and the subsidiaries of the latter on a consolidated basis. However, references to the "Company", when used in the context prior to the corporate reorganization, are to Federal Resources Investment Group, Inc.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

<u>BUSINESS DEVELOPMENT</u>

CORPORATE REORGANIZATION

The Company was incorporated and registered with the Securities and Exchange Commission (**SEC**) as "Federal Chemicals, Inc." on July 12, 1993. At the time, the Company was principally engaged in the business of manufacturing various adhesives and sealants and other chemicals for hardware, construction, do-it-yourself and industrial applications. The Company has been a publicly-listed company since December 21, 2001, and was traded under the ticker symbol "FED" on the Philippine Stock Exchange (**PSE**).

On September 28, 2007, the change in corporate name from Federal Chemicals, Inc. to Federal Resources Investment Group, Inc. as well as the change in the primary purpose of the Company to that of a holding company was approved by the SEC.

On April 23, 2015, the Board of Directors of the Company approved the issuance of 59,101,000 common shares, at ₱1.00 per share, out of the unissued portion of the Company's authorized capital stock to LBC Development Corporation, subject to acceptable documentation being arrived at, as well as the fulfillment of such conditions agreed upon by the parties, including a mandatory tender offer, where required under relevant laws and regulations.

The Company needed to raise additional capital through the issuance of new shares out of the unissued portion of the Company's authorized capital stock for general corporate purposes. Further, such infusion was preparatory to a potential additional investment of LBC Development Corporation into the Company as a result of the ongoing due diligence on the Company.

On May 18, 2015, the Company and LBC Development Corporation entered into a Deed of Subscription, whereby LBC Development Corporation, subject to the completion of the mandatory tender offer, subscribed to 59,101,000 common shares out of the unissued authorized capital stock of the Company or 59.10% of the authorized capital stock of the Company. The consideration for the subscribed shares was ₱59,101,000 or ₱1.00 per share.

On May 22, 2015, LBC Development Corporation filed with the SEC its mandatory tender offer report for all the outstanding shares of the Company for a tender offer price of ₱1.00 per share. The mandatory tender offer period commenced on June 8, 2015 and ended on July 7, 2015. On July 14, 2015, LBC Development Corporation filed with the SEC its final tender offer report.

On July 22, 2015, the Company issued the stock certificates covering the subscribed shares to LBC Development Corporation.

On July 29, 2015 and in consonance with such change in control, the Board of Directors of the Company approved the acquisition by the Company of all the outstanding shares of stock of LBC Express, Inc., at the time a wholly-owned subsidiary of LBC Development Corporation, at the book value of not less than ₱1 billion. The Board also approved the following:

(i) increase in the authorized capital stock of the Company from ₱100 million to up to ₱3 billion in which subsequently approved by SEC on September 18, 2015 at ₱2 billion;
(ii) the issuance of shares out of the increase in authorized capital stock or out of the unissued capital stock to LBC Development Corporation and/or to other investors and/or third parties for the purpose of (a) funding the acquisition by the Company of all the outstanding shares of stock of LBC Express, Inc.; (b) funding the acquisition of other potential investments, whether or not related to the business of LBC Express, Inc.; and (c) ensuring compliance by the Company with the minimum public ownership requirements of the PSE;
(iii) the change in the name of the Company to "LBC Express Holdings, Inc."; and
(iv) the change of the trading symbol "FED" to "LBC".

On September 4, 2015, the stockholders of the Company approved all of the foregoing matters.

On September 18, 2015, pursuant to the authority to issue shares out of the increase in authorized capital stock or out of the unissued capital stock to LBC Development Corporation, the Company and LBC Development Corporation entered into Subscription Agreements, whereby LBC Development Corporation subscribed to, and the Company agreed to issue, 1,146,873,632 additional Common Shares at a subscription price of ₱1.00 per share or an aggregate subscription price of ₱1,146,873,632 (the **Additional Subscriptions**), consisting of 475,000,000 shares issued from the increase in the authorized capital stock of the Company and 671,873,632 shares issued out of the authorized and unissued capital stock of the Company, following the approval by the SEC of the increase in the authorized capital stock of the Company from ₱100,000,000.00 divided into 100,000,000 Common Shares with par value of ₱1.00 per Share, to ₱2,000,000,000.00 divided into 2,000,000,000 Common Shares with par value of ₱1.00 per Share. Notices of exemption for the Additional Subscriptions were filed with the SEC on October 13, 2015.

On September 24, 2015, the Company purchased from LBC Development Corporation a total of 1,041,180,493 shares of stock in LBC Express, Inc. for an aggregate purchase price of ₱1,384,670,966.

On October 2, 2015, the Company entered into Subscription Agreements with each of Vittorio P. Lim, Mariano D. Martinez, Jr., and Lowell L. Yu (collectively, the **Subscribers**), wherein subject to the approval by the SEC of the Capital Increase, the Subscribers agreed to subscribe, and the Company agreed to issue, a total of 178,991,839 Common Shares of the Company at the par value of ₱1.00 per share or an aggregate subscription price of ₱178,991,839.00 out of the authorized and unissued capital stock of the Company. The foregoing subscription was undertaken to ensure compliance by the Company with the PSE Minimum Public Ownership requirement of at least 10% of the outstanding capital stock of the Company. A notice of exemption for the subscription was filed with the SEC on October 13, 2015.

Involvement in Bankruptcy or Receivership Proceedings

As of the end of December 2023, the Company was not involved in any bankruptcy, receivership or any similar proceedings.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not in the ordinary course of business)

On September 24, 2015, the LBCH purchased from LBC Development Corporation (LBCDC) a total of 1,041,180,493 shares of stock in LBCE for an aggregate purchase price of ₱1,384,670,966.

On June 20, 2017, the BOD 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, LBCH issued, in favor of CP Briks Pte. Ltd, 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 LBCH at the option of CP Bricks Pte. Ltd at ₱13.00 per share conversion price, subject to adjustments in accordance with the terms and conditions of the instrument. The 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 Bricks Pte. Ltd, beginning on the 30th month from issuance date at the redemption price equal to the principal amount plus internal rate of return ranging from 10% to 13%. 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 convertible bond 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 December 29, 2022, US$11.00 million of the US$50.00 million convertible instrument was redeemed at a total price of US$19.33 million. Redemption payable and gain on redemption amounting to ₱1,014.74 million and ₱7.58 million, respectively, was recognized in the consolidated statements of financial position and financial performance as of December 31, 2022.

As of December 31, 2023, the carrying value of bond payable amounted to ₱1,979.74 million and the fair value of the derivative liability amounted to ₱2,030.07 million. The fair value changes of the derivative liability recognized as "Gain (Loss) on derivative" amounted to ₱150.81 million gain in 2023 and ₱230.55 million loss in 2022. Interest expense arising from the accretion of interest on the bond payable amounted to ₱285.05 million in 2023 and ₱308.40 million in 2022.

The agreement related to the issuance of convertible bond indicated the following rights and obligations:

a) Within one month from August 4, 2017, the Company shall discontinue any royalty payments to LBCDC for all trademarks, brands and licenses. This was already terminated in September 2017;
b) Within three months from closing date, LBCDC shall procure that LBCH enters into a binding sale and purchase agreement to acquire the equity interests of the 12 overseas entities. Also, within 12 months from closing date, LBCDC shall procure that LBCH closes the acquisition of the equity interest of the overseas entities;
c) Within six months following the termination of royalty payments, the Company shall be permitted to make loans and advances to LBCDC and this shall not be considered a Reserved Matter;
d) Within six months from closing date, LBCDC shall procure a debt for equity swap between LBCE and QUADX INC., a local affiliate; and
   Within 3 months from closing of the acquisition of the equity interests of the overseas entity, LBCDC procure to settle all obligations to the Group.

The Group's convertible instrument amounting to ₱4.01 billion as of December 31, 2023 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 16). 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. The Group has no plans to liquidate. Management assessed that it will be able to maintain its positive cash position and settle its liabilities as they fall due. As such the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

On February 28, 2018, the BOD of LBCH approved the incorporation of Diez Equiz Pte Ltd, a Singaporean private limited Company, through subscription of 862 shares or 86% of the total outstanding shares of the entity at USD 1.00 per share. On April 5, 2018, the BOD approved the sale of the same 86% equity interest of Diez Equiz Pte Ltd to Maleka, Inc. at the sale price of USD 1.00 per share.

Overseas Entities

All entities acquired from overseas, except QuadX Pte. Ltd, are entities under common control of the Araneta family.

QuadX Pte. Ltd.

On April 4, 2018, the BOD of the Parent Company approved the acquisition of 86.11% equity interest in QuadX Pte. Ltd., an entity domiciled in Singapore, through the following: (a) the purchase of 862 ordinary shares of QuadX Pte. Ltd. held by an individual shareholder, at the sale price of USD1.00 per share; and (b) the subscription to 85,248 ordinary shares out of the unissued capital stock of QuadX Pte. Ltd. at the subscription price of USD1.00 per share.

On April 23, 2018, the BOD of the Parent Company approved the infusion of additional capital to QuadX Pte. Ltd. in the amount of ₱31.86 million for the purpose of partially financing the purchase by the latter of Software Assets in the amount of ₱37.00 million from QUADX Inc.

QuadX Pte. Ltd. is engaged in digital logistics business. The acquisition is expected to contribute to the global revenue stream of the Group.

LBC Mabuhay Saipan, Inc.

On March 7, 2018, the Parent Company acquired 100% ownership of LBC Mabuhay Saipan, Inc. (LBC Saipan) for a total purchase price of USD 207,652 or ₱10.80 million. LBC Saipan operates as a cargo and remittance Company in Saipan.

LBC Express Airfreight (S) Pte. Ltd., LBC Aircargo (S) Pte. Ltd., LBC Money Transfer PTY Limited and LBC Australia PTY Limited

On June 27, 2018, the BOD of the Parent Company approved the purchase of shares of various overseas entities. On the same date, the following Share Purchase Agreements (SPAs) were executed by the Parent Company and Jamal Limited, a transitory seller, for a total purchase price of US $4.60 million or ₱245.67 million under the SPAs. Jamal Limited, a third party, purchased these entities from Advance Global Systems Limited, an entity under common control, prior to sale to the Parent Company.

Details follow:

Entity Name	Number of shares	Purchase price	Primary operation	Place of business
LBC Express Airfreight (S) Pte. Ltd. (LBC Singapore)	10,000	$2,415,035	Logistics	Singapore
LBC Aircargo (S) Pte. Ltd. (LBC Taiwan)	94,901	146,013	Logistics	Taiwan
LBC Money Transfer PTY Limited (LBC Australia Money)	10	194,535	Remittance	Australia
LBC Australia PTY Limited (LBC Australia Cargo)	223,500	1,843,149	Logistics	Australia

The transfer of the ownership of the shares and all rights, titles and interests thereto shall take place following the payment of the considerations defined. These entities operate as logistics and money remittance companies on the countries where they are domiciled.

LBC Mabuhay (Malaysia) SDN BHD

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 US $461,782 or ₱24.68 million. LBC Malaysia engages in the business of courier services in Malaysia.

LBC Mabuhay (B) Sdn Bhd and LBC Mabuhay Remittance Sdn Bhd
On October 15, 2018, the Parent Company acquired 50% ownership of LBC Mabuhay Remittance SDN BHD and LBC Mabuhay (B) SDN BHD for total purchase price of US $557,804 and US $225,965, respectively, equivalent to ₱42.39 million. These entities operate as logistics and money remittance companies in Brunei, respectively.

Entities under LBC Holdings USA Corporation
On March 7, 2018, the BOD of the Parent Company approved the purchase of shares of the entities under LBC Holdings USA Corporation. On the same date, the share purchase agreements (SPA) were executed by the Parent Company and LBC Holdings USA Corporation with a total share purchase price amounting to US $8.34 million, subject to certain closing conditions.

The transfer of the ownership of the shares and all rights, titles and interests thereto shall take place following the payment of the consideration defined and shall be subject to the necessary approvals of the US regulatory bodies that oversee and/or regulate the Companies.

Effective January 1, 2019, the Parent Company's purchase of LBC Mundial Corporation and LBC Mabuhay North America Corporation was completed upon approval by the US Regulatory bodies that oversee and/or regulate the following entities:

- LBC Mundial Corporation (LBC Mundial) which operates as a cargo and remittance company in California, USA. The Parent Company purchased 4,192,546 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation. LBC Mundial wholly owns LBC Mundial Nevada Corporation which operates as a cargo company in Nevada, USA.

- 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. LBC North America wholly owns LBC Mundial Cargo Corporation which operates as a cargo company in Canada and LBC Mundial Remittance Corporation, a money remittance company in Canada.

On 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.

On January 1, 2021, LBC Mundial Corporation acquired 1,000 shares of common stock of LBC Business Solutions North America Corp. (LSN) for a total purchase price of US$ 2,500. LSN is a non-vessel operating common carrier registered in United States.

Mermaid Co. Ltd.
On October 31, 2019, the Parent Company acquired 100% ownership of Mermaid, Co. Ltd. for total purchase price of US $200,000. Mermaid Co. Ltd. operates a service for the shipping of household and other goods from expatriates living in Japan to their respective home countries, known as the "Balikbayan Box".

On December 12, 2019, the purchase of Mermaid Co. Ltd. was completed upon approval of the relevant government agencies.

Blue Eagle and LBC Services Ltd.
On September 28, 2023, the Parent Company acquired, through business combination, 100% of the capital of Blue Eagle and LBC Service Ltd., a corporation registered in Taiwan, for a total purchase price of New Taiwan Dollar (NTD) 5.00 million.

Purchase of shares
In November 2021, LBCE received ₱2.00 billion capital infusion in cash from LBCH which will be used for future stock subscription in LBCE. On November 2022, LBCE finalized the terms of the stock subscription and issued one billion common shares at ₱2.00 per common share and share premium of ₱1.00 billion.

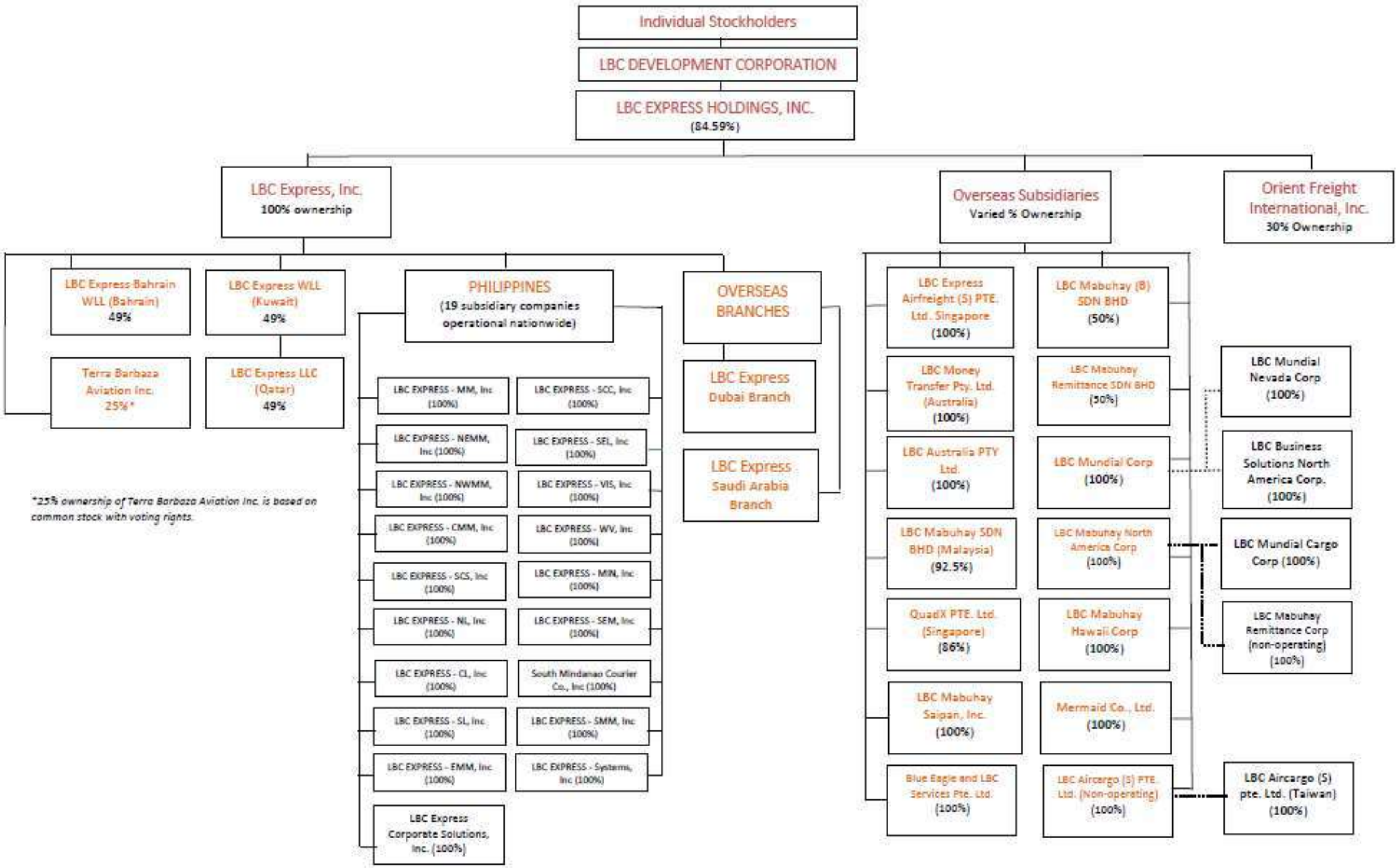
LBC HISTORY

LBC Express, Inc. was initially founded in 1950s as "Luzon Brokerage Corporation." It subsequently changed its name to "LBC Air Cargo, Inc." and operated as a brokerage and air cargo agent. A few years after incorporation, LBCE evolved into an express delivery service, becoming the first Filipino-owned private courier company to provide time-sensitive deliveries in the Philippines and offer customers an alternative to the Government-owned and operated postal service. In 1973, LBCE pioneered 24-hour door-to-door express delivery and messengerial services in the Philippines, providing greater convenience to its existing customers and further expanding its market share. LBCE's name was formally changed to "LBC Express, Inc." on April 26, 1988 to reflect the express delivery services that had come to form its hallmark business. In the 1990s, LBCE adopted the slogan "*Hari ng Padala*", or Filipino for "King of Forwarding Services." LBCE has now become the market leader in the Philippine domestic air freight forwarding market and, for the year ended November 30, 2012, had a market share of 41.8% of the domestic air freight forwarding industry in terms of throughput by weight, according to data from the CAB. While LBCE's logistics business still primarily comprises retail express courier and freight forwarding services, it has also expanded its product mix to offer services targeted at corporate customers, including full container load and less-than-container load sea freight forwarding and end-to-end logistics solutions.

In the early 1980s, LBCE entered into the domestic remittance business, leveraging the existing branch network of its logistics business as customer contact points for remittance acceptance and fulfillment, growing this business at low marginal cost. Beginning in 1999, LBCE expanded its money transfer services segment by offering bill payment collection services in the Philippines by serving as a third party collection agent for various vendors throughout the Philippines. In 2006, LBCE also began providing corporate remittance fulfillment services, such as payouts of government Social Security System benefits, payroll and insurance benefits on behalf of third parties, as well as remittance encashments for customers of its local remittance partner, Palawan Pawnshop.

LBCE commenced its international money transfer operations in 1987 by establishing relationships with agents and affiliates in the United States and steadily expanding its network elsewhere globally to provide fulfillment services for inbound international remittances. LBCE later leveraged the network of its overseas affiliates to expand its Logistics business internationally as well. Today, LBCE provides courier and freight forwarding services in 22 countries and territories outside of the Philippines and fulfillment services for inbound remittances originating from over 30 countries and territories outside the Philippines, including the United States, Canada, the Asia Pacific region, Europe and the Middle East.

The following diagram illustrates the operating ownership structure of the Company as of December 31, 2023:



The consolidated financial statements include the financial statements of LBCH and the following subsidiaries:

	Country of incorporation	Principal activities	Ownership Interest 2023	2022
LBC Express, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - MM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - CL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - NL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - VIS, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SCS, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express Corporate Solutions, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - CMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - EMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - MIN, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SEL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - WVIS, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SEM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SCC, Inc.	Philippines	Logistics and money remittance	100%	100%
South Mindanao Courier Co., Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - NEMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - NWMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Systems, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express Bahrain WLL	Bahrain	Logistics	49%	49%
LBC Express Shipping Company WLL	Kuwait	Logistics	49%	49%
LBC Express LLC (1)	Qatar	Logistics	49%	49%
LBC Mabuhay Saipan Inc.	Saipan	Logistics and money remittance	100%	100%
LBC Aircargo (S) PTE. LTD	Singapore	Logistics	100%	100%
LBC Aircargo (S) PTE. LTD - Taiwan Branch	Taiwan	Logistics	100%	100%
LBC Express Airfreight (S) PTE. LTD.	Singapore	Logistics	100%	100%
LBC Money Transfer PTY Limited	Australia	Money remittance	100%	100%
LBC Australia PTY Limited	Australia	Logistics	100%	100%
LBC Mabuhay (Malaysia) Sdn Bhd.	Malaysia	Logistics	93%	93%
QuadX Pte. Ltd.	Singapore	Digital logistics	86%	86%
LBC Mabuhay (B) Sdn Bhd	Brunei	Logistics	50%	50%
LBC Mabuhay Remittance Sdn Bhd	Brunei	Money remittance	50%	50%
LBC Mundial Corporation	United States of America	Logistics and money remittance	100%	100%
LBC Mundial Nevada Corporation	United States of America	Logistics and money remittance	100%	100%
LBC Business Solutions North America Corp.	United States of America	Logistics	100%	100%
LBC Mabuhay North America Corporation	United States of America	Logistics and money remittance	100%	100%
LBC Mundial Cargo Corporation	Canada	Logistics	100%	100%
LBC Mabuhay Remittance Corporation	Canada	Money remittance	100%	100%
LBC Mabuhay Hawaii Corporation	United States of America	Logistics and money remittance	100%	100%
Mermaid Co., Ltd.	Japan	Logistics	100%	100%
Blue Eagle and LBC Service Pte. Ltd. (3)	Taiwan	Remittance	100%	–

Note:

(1) This entity is a subsidiary of LBC Express Shipping Company WLL which has 49% ownership interest.

(2) On January 1, 2021, LBC Mundial Corporation acquired 100% ownership interest over LBC Business Solutions North America Corp.

(3) On September 28, 2023, the Parent Company acquired 100% equity in Blue Eagle and LBC Service Ltd.

BUSINESS

SERVICES

The Group's business is principally comprised of two major segments: (a) Logistics; and (b) Money Transfer Services.

The Group's Logistics products serve Retail (C2C) and Corporate/Institutional (B2B/B2C) customers. 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 include Domestic Remittance services (available as branch retail services), Bills Payment collection, and Corporate Remittance Payout services. International Money Transfer Services are also offered overseas through the Group's own branches, and through partners, which encompasses International Inbound Remittance services.

The table below presents the above-mentioned components of the Group's revenue associated with its business segments, for the years indicated.

In PHP 'millions	For the year ended December 31, 2023		
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱10,632.64	₱676.73	₱11,309.37
Corporate	3,193.56	10.76	3,204.32
Total revenue from contracts with customers	**₱13,826.20**	**₱687.49**	**₱14,513.69**
Geographic Markets			
Domestic	₱8,240.52	₱357.50	₱8,598.02
Overseas	5,585.68	330.00	5,915.67
Total revenue from contracts with customers	**₱13,826.20**	**₱687.49**	**₱14,513.69**

In PHP 'millions	For the year ended December 31, 2022		
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱11,431.66	₱611.22	₱12,042.88
Corporate	3,131.21	15.64	3,146.85
Total revenue from contracts with customers	**₱14,562.87**	**₱626.86**	**₱15,189.73**
Geographic Markets			
Domestic	₱8,678.02	₱274.13	₱8,952.15
Overseas	5,884.86	352.73	6,237.58
Total revenue from contracts with customers	**₱14,562.87**	**₱626.86**	**₱15,189.73**

In PHP 'millions	For the year ended December 31, 2021		
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱12,544.56	₱559.37	₱13,103.93
Corporate	3,112.59	33.19	3,145.78
Total revenue from contracts with customers	**₱15,657.15**	**₱592.56**	**₱16,249.71**
Geographic Markets			
Domestic	₱10,047.71	₱272.04	₱10,319.75
Overseas	5,609.44	320.52	5,929.96
Total revenue from contracts with customers	**₱15,567.15**	**₱592.56**	**₱16,249.71**

As of December 31, 2023, the Logistics business of the Group accounts for approximately 95% of its total revenues while Money Transfer Services accounts for the remaining 5%.

Retail Logistics comprised 77%, 78% and 80%, respectively, of the Group's service revenue from Logistics for the years ended December 31, 2023, 2022 and 2021. The Group's primary retail logistics offerings are its "Express" products (courier and air cargo forwarding) and balikbayan boxes.

For the year ended December 31, 2023, 2022 and 2021, service fees from international outbound remittances amounted to ₱2.40 million, ₱2.71 million and ₱0.99 million, respectively.

For the years ended December 31, 2023, 2022 and 2021, service fees from international inbound remittances were ₱330.00 million, ₱352.73 and ₱320.52 million, accounting for 48%, 56% and 54%, respectively, of the Group's total service revenues from Money Transfer Services.

Logistics

The Logistics business is the Group's primary source of revenue. The Group serves two primary customer segments within the Logistics business: (a) Retail (C2C) customers; and (b) Corporate/Institutional (B2B/B2C) customers. The main services offered to Retail customers include Courier, Air Cargo Forwarding and *Balikbayan* box services. The main services offered to Corporate clients include, in addition to Courier and Freight Forwarding services, Specialized Corporate Solutions, or Corporate Logistics services, tailored to the specific needs of the client.

As of December 31, 2023, the Group has offered Logistics services at 1,525 Company-owned branches in the Philippines and 76 Company-owned branches, and 556 Partner-agent branches, in 29 other countries and territories worldwide.

Retail Logistics

Retail Logistics comprised 77%, 78%, and 80%, respectively, of the Group's service revenue from Logistics for the years ended December 31, 2023, 2022 and 2021. The Group's primary Retail Logistics offerings are its "Express" products (comprised of Courier and Air Cargo forwarding) and *Balikbayan* boxes.

Courier

Courier services are the Group's express messengerial services and refer to deliveries of parcels (i.e. letters and small packages typically weighing three kilograms or less) by land and/or air on a time-sensitive basis. LBCE generally performs domestic courier deliveries within 24 hours of acceptance alongside other committed lead times and international courier deliveries within one to three days of acceptance, depending on the origin and destination country. The Group is limited in liability for delays caused by certain *force majeure* and other events that may prevent it from making an on-time delivery. The fees for courier services are based on weight, dimensions and final destination, and the Group imposes add-on charges for extra services such as pick-up in certain areas outside of the National Capital Region of the Philippines, additional insurance and same-day delivery service.

Air Cargo

Cargo refers to larger packages and boxes (typically weighing over three kilograms). As with courier services, the Company generally performs express deliveries of domestic air cargo within 24 hours of acceptance alongside other committed lead times, while international air cargo is generally delivered within one to three days of acceptance, depending on the destination country. The Company charges for air cargo forwarding and items delivered by ground based on volumetric weight (a function of both the actual weight and dimensions of the cargo) and final destination, as well as add-on charges for extra services such as pick-up in certain areas, additional insurance and same-day delivery service.

Balikbayan Boxes

The *balikbayan* box is a box shipment of personal effects cargo sent by retail customers to friends and family, domestically and internationally. *Balikbayan* boxes are forwarded by the Group by way of sea transport and generally delivered within 35 days of acceptance from the sender, subject to *force majeure* and other unforeseen events. Because the Group charges for sea freight forwarding based on standard dimensions of the box rather than weight, *balikbayan* boxes provide a low cost option to customers making shipments of various items. They are also a means for customers to ship certain items that cannot be shipped by air, such as liquids and aerosols. Accordingly, *balikbayan* boxes are frequently used by overseas Filipinos to send large numbers or volumes of consumer products, such as clothing, home goods and personal care items, to recipients in the Philippines. *Balikbayan* boxes come in a variety of dimensions and typically weigh between 30 to 80 kilograms.

Corporate Logistics

The Company provides services to a varied portfolio of corporate and institutional customers, which include consumer goods manufacturers, food products producers, pharmaceutical companies, educational institutions, financial services companies and others, including several well-known multinational corporations. In addition to fulfilling the express delivery needs of corporate clients through courier and air cargo forwarding services, the Company also provides the following services:

Specialized Corporate Solutions (SCS)

SCS refers to the end-to-end tailored logistics services provided by the Company to corporate clients with specific requirements.

As part of SCS, the Company provides transportation of mail, parcels and cargo via air, land and sea. The Company offers sea freight forwarding services domestically for both full container load (FCL) and less-than-container load (LCL) shipments. LCL services are particularly attractive for small and medium-sized businesses with relatively lower volume shipping requirements. Corporate clients have the option of dropping off their shipments at the Company's container freight stations located near local ports or requesting a pick-up from the Company. The Company also offers flexible payments modes, including payment at origin, payment at destination, payment on account of shipper, and payment on account of consignee. Shipping times for sea freight are more protracted than for air freight, ranging from three to seven days for domestic shipments and seven to 45 days for international shipments. In recent years, the volume of sea freight forwarding services provided by the Company has increased due to the growth in its corporate client portfolio.

The Company also expanded SCS to include value-added services such as onsite operations, cold chain, warehousing, and cross-border logistics. The palette of available onsite operations includes warehouse storage, cross-docking (the temporary storage of arriving order and subsequent breaking-down and reassembly for truck delivery), inventory management, reverse logistics, pick-up of pallets and containers, order fulfillment services at the customer's own warehouse, specialized packaging and re-packaging (such as ice gelling for pharmaceutical products), open-checking services, cash on delivery (collection of value of item from consignee upon delivery and remittance of value to shipper) and delivery and discrepancy reporting, among others, which are in addition to its customary courier and freight forwarding services.

The Company performs services for corporate clients both pursuant to long-term contracts and on a per-transaction basis. SCS contracts typically have terms of one to three years. The Company extends credit facilities to most of its corporate clients, following a standard credit check procedure when first engaging a new client.

In recent years, the Company has increased its focus on its corporate logistics business and aims to continue expanding its corporate client portfolio and service offerings going forward.

Money Transfer Services

Money Transfer services are the Group's second primary business segment and comprise both domestic and international money transfer services.

Domestic

Domestic Money Transfer services include (a) Remittances and (b) Bills Payment Collection and Corporate Remittance Payout services. For the years ended December 31, 2023, 2022 and 2021, service fees from domestic Money Transfer Services were ₱357.50 million, ₱274.13 million, and ₱272.04 million, respectively, representing 52%, 44%, and 46%, respectively, of the Company's total service revenues from Money Transfer Services.

Remittances

Remittances are transfers of funds between customers from one location to another. The Company is licensed by the *Bangko Sentral ng Pilipinas* (BSP) to serve as a remittance agent in the Philippines for both domestic remittances (wherein both the sender and the beneficiary are located within the Philippines) and international inbound remittances (wherein the sender is located outside the Philippines and the beneficiary is located within the Philippines). Retail customers in the Philippines, particularly the unbanked population and others who are underserved by traditional banking institutions, account for the majority of the Company's Domestic Remittance customers. The Company offers Domestic Remittance services in the form of branch retail remittance services.

Branch retail services enable customers who make remittances at any Company-owned branch in the Philippines to choose among the following fulfillment options for their beneficiaries:

Instant branch pick-up (Instant Pera Padala "IPP"), a real-time cash pick-up remittance facility in which funds become instantaneously available for pick-up by the remitter's beneficiary once the sending party has made the payment at a Company-owned branch; the sending party can designate any pick-up location or geographic zone within the Company's domestic and overseas network (including both Company-owned branches and branches of its partners, Palawan Pawnshop, Cebuana Lhuillier, PetNet). The international outbound IPP is also called *"IPPX"*.

"Pesopak," a service by which remittances are delivered directly to the beneficiary's doorstep, providing an attractive option for situations in which beneficiaries cannot or do not want to visit a branch; the Company offers next day delivery for *Pesopak* in almost all areas in the Philippines; and

Remit-to-account ("RTA"), a service by which funds accepted from a sender at a Company branch will be directly deposited to the designated local bank account of the beneficiary.

LBCE charges a service fee for processing Domestic Remittances according to a progressive schedule based on the value of the remittance. Fees may also vary depending on the chosen method of fulfillment. For example, Remit-To-Account (RTA) and *Pesopak* deliveries may incur additional service charges. The significant majority of remittances made by customers of LBCE are for sums equivalent to approximately ₱13,000 or less.

Bills Payment Collection and Corporate Remittance Payouts

LBCE serves as a third-party bills payment collection sub-agent for several creditors in the Philippines. Through the LBCE Bills Payment collection service, customers of these merchants and other creditors can settle their accounts by submitting their payment along with the billing notice issued by the merchant to any company-owned branch in the Philippines. LBCE processes Bills Payment collections through the same integrated point-of-sale (POS) system used by the LBCE for acceptance of parcels, cargo and remittances. LBCE ceased its service contract with CIS Bayad Center, Inc. effective September 1, 2021.

The Company also provides Payout services for various corporations and organizations. For example, the Company provides Payroll services for certain companies, whereby employees can collect salary checks at an LBC branch. As part of its reciprocal agreements with Palawan Pawnshop, Cebuana/PJ Lhuillier, M. Lhuillier, and Petnet, Inc. (Western Union), LBCE also provides encashment services for beneficiaries of senders who make a remittance at a Palawan Pawnshop, Cebuana/PJ Lhuillier, M.Lhuillier or Western Union branch.

The basic process for domestic remittances is as follows:

- Remittances from origins are accepted via point-of-sale system. Compliance Department checks the possible match using the Auto-Scrubbing Process (Sender and Beneficiary names are checked against the International Sanctions List) and ensure the validity of transaction. Data processing will be performed as well as fund allocation. Payout, delivery, credit to bank et.al are the methods in fulfillment of the transactions.

- As with domestic remittances, beneficiaries of international inbound remittances can avail of instant branch pick-up services at any location within the Group's domestic network as soon as the transaction is processed into the Group's POS system from its overseas branch or agent-operated location. Beneficiaries of inbound international remittances can also arrange for the money to be delivered to their door, have the sums credited to a pre-paid remittance card or have proceeds deposited directly into a bank account. The Group charges a service fee for processing international remittances according to a progressive schedule based on value of the remittance and pick-up destination of the remittance. The significant majority of remittances made by customers of the Group are for sums equivalent to approximately ₱10,000 to ₱15,000 or less.

For the year ended December 31, 2023, 2022 and 2021, service fees from international outbound remittances amounted to ₱2.40 million, ₱2.71 million and ₱0.99 million, respectively.

International

The Company provides fulfillment services for international inbound remittances from over 10 countries and territories overseas to the Philippines through its overseas branches and affiliates and its network of international remittance agents.

To expand its international reach, LBCE has also entered into agreements with affiliates and remittance fulfillment agents in countries and territories outside of the Philippines. These agents include International Remittance houses such as in the Asia-Pacific region: in Hong Kong, Pacific Ace Forex H.K. Limited; in Malaysia, SMJ TERATAI SDN. BHD., TML Remittance Center SDN. BHD., Merchantrade Asia SDN. BHD., Tranglo; in Japan, TransRemittance Co. Ltd., Japan Remit Finance Co. Ltd.; in Israel, WIC Worldcom Finance Ltd.; in the Middle East continent; in the United Arab Emirates, Al Ansari Exchange LLC., Instant Cash FZE., Worldwide Cash Express Limited; in the European continent, , Spain; Intel Express Georgia, Georgia; Philippines Remittances Ltd., Small World Financial Services Spain SA,; in the North American region; and Atin Ito Variety Bakery & Remittance Ltd., Canada; Remitly Inc., Intermex Wire Transfer LLC, , XOOM Corporation, Envios De Valores La Nacional Corp., Sigue Corporation, Placid NK Corporation, and Continental Exchange Solutions, Inc. dba RIA Financial Services, in the United States of America, among others

International remittances are also encashed by LBCE from Philippine-based companies with international presence, such as Petnet Inc. (under Western Union), Pinoy Express Hatid Padala Services, Inc., Mastercard Transactions Services (Philippines), Inc., Filremit Corp., Pisopay.Com Inc., Optimum Exchange Remit Inc., Uniteller Filipino, Inc., among others.

For this same purpose, the Company also has partnerships with Philippine financial institutions with strong international and local presence such as Asia United Bank Corporation, Bank of Commerce, China Banking Corporation, Metropolitan Bank & Trust Company and Subsidiaries, Rizal Commercial Banking Corporation, Bank of the Philippine Islands, and Landbank of the Philippines, among others, as well as other pawnshop/money service businesses such as Eight Under Par, Inc. (Palawan Pawnshop), Cebuana Lhuillier Services Corporation (Cebuana Lhuillier), Michel J. Lhuillier Financial Services, Inc. (MJ Lhuillier), and P.J. Lhuillier, Inc., PETNET, Inc., among others.

Through the extended networks of its partners and agents, the Company provided fulfillment services for inbound remittances, although it transacts only with its direct agents. Under the terms of the fulfillment partnership agreements that the Company enters into, direct agents are permitted only limited use of the "LBC" name, trademarks and other protected signs when transacting business on behalf of the Company and still carrying on business under their own corporate and trade names. The Company receives a fixed percentage of the agent's revenues in exchange for its services in relation to inbound international remittances. The Company requires most of its remittance agents to maintain a revolving fund, which must be replenished when the balance falls beneath a set threshold. This is to ensure that the Company bears minimal credit risk when making payouts on behalf of international agents. In addition, most of the agreements have in place a maximum remittance value per transaction as a further risk mitigation tool, typically ranging from ₱75,000 to ₱100,000.

For the years ended December 31, 2023, 2022 and 2021, service fees from international inbound remittances were ₱330.00 million, ₱352.73 million, and ₱320.52 million, respectively, accounting for 48%, 56% and 54%, respectively, of the Company's total service revenues from Money Transfer Services.

OPERATIONS

LBC's Courier and Freight Forwarding services utilize transport by air, sea and land and a network of strategically located warehouses, distribution centers and delivery hubs to provide end-to-end delivery services for its Retail customers and Corporate/Institutional clients.

Logistics

Logistics entails the management of the flow of goods from a point of origin to a specified destination, including any ancillary services that may be required to facilitate the process, such as storage and packaging.

Air Freight Forwarding

Domestic

The Group's end-to-end domestic air freight forwarding services involve the following steps: (1) acceptance (by pick-up or drop-off at a branch) (2) ground transport to a regional warehouse/distribution center, (3) primary sorting, (4) loading to aircrafts (for air transport), (5) withdrawal by the receiving distribution center/delivery hub, (6) secondary sorting (if required) and (7) ground transport for delivery to final destination.

- Acceptance is the receipt by the Group of the customer's parcels and cargo, either through its pick-up service or at one of the Group's 1,525 customer contact points in the Philippines where customers can drop off parcels and cargo. All parcels and cargo must be accompanied by a waybill from the customer providing the recipient's name, shipping address, description of contents, estimated value and other pertinent information. Upon receipt of the customer's parcel or cargo, the receiving agent affixes a barcode onto the package and scans the package, beginning the tracking process. The parcel or package is rescanned at every subsequent touch point throughout the transport process until its final destination.

- At the close of business each day (approximately 7:00 p.m.), all packages are delivered by the Group's vehicle fleet to a regional warehouse / distribution center, from any of 31 warehouses in the country. The Company has two primary distribution centers: the Central Exchange, located in Paranaque, where all packages collected from, passing through or destined for Metro Manila are aggregated, and the Cebu Central Exchange, functioning similarly to the Central Exchange in Manila. Packages collected in other areas are aggregated at any one of 21 warehouses located near airports throughout the country. Upon receipt, the Exchange teams "scan-in" all packages and print manifest (i.e. an itemized inventory) listings of all the barcodes "scanned." The manifest is used to check the number of shipments "scanned in" against the number of shipments that are later "scanned out."

- Throughout the night, the Exchange teams engage in primary sorting, and label parcels and cargo bound for different destinations across the Philippines to prepare them for onward transmission by air, sea or land.

- By morning, all packages bound for other provinces and cities are loaded onto the first and second flights of the day operated by Cebu Pacific Air and Philippine Airlines, among others. All packages to be transported by air are scanned by X-ray machines upon turnover to airline warehouses for detection of illegal and contraband goods.

- When the planes arrive at the destination airport, a team of employees withdraws shipments and again scans the barcodes and sorts the items, segregating parcels and cargo destined for different zones. The items may also be sorted at the Company's 179 regional delivery hubs (secondary distribution centers) for more efficient distribution to smaller cities and municipalities.

Packages are then loaded onto the Group's delivery vehicles, which either transport the items to a delivery hub for secondary sorting, or directly to the final destination if already within the zone of delivery.

In 2020, however, in view of the lingering effects of the Covid-19 pandemic, service level agreements were extended beyond the standard timeframes. The Group's Domestic Air Forwarding services were diverted into land and sea forwarding (by way of RORO).

International

The Group's international Air Freight Forwarding and Courier services involve a similar process as its domestic Air Freight Forwarding and Courier services, namely (1) acceptance (by pick-up or drop-off at an international LBCE-owned, or affiliate-owned branch or agent-operated location), (2) ground transport to a regional hub / distribution center, (3) primary sorting, (4) loading to international aircraft, (5) withdrawal of cargo by Philippine associates at the Central Exchange in Manila or Cebu, (6) secondary sorting, (7) further forwarding by air to regional destinations (if necessary) and (8) ground transport, via Company-owned and third party trucks, for delivery to final destination. In the case of shipments originating from overseas, LBCE's overseas branch, affiliate or agent, as applicable, is responsible for all of the steps from acceptance of the parcel/cargo through loading of the parcel/cargo onto the Philippine-bound airline carrier.

In the case of shipments originating from the Philippines and sent overseas, the overseas branch, affiliate or agent, as applicable, is responsible for all of the steps from acceptance of the parcel/cargo at the international destination to secondary sorting and delivery of the item to its final destination by ground.

International shipments utilize the same, integrated barcoding and scanning system as domestic shipments, enabling a seamless exchange between the Group's domestic team and its overseas teams.

Ground Delivery Fleet

Ground transport forms a key component of nearly all forms of delivery and forwarding services offered by the Group. Motorcycles and trucks are used for door-to-door pickup and delivery of parcels, cargo and money remittances, as well as ground transport of items destined for onward forwarding by air or sea. The vehicle fleet is also an integral part of the Group's contingency planning in the event that air and/or sea transport become unavailable. The Group also, from time to time, engages third-party trucking and transportation companies.

For items that are transported entirely by ground, parcels and packages undergo (1) acceptance (by pick-up or drop off at a branch), (2) ground transport to the regional distribution center, (3) primary sorting, (4) ground transport to a delivery hub for secondary sorting (if required) and (5) ground transport to the final destination.

As of December 31, 2023, the Company has a fleet of 3,372 vehicles (including 2,617 motorcycles and 755 delivery vans). The Company's drivers and couriers are trained in vehicle operation safety, customer service, cash handling and other procedures. Vehicles are acquired on a lease-to-own basis pursuant to finance leases with a typical term of three to five years to ownership. The Company's vehicle fleet undergoes maintenance on a regularly scheduled basis, and vehicles are typically replaced every ten years. The Group began re-fleeting most of its delivery trucks, in 2014, and motorcycles, in the latter part of 2017. Comprehensive insurance is maintained for all vehicles.

Sea Cargo Forwarding

As of the end of December 2023, the Group's Sea Cargo forwarding services are available domestically in Manila, Cebu, Bacolod, Iloilo, Davao, Cagayan de Oro and General Santos, and internationally in 29 countries and territories outside the Philippines.

The Group does not own ships and contracts with third party shipping carriers for these services. Domestic sea transport is provided by Oceanic Container Lines, Inc., 2Go Freight, Lorenzo Shipping Lines, Gothong Southern and Asian Marine Transport Corporation, among others, while international sea transport is provided through Orient Freight International, an international freight forwarding agency in which LBCH acquired a 30% stake in 2018. This allows the Company to contract directly with international shipping carriers rather than rely on another international freight forwarder. The Company's sea cargo forwarding services are separated into Retail operations and Corporate operations.

Retail

Retail sea cargo denotes *balikbayan* boxes, which are primarily international inbound shipments and intra-Philippine shipments.

The basic forwarding process for *Balikbayan* Boxes is as follows:

- Acceptance of *Balikbayan* Boxes is handled by the LBCE (in the case of domestic shipments) or an LBCE overseas branch, overseas subsidiaries or affiliate (in the case of inbound international shipments). *Balikbayan* Boxes are typically picked up by delivery trucks, as they tend to be larger in terms of weight and volume.

- Upon acceptance, all cargo is input into the Company's VISTRA acceptance system by a delivery team, which produces a delivery dispatch report and cross checks each shipment for discrepancies when units are consigned to the international freight forwarder.

- *Balikbayan* Boxes are sorted and placed into containers at the local warehouse or distribution center of the Group's branch or affiliate/agent. Once a container is full, the Group can arrange for pick-up from the international freight forwarder or local shipping partner, as applicable. Because the throughput of goods shipped by the Group is substantial, containers are usually filled within one to two days.

- The Group's international freight forwarder (in the case of inbound international shipments) or the Group's local shipping partners (in the case of domestic shipments) will then collect the cargo from the warehouse or distribution center and load the items onto a ship.

- International inbound *Balikbayan* Boxes are in transit for three (3) to seven (7) days (for shipments within Asia) or 30 to 45 days (for shipments from Europe or North America) prior to arriving in Manila. All such *Balikbayan* Boxes are received by the international freight forwarder at either of the ports in Manila, Subic, Zambales, or Cagayan de Oro and consigned to the Group at the Vitas Harbor Center Warehouse. Intra-Philippine shipments, which generally take between two and five days to arrive at their destination, are received at regional warehouses and distribution centers. For international inbound shipments, the Group's customs brokers facilitate procedures necessary to be undertaken with the Philippine Bureau of Customs, while its international freight forwarder arranges for customs brokerage in the international jurisdictions.

- At the Vitas Harbor Center Warehouse or any of the regional warehouses and distribution centers, boxes are again scanned, inspected for any damage and sorted for further forwarding to their final destination by ground transport or re-directed to a domestic shipping company for further sea transport if necessary. International inbound *Balikbayan* Boxes are received by Group's overseas branches and affiliates and sorted for final delivery. *Balikbayan* Boxes are randomly scanned in the United States and in the Philippines via X-ray machines to prevent entry of illegal goods and money laundering.

Corporate
For Corporate Sea Cargo shipments, LBCE provides forwarding services for both Full Container Load (FCL) and Less than Container Load (LCL) shipments. LBCE's Corporate Sea Cargo forwarding services include, among others, Pier-to-Pier service (in which a customer's shipment is delivered to a receiving office at the destination pier for pickup by the receiving party) and Pier-to-Door service (in which the customer's shipment is delivered to the address of the receiving party). Corporate clients can either drop-off their cargo at LBCE's container freight stations or arrange for pick-up by LBCE's delivery fleet.

For corporate customers who wish to make regular use of the LBCE's services, the company assigns an account executive to be in-charge of obtaining details of the shipments and advising the customer on the readiness process and approval of credit terms. In addition, after shipments are completed, an account coordinator reports a summary of the transactions and the Billing and Collection department bills and collects payment for the shipments.

All corporate shipments are aggregated and sorted at the Company's container freight stations located near the local ports. Container freight stations are separate from the receiving warehouse for the retail *balikbayan* boxes.

Specialized Corporate Solutions

Under SCS, the Group provides transportation of mail, parcels and cargo via air, land and sea for its corporate clients, as well as value-added services such as onsite operations, and warehousing, among others. The transportation service operates in substantially the same manner as the general logistics operations described above.

Money Transfer Services

Remittances

Infrastructure

The Group leverages the branch network and vehicle fleet used for its Logistics services as a platform for its remittance services. The extensive geographic reach of its branch network, its large fleet of delivery vehicles, the existing workforce of trained employees and the availability of cash funds at each of the Group branches from its logistics operations enable the Group to offer remittance services at very low additional operating cost. As the remittance business has grown into a significant portion of its business, the Group has increased the number of customer contact points for its remittance services by entering into fulfillment partnership agreements with agents and affiliates domestically and internationally.

The Global Remittance Team is in charge of operating the Group's remittance business. With respect to domestic remittances, its primary duties include, among others, reviewing daily acceptance values; forecasting the daily funding needs of each branch to meet fulfillment obligations; ensuring the proper safeguarding of cash at branches; overseeing the transport and deposit of cash into the Group's regional bank accounts (from which local managers of the branch offices can withdraw the funds); establishing and training branch employees in cash acceptance, Anti-Money Laundering (AML) / Counter Terrorist Financing and Proliferation Financing (CTF/PF), customer identification and other policies; and reporting covered transactions and suspicious transactions to the BSP. With respect to international remittances, its primary duties include monitoring balances of revolving accounts and settlement of payments. The Global Remittance Team uses data collected from the Group's front-end POS software to analyze end-of-day acceptance information at all of the branch locations. This enables the Global Remittance Team to estimate the funding requirements for each branch on a daily basis. The Group is in the process of transitioning its POS system into a more fully integrated system with the rest of its business operating software.

Domestic Partners

To expand its domestic network for remittance services, LBC Express Inc. and Eight Under Par, Inc. (a Philippine corporation doing business under the trade name "Palawan Pawnshop") entered into a non-exclusive agreement in June 2012 to serve as reciprocal fulfillment agents within the Philippines. A similar partnership was entered into by the Company with Cebuana Lhuillier Services Corporation (under the trade name "Cebuana Lhuillier") in 2019. Through these agreements, all of Palawan Pawnshop's 3,300 branches and Cebuana Lhuillier's 3,500 branches in the Philippines are available to provide instant branch pick-up services for beneficiaries of LBCE's remittance customers, and all of LBCE's 1,607 branches in the Philippines in turn provide the same service for Palawan Pawnshop's customers. All partners collect a reciprocal percentage of service fees for performing services on behalf the other.

The Group believes that its strategic partnerships with Palawan Pawnshop, Cebuana Lhuillier, MLhuillier, and PJ Lhuillier, among others, have enabled it to greatly expand its geographical reach in the Philippines and provide more services to more customers, particularly in areas where it has fewer Company-owned branches, at minimal expense. In 2018, Petnet, Inc. (Western Union) became an international fulfillment partner, extending the group's reach and network to more customers worldwide, through Western Union's approximately 500,000 agents in 220 countries.

The basic process for Domestic Remittances is as follows:

-

  - *Instant branch pick-up (Instant Pera Padala "IPP")*

  - *"Pesopak*

  - *"Remit-to-account" (RTA)*

International Remittance Agents

a revolving fund, which must be replenished when the balance falls beneath a set threshold. This is to ensure that the Company bears minimal credit risk when making payouts on behalf of international agents. In addition, most of the agreements have in place a maximum remittance value per transaction as a further risk mitigation tool, typically ranging from ₱75,000 to ₱100,000.

The basic process for domestic remittances is as follows:

- Remittances from origins are accepted via point-of-sale system. Compliance Department checks the possible match using the Auto-Scrubbing Process (Sender and Beneficiary names are checked against the International Sanctions List) and ensure the validity of transaction. Data processing will be performed as well as fund allocation. Payout, delivery, credit to bank et.al are the methods in fulfillment of the transactions.

Bills Payment Collection and Corporate Remittance Payouts

The Company offers Bills Payment services for several corporations, and also contracts directly with certain organizations, such as private insurance companies and certain employers, to serve as a Corporate Payout agent.

The basic process for bills payment collection and corporate remittance payouts is as follows:

- Via POS. The customer fills out details necessary for the transaction onto the Bills Payment form available at the branch, in which the branch associate will enter to the POS. The cash transaction amount and pass-on fee is collected from the customer, if applicable. The branch does the data sending (from local server to production server). The LBC Backroom will perform all necessary validation procedures before the closing of the transaction.

- Via PCS. The customer fills out the details necessary for the transaction onto the Bills Payment form available at the branch, which the branch associate will enter onto the PCS. The cash transaction amount and pass-on fee is collected from the customer, if applicable. The LBC Backroom will perform all necessary validation procedures before the closing of the transaction.

Corporate transactions. The Company also provides Payout services for various corporations and organizations. The processor will acknowledge corporate transactions via email and validate payments by corporate client. The LBC backroom will confirm fund allocation, assign tracking numbers and perform recording to complete the transaction processing.

Cash on Delivery / Cash on Pick-Up ("COD/COP")

More and more Filipinos are doing their shopping online. Since 2017, the e-commerce industry has been growing exponentially, with digital marketplaces registering record sales and consistent growth. The Philippines has also ranked first in social media use and time spent online, which makes the country an ideal market for e-commerce to thrive and sustain vigorous activity.

One of the many challenges faced by many e-commerce merchants were payment gateways/options. A majority of online sellers are also considered "casual sellers" or "social sellers" and with most of them unbanked, completing a transaction had been a challenge. LBCE's inception of a payment solution bundled with logistics capabilities was "Cash On Delivery" (COD) and "Cash On Pick-up" (COP) service.

With this innovative new service, LBCE has enabled more merchants, including "casual or social sellers" to enter into and participate regularly in the thriving e-commerce arena. With "COD/COP," merchants have LBC deliver their goods and collect payment for them, which in turn can either be remitted to their appointed bank accounts or picked up from a designated LBC branch.

This pioneering service has helped spur the further growth of the e-commerce industry in the country, enabling trade, commerce, and generated income for many - promoting the Company’s strategy of financial inclusivity and wide accessibility of services.

“COD/COP” utilizes both of LBCE’s core business/services: logistics, as a courier of parcels & boxes, and money remittance, as a payment collection channel and payout conduit. Furthermore, LBC serves as a venue for transactions or “trading place”: COP guarantees convenient and seamless transactions between merchant and buyer, a buyer may opt for any of LBCE’s 1,525 branches as a pick- up point for their items purchased. COD offers the more established delivery scheme: LBC delivery associates collect payments from buyers upon delivery of the items, and these are delivered to any designated address, be it residential, office, or any other location. The collection of payments on behalf of the merchants from the buyers offer safe, reliable and guaranteed assurance for merchants engaging in online selling transactions. LBCE’s expansive nationwide network and serviceable areas also allows for buyers to shop from anywhere in the Philippines, and sellers to reach more customers nationwide. COD/COP rates are competitively priced, providing value for money for merchants and buyers, along with LBC’s guaranteed service levels.

COD/COP can be availed of at any LBC branch, without any other obligations or contracts; transactions are immediately processed upon fulfillment of the prescribed forms available at the branch. There is no need to create an “account” on online shopping sites, or to maintain any minimum volume of transactions to start an online or “social selling” business. Beginning in 2021, LBC’s COD/COP service was also made available through online platforms/channels, primarily via www.lbcexpress.com

MARKETING AND SALES

The logistics industry is one of the most disrupted going into and out of the pandemic. Those two years amplified and accelerated customers’ need for services that are convenient, digital, and ready when needed. These evolving market needs, the growth of eCommerce through retail social selling, and the entry of regional international last-mile companies resulted in a complex, highly segmented, saturated market.

The Group's marketing priority for 2023 is to re-connect with the customers, understand and size the existing and emerging market segments, and learn and adapt to their needs at go-to-market speeds faster than ever before. While continuing its initiatives for community outreach as part of its commitment to corporate social responsibility.

Brand Equity and the Filipino Connection

LBC remains one of the Philippines’ most recognized brands from a 2023 PSRC national survey among Filipinos using various delivery services. A pioneer in its industry in the Philippines, and now with 1,607 branches nationwide with a presence in 29 countries around the globe, it perseveres to be of great service to Filipinos everywhere. Sustained by a presence in traditional media and increased visibility in popular digital media platforms, the brand’s equity continues to be the Top-of-Mind and most trusted brand among the traditional, long-time individual senders. The LBC brand continues to enjoy loyalty for its legacy of being the most trusted and patronized for its reliability.

Marketing and Communications Post-Pandemic

LBC's relentless efforts to serve its customers, existing and emerging, coming out of the pandemic, brought forth the launch of an improved web and mobile application for faster and more convenient booking for shipments, whether by branch drop-off or by rider pick-up. These digital platforms made the brand accessible to more Filipinos who have adopted the use of mobile for purchase of product or service transactions.

LBC also understands the demand for products and services in sachet prices for customers to be able to use the send more packages and more frequently hence the continued push of the recently launched friendly package – SAKTO pack initially in Metro Manila and the expanding this to national scale. A fast-moving SKU that was eventually imitated by competitors knowing the purpose it serves to its users and a good tool for acquisition. To continue penetrating the eCommerce customers and sellers, LBC relaunched and supported Cash-on-Pick-up P80 and towards the end of the year, launched a tactical promo Cash-on-Delivery P80. To help manage senders to provincial areas, RUSH VisMin was also launched in the last quarter, promising next-day delivery. All these programs and more were made available as solutions to customer pain points.

Penetrating the eCommerce Market through SoShop!

The SoShop! program was launched by LBC Express in 2020 to offer volume discounts, learning opportunities, and linkage to the market to a growing customer base of online businesses and social sellers. This program was availed of by approximately 30,000 customers in 2020 and around 140,000 additional customers in 2021. The SoShop! program is currently being enjoyed by 318,00 registered members as of April 2023.

LBC retains its current customer base and can attract new customers through SoShop!'s volume discount. A member can enjoy up to 50% off the shipping fee with the corresponding spend requirement.

By the end of 2022 and throughout 2023, SoShop! "suki" or loyal social sellers were offered spaces within select SoShop! branches, where they held live online selling. Live Online selling was broadcast over their social media platforms while being mirrored on official LBC channels. Before these live selling events, LBC likewise assisted these SoShop! sellers with advertising and promotions (social sellers' business feature, FB live selling schedule announcement) of their events, as well as selling event day equipment. By conducting the live selling events within an LBC branch, sellers were able to immediately pack and ship out the purchased goods to their customers.

Media Strategy Shift

The change in dynamics in the television industry has shifted the market to follow other media platforms and change their viewing habits and patterns, making advertising audience targeting more complicated and costly. The media spending strategy has shifted from traditional TV and radio to largely social media platforms and web online search management to optimize media monies and manage efficiencies.

INFORMATION TECHNOLOGY

Operational

The Group remains steadfast in its commitment to investing in cutting-edge IT systems to uphold its competitive advantage and to deliver high-quality service to its customers more efficiently. Continuous improvements have been made to the Transport Management System, enhancing processes and leading to advancements in both customer-facing and internal systems. Additionally, significant investments have been directed towards Data Analytics by using the latest technology for its Data Warehouse architecture preparing it for the future in Digital Logistics. Moreover, the Group has fully embraced Cloud technology, facilitating the exploration of new innovations by eliminating hardware constraints and streamlining the procurement process. This approach enables the business to rapidly adjust resources and storage to accommodate evolving business needs, without the necessity of investing in physical infrastructure.

The Group has also upgraded its current network infrastructure to allow for a more secure and reliable environment. It upgraded its connectivity bandwidth and implemented a Software Defined Wide Area

Network (SD WAN) to provide added network security and reliability. This has enabled the Group to improve its network availability significantly. The group also invested on Security Operation Center (SOC) in partnership with DTSI/NTT Security to provide 24/7 real time threat detection with capabilities on global intelligence correlation, multi-stage attack detection and anomaly threat analysis.

Business Management

The Group uses a comprehensive suite of customized business management solutions software designed and licensed by SAP. The Group has utilized SAP's Financial Accounting and Controlling (SAP FICO), Sales and Distribution (SAP SD) and Materials Management (SAP MM) modules. The Group has migrated SAP System Landscape to SAP HANA Enterprise Cloud which enables scalability with low risk deployments and leverage on SAP HEC's Fully Managed Services which covers Infrastructure and Database related activities. Thus, free-up IT resources and saves on cost for the company. SAP Financial modules were also rolled-out to Middle East countries like UAE, KSA, Kuwait and Bahrain for ease of financial reporting and consolidation and in compliance with the VAT Implementation in the Gulf Cooperation Council (GCC) Region.

As part of the digital transformation program, the Group has utilized Data Analytics for both predictive and operational purposes. It has also utilized its GPS data to create a database for last meter deliveries. It has also allowed itself to do paperless transactions through its handheld devices. The Group is also maximizing the use of Power BI (Business Intelligence) for its operational and financial reports allowing it to be able to make well informed decisions based on real time data.

Online and Mobile Platform

To enhance the customer experience, the Group has developed a digital platform that enables online real-time transaction processing and customer service through its website (www.lbcexpress.com). Currently, the Group's website contains several interactive features for its customers, including package tracking, rate calculators and scheduling of pick-ups for parcels and cargo, as well as real-time customer service support through the "Live Talk" capability. Adding to this commitment to customer convenience is the company's introduction of a Chatbot feature accessible through its Meta (Facebook) account. This Chatbot streamlines the booking process for rider pickup, stay informed with real-time tracking updates, locate the nearest LBC branch, check rates, handover to human agent, offering users a seamless experience. The company launched LBC Online in June 2020 through its website. LBC Online is a digital service to bridge LBC closer to the customers through online innovation where customers can book packages, process shipping and manage their money remittance all in a click while at the comfort of their home.

Expanding LBC's customer-centric approach LBC unveiled the LBC App in 2022, available for both Android and iPhone users. This innovative platform empowers customers to seamlessly initiate transactions, conveniently track their packages near real-time, and easily access information on LBC service rates. The utilization of a mobile tool for booking and tracking packages presents a paradigm shift in customer convenience and operational efficiency. By integrating these functionalities into a user-friendly mobile application such as the LBC App, customers benefit from unparalleled accessibility and flexibility in managing their shipments. Gone are the days of cumbersome desktop transactions; with the tap of a screen, users can effortlessly initiate bookings, select preferred delivery options, and receive instant confirmations—all from the palm of their hand.

Designed to cater to the diverse needs of both B2C and B2B markets, LBC introduced LBC Corporate Account Portal in 2023. Corporate clients gain access to a centralized hub where they can efficiently manage their transactions and streamline their shipping processes. Within the interface, users have access to a wide range of tools: Transaction Management furnishes users with expansive overviews, enabling tracking of shipments and real-time oversight of delivery statuses. Seamless Package Tracking functionality allows for effortless monitoring of package progression throughout the entire shipping trajectory, offering real-time updates for enhanced peace of mind and precise anticipation of delivery schedules. Pickup Scheduling facilitates punctual collection of shipments through direct booking within the dashboard, eliminating the requirement for complicated manual coordination and improving operational efficiency. Meanwhile, Airway Bill Generation, seamlessly automates the production of critical shipping labels, expediting workflows and enhancing overall efficiency and accuracy. By combining these features, LBC's dashboard emerges as a pivotal tool for corporations, augmenting transparency, operational proficiency, and documentation precision within their logistical frameworks.

Digital Transformation

Achieving the Group's vision is anchored on its ability to digitally transform the way they do things; the "Way We Move". However, Digital Transformation is not only just about incorporating the technological tools needed to change the organization; it is a massive undertaking given the scale of the Group and understanding that changes will only begin once mindsets of the human elements are also shifted. This "Change Management" for a 70+ year-old company, a heritage brand, will include over 11,000 associates across the globe, and a vast network of brick and mortar stores, hubs, and warehouses.

For the customers: Evolving consumer behavior and preferences are driving the way LBC wants to approach business. Our Group will be introducing solutions for a market that is connected 24/7, time-starved, with demands anchored on technology's ability to respond at the speed of need.

In response to customer demand, LBC recognizes that we cannot continue running our business with the current processes and technologies. Automation of all key processes is needed to survive and to be relevant in the industry.

The Group's core logistics applications are upgrading to automate all manual processes. Operations will significantly change once fully implemented. The Group will also be introducing additional products and services to customers of all segments.

For the partners: Boundaries among suppliers, service providers and consumers are evolving quickly, as a result of rapid shifts in technological advances. This entails a fundamental rethinking about how LBC streamlines internal processes, and will prioritize, ever more, driving speed and efficiency.
LBC's Digital Transformation will accelerate business activities, processes and competencies that will, in turn, impact the stakeholders in strategic and meaningful ways. The Group will harness Digital Transformation to radically improve internal performance, partner relationships, and expand reach across different business segments. The Group aims to:

- Further develop the first mile to make us accessible for pick-ups for the retail market, and small-corporate accounts (MSMEs);
- Set up our cross-border operations to capture the e-Commerce market at its origin, making LBC an end-to-end logistics service provider;
- Partner with other logistics service providers through crowdsourcing, making our pick-up and delivery operations "burstable";
- Utilize crowdsourcing to fulfill the need for surge of volume, thus providing a cost-effective solution to demand;
- Expand our Returns Services to Reverse Logistics through reselling, liquidation or disposal of returned items;
- Expand money transaction through digital currency solutions, allowing peer-to-peer payments or C2B payments; and
- Ensure improved efficiencies in our hubs.

All these initiatives will be driven by technology and supported by skilled workforce.

LBC has invested on Digital Transformation to ensure that infrastructure and systems will support our automated processes, and to enable better decision making through information transparency and integrity across all touchpoints.

STATUS OF ANY PUBLICLY-ANNOUNCED NEW PRODUCT OR SERVICE

LBC Rush Service

On October 1, 2023, LBC introduced the RUSH service, an express delivery service which commits to having shipments delivered within one to two days from acceptance. LBC assures customers, whether walk-in or online, of this faster delivery lead time.

LBC Rush is available for shipments of National Capital Region (NCR) origin only, bound to Visayas or Mindanao, except out-of-delivery zone and remote areas with lead time of 1 to 2 days.

LBC Sakto Pack

In 2022, the LBC Sakto Pack introduced a receptacle measuring 9" inches X 7.5" inches, with a maximum weight limit of 500 grams. Ideal for social sellers, the receptacle pouch was designed to accommodate smaller items, such as cosmetics, jewelry, novelties, and even small clothing items. Price points were also designed for ease, ranging between PhP 39 - 69, allowing social sellers flexibility and attractive pass-on rates. LBC has pioneered this receptacle pouch size and pricing, and has no competing services from other courier brands.

The Sakto Pack was initially introduced as a promotion from September 8, 2022 - December 8, 2022, but was later extended, and is available nationwide. The Sakto Pack may be booked through LBC's digital platforms (LBC App and LBC Website). Once booking is confirmed, customer can release the package for delivery via LBC rider pick-up or LBC branch drop-off.

COMPETITION

Logistics

The Group is known to be a market leader in the Philippine retail logistics industry. It has been the top importer of *balikbayan* boxes in terms of throughput for the past 20 years. Although the Group has a leading position and significant market share in the courier and air freight forwarding industry, the Group faces competition from J&T Express, AP Cargo Logistics Network Corporation, JRS Business Corporation, Airfreight 2100, Inc., Cargo Padala Express Forwarding Service Corporation, Libcap Super Express Corporation and 2Go Express, Inc. The on-demand logistics space, which has gained popularity in recent years, has also emerged as competition for the Group. This category is comprised of brands such as Grab and Lalamove. The Group's international competitors include DHL, FedEx and UPS. However, international freight forwarders have historically not been strong competitors of the Group in the Philippines due to certain restrictions on foreign ownership in the cargo industry in the Philippines, as well as the high barriers to entry created by the dispersed geography of the archipelagic nation.

In the corporate logistics industry, the large industry players in the Philippines are Ninjavan, Flash Express, 2Go Freight and Fast Cargo, Inc. The main international competitors for the corporate sector are DHL, FedEx and UPS. Although the Group's market share is still relatively small in the corporate logistics industry, its corporate logistics segment has maintained strong growth since the Group first formally introduced these services as a separate business line in 2010. The Company seeks to increase its market share by leveraging its existing brand and network from its retail services.

Money Transfer Services

According to Ken Research, the Group is one of the top five non-bank providers of domestic remittance services by remittance volume as well as one of the top five non-bank providers of international inbound remittances in the Philippines by remittance volume in calendar year 2012. The Group competes against Philippine banks and various non-banks, such as pawnshops, for its international and domestic remittance services. Philippine banks, such as BDO Unibank, Inc., Bank of the Philippine Islands, Philippine National Bank, Metrobank and RCBC, account for the significant majority of market share in terms of volume for both domestic and international remittances. However, because the Group targets the unbanked population in the Philippines (which account for the majority of Filipinos), the Group believes its domestic remittance business has significant room for additional growth. The Group's main non-bank competitors in the remittance industry include M. Lhuillier, Cebuana Lhuillier, iRemit and Western Union, however, the Company has also embarked on partnerships with these competitors, in order to mutually grow the industry's market penetration by extending each brand's networks. The Group believes that high barriers to entry, including regulatory licenses and a distribution network, make it unlikely that there will be additional material competitors in the future.

QUALITY ASSURANCE AND INTERNAL CONTROLS

Quality Assurance

The Group recognizes that quality is an integral part of doing business. This is viewed as one of the primary responsibilities in dealing with our stakeholders. LBC is driven by its brand promise, "A Friend who makes your day," in ensuring that quality is effectively carried out in all aspects, particularly by growing profitable revenues and optimize operational costs; executing processes with clarity, certainty and convenience, driving operational excellence and building an agile organization. In 2019, LBC celebrates its 9th consecutive year of having certified to ISO 9001:2015 standards. This is a manifestation that LBC consistently conforms to an international quality management system standard based on a risk-based thinking approach following a Plan-Do-Check-Act framework.

The Group is committed to providing high quality service for customers in all areas of its business. To this end, it has in place standards and procedures to ensure a quality, reliable and seamless customer experience. The Group has in place the following procedures to monitor the quality of its services on a regular basis, as well as plan for contingencies that may otherwise cause an interruption in its business.

Discrepancy Reporting and Undeliverable Items

To ensure that loss and damage is minimal, the Group trains all relevant employees in the proper handling of parcels and cargo. It also has in place stringent procedures for scanning of shipments at all touch points. Upon withdrawal of an item at a distribution center, a manifest of all scanned barcodes is printed, which is later checked against outgoing shipments. Pursuant to the Group's standard operating procedures, all shipping discrepancies must be reported as they occur, with team leaders at the Central Exchange and regional distribution centers responsible for preparing preventive and corrective action, as well as compiling and providing discrepancy reports to the management on a regular basis. Discrepancies include damage, incomplete addresses, misrouted parcels and cargo, shipments to out-of-delivery-zone addresses, pilferage and improper acceptance.

When shipments are undeliverable because, for example, a recipient is unknown or not found at the destination address, or the destination address is not locatable, the Group will send out multiple notices to the sender, including initially an e-mail, followed up by a phone call and, as a last resort, a letter by registered mail. Shipments that remain unclaimed following these procedures (which typically take place over the course of six months to a year) are auctioned, with proceeds generally donated to charity after deducting costs incurred by the Group for storage and other related expenses.

Cash Collection and Management

The Group has implemented strict and comprehensive cash collection and management policies and procedures to minimize operational errors and promote customer trust. For example, every Group branch office is required to set up "cash sanctuaries" to minimize financial loss in the event of a robbery. In addition, the Group also sets strict limits on the amount of cash each branch is permitted to hold before the branch is required to make cash deposits at a bank, as well as value limits on cash deliveries of *Pesopak*.

Compliance with the Group's cash collection and management policies and procedures is monitored through random audits conducted by the Group's general accounting staff. Each branch has a team leader who is responsible for appointing two cash custodians, one primary cash custodian and one back-up cash custodian, maintaining a team resolution (which is signed by all branch associates and delineates the type of funds kept by the cash custodians) and producing readily-available documents showing proper cash turn-over among associates. The primary cash custodian is required to properly account for cash under safekeeping on a daily basis and ensure that there is no mingling of Group funds with customer funds. Every branch associate is required to undertake precautions to safeguard the cash within his or her branch office.

Business Continuity

The success of the Group's business is particularly dependent on the efficient and uninterrupted flow of its operations.

To safeguard against unanticipated interruptions in its business, the Group has instated the following business continuity plans and procedures:

- *Information Technology*. With respect to technology, the Group has back-up servers managed by its IT service provider with built-in redundancies for its various systems in which operational and customer data is stored. In the event of system downtimes, the Group has in place a back-up system whereby communication is maintained through mobile text messaging.

- *Transportation (Logistics).* Although the Group relies on airline and shipping carriers for its daily freight forwarding operations, it also has in place alternative procedures in the event that an airline or shipping carrier is unavailable. For example, when flights are grounded due to severe weather, the Group's vehicle fleet is capable of making deliveries by ground. Although ground deliveries may take longer than air cargo shipments, this enables the Group to continue its service even when other modes of transportation may be unavailable. When its usual shipping carriers are unavailable, the Group also makes use of its vehicle fleet. The vehicles can make deliveries to any region accessible by land, or can make use of RORO ("roll-on-roll-off") car ferries to reach locations that require sea transport.

- *Funding Insufficiencies (Remittances).* Although the Global Remittance Team monitors and makes daily estimates of the funding needs of each branch, on occasion, there may be insufficient funds at a given location to encash a remittance. In such a case, the Group has in place procedures for either nearby branches to deliver the necessary sums, or for authorized personnel to withdraw the cash from one of the Group's local bank accounts.

Post pandemic, the Group was able to continuously operate through the previous years' circumstances, within its expansive operations in the Philippines, and around the globe.

SUPPLIERS

The Group has a broad base of suppliers. The Group is not dependent on one or a limited number of suppliers. The Group adheres to a Sourcing/Purchasing procedure which begins from the receipt of request for quotation, approved purchased requisition or approved material requisition for new items or repetitive items such as Stock Items, Non-stock Items, Services and Capital Expenditures. The group also monitors delivery of stocks and/or services and interacts with the suppliers to ensure there are no deviations from existing Service Level Agreements with the vendors. These procedures adhere to Policies & Procedures such as: Three Canvassing Policy, Bids and Awards Policy, Policy on Construction of Facilities implemented by the Company's Sourcing & Procurement team. Likewise, a Procurement Manual is in place, which contains, among others, the following:

- Accreditation Requirements for Suppliers / Contractors
- Timeline for Purchase Order Processing and Delivery
- Process flow in Purchase Order creation for Regular Materials and Supplies
- Domestic Purchasing Process
- Vendor Evaluation Form

CUSTOMERS

The Group has a broad market base, including local and foreign individual and institutional clients. The Group does not have a customer that will account for 20% or more of its revenues.

TRANSACTIONS WITH RELATED PARTIES

Please refer to item 12 ("Certain Relationships and Related Transactions") of this Report.

INTERLLECTUAL PROPERTY

The Group uses a variety of registered names and marks, including the names "LBC Express, Inc.," "LBC Express," "LBC", "*Hari Ng Padala*" (Filipino for "King of Forwarding Services") and "WWW.LBCEXPRESS.COM" as well as the traditional and the re-designed "LBC" corporate logos (including the new slogan "We Like To Move It"), the "Team LBC *Hari Ng Padala*" logo and "LBC Remit Express" logo in connection with its business. Except for the "LBC Remit Express" design and logo (registered on July 26, 2012 and expires on July 26, 2022) and the LBC in rectangular box and *Pesopak* logo (registered on May 31, 2012 and expires on May 31, 2022), which are owned directly by the Company, these marks (collectively, the "LBC Marks") are owned and licensed to the Company by LBC Development Corporation, the Company's parent company, pursuant to a trademark licensing agreement. Under the terms of this agreement, the Company has the full and exclusive right to utilize the LBC Marks in consideration for a fixed royalty fee of 3.5% of the Company's annual gross revenues (defined as all revenue from sales of products and services, direct and indirect, relating to the Company's business operations). Pursuant to an addendum signed October 25, 2013, the fixed royalty fee was lowered to 2.5%, effective December 1, 2013.

Under the agreement, the Company also has the right to extend the use of the LBC marks to its subsidiaries (defined as companies in which the Company holds at least 67% of the voting rights) within the Philippines, as well as to its remittance and cargo/courier/freight forwarding fulfillment service partners and agents in the Philippines and abroad, subject to certain terms and conditions. In practice, foreign agents of the Company are granted very limited use of the "LBC" brand and logos pursuant to the individual agency agreements entered into between them and the Company.

The LBC Marks have also been registered in each major jurisdiction in the Company's international network. LBC Development Corporation is currently in the process of registering the LBC Marks in the International Register pursuant to the Protocol Relating to the Madrid Agreement (the "Protocol"), which will grant the LBC Marks intellectual property protection in the jurisdictions of all Contracting Parties (as such term is defined in the Protocol). LBC Development Corporation is also currently in the process of registering the LBC Marks in jurisdictions within the Company's international network not covered by the Protocol.

On August 4, 2017, the trade licensing agreement was amended and both parties agreed to discontinue royalty payments for the use of LBC Marks in recognition of LBCE's own contribution to the value and goodwill of the trademark effective September 4, 2017.

GOVERNMENT PERMITS AND LICENSES

The Group secures various approvals, permits and licenses from the appropriate government agencies or authorities as part of the normal course of its business.

EMPLOYEES

As of December 31, 2023, the Group had, on a consolidated basis, 8,950 full-time regular employees, compared to 10,238 full-time regular employees as of December 31, 2021. The Group continues to add to its workforce on a regular basis in line with the growth of its business.

Under the Group's hiring policy, all branch employees must have at minimum a college degree, while exchange associates and drivers and couriers are generally required to have completed a two-year vocational course or the second year of college. Employees of the Group in the Philippines are primarily trained in-house.

The Group maintains a non-contributory defined benefit plan covering all qualified employees in the Philippines.

The following table sets out the number of employees of the Group by job function as of December 31, 2023:

	Number of Employees
Management and Administrative Associates	89
Central Exchange and Regional Distribution Center Associates	325
Branch Associates	3,432
Drivers and Couriers	1,689
Other	3,415
Total	**8,950**

As of the end of December 2023, four Company subsidiaries in the Philippines have entered into collective bargaining agreements with their respective employees, with approximately 800 employee memberships. Approximately 500 of these employees in the Philippines belong to one of the six labor unions (for four subsidiaries) and the remaining approximately 90 employees belong to two of the other six labor unions. The Group believes that there is sufficient coverage by its other, non-unionized subsidiaries to provide back-up support in the event of a disruptive labor dispute at any given unionized subsidiary. In addition, because freight forwarding and messengerial services may be considered indispensable to national interest in the Philippines, the Secretary of the Department of Labor and Employment in the Philippines has the discretion to end strikes or certify the same to the National Labor Relations Commission for compulsory arbitration pursuant to Article 263(g) of the Philippine Labor Code, even in cases involving private providers of such services. Such cessation order or arbitration certification would have the effect of automatically enjoining an intended or impending strike or, if one has already taken place, of requiring all striking or locked out employees to immediately return to work and all employers to immediately resume operations. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes for at least the past decade. Management believes that the Company's relationship with its employees in general is satisfactory.

The Group complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations in all of the jurisdictions in which it operates. The Group has in place internal control systems and risk management procedures, primarily overseen by its Corporate Compliance Group, Labor Department and Legal Department, to monitor its continued compliance with labor, employment and other applicable regulations.

In addition to full-time employees, the Group relies on contractors for the peak seasons, such as during the Easter and Christmas seasons, to satisfy increased demand for services.

RISKS

The Group is subject to certain operational, regulatory and financial risks as follows:

- A significant portion of the Group's business activities are conducted in the Philippines and a significant portion of its assets are located in the Philippines, which exposes the Group to risks associated with the Philippines, including the performance of, and impacts of global conditions on, the Philippine economy.
- The Group's business is particularly dependent on the quality as well as the efficient and uninterrupted operation of its IT and computer network systems, and disruptions to these systems could adversely affect its business, financial condition and results of operations.
- The Group may not be able to expand its domestic branch network and its product offerings and expand into new geographical markets or develop its existing international operations successfully, which could limit the Group's ability to grow and increase its profitability.
- If consumer confidence in the Group and the "LBC" brand deteriorates, the Group's business, financial condition and results of operations could be adversely affected.
- The Group relies on third party contractors to provide various services, and unsatisfactory or faulty performance of these contractors could have a material adverse effect on the Group's business.
- The Group faces risks from increases in freight and transportation costs.
- The Group operates in competitive industries, which could limit its ability to maintain or increase its market share and maintain profitability.
- Any deterioration in the Group's employee relations, or any significant increases in the cost of labor, could materially and adversely affect the Group's operations.
- The Group does not own any real property and the Group may be unable to renew leases at the end of their lease periods or obtain new leases on acceptable terms.
- The Group may encounter difficulties in managing the operations of its agents and affiliates effectively.
- The Group's businesses are subject to regulation in the Philippines, and any changes in Government policies could adversely affect the Group's operations and profitability.
- The Group is subject to numerous U.S. and international laws and regulations intended to help detect and prevent money laundering, terrorist financing, fraud and other illicit activity. Failure by the Group, its agents and affiliates to comply with these laws and regulations and increased costs or loss of business associated with compliance with these laws and regulations could have a material adverse effect on the Group's business, financial condition and results of operations.
- The Group faces risks from trade restrictions.
- Any inability of the Group to secure renewals or new licenses for its money transfer operations may have a material adverse effect on its business, prospects, financial condition and results of operations.
- Risks associated with the Group's money transfer operations outside the Philippines could adversely affect the Group's business, financial condition and results of operations.

Item 2. PROPERTIES

REAL PROPERTY

On April 15, 2019, LBCE entered into a Contract to Sell (CTS) with a third party for the purchase of parcels of land for a total consideration of ₱916.89 million. As stipulated in the Contract, within 10 days of the signing of the CTS, LBCE paid the initial down payment amounting to ₱183.38 million. Subsequently, the second payment of ₱91.69 million was settled by LBCE within 15 business days upon presentation of the seller of the new subdivided title, while the remaining purchase price amounting to ₱641.82 million shall be paid through a bank financing not later than one year from the CTS date. Subsequently on February 10, 2020, LBCE availed a bank loan to settle the remaining unpaid purchase price wherein the same property was used as collateral to secure the bank loan. Capitalized direct expenses include transfer fees, capital gains tax, documentary stamp taxes and notarial fees amounting to ₱114.37 million.

On May 27, 2021, LBCE entered into an agreement with Union Bank of the Philippine (UBP) to finance the construction of the new warehouse. On August 5, 2021, the bank loan used for acquisition of land mentioned above was taken out via this contract (Note 15 of the consolidated financial statements). Various drawdowns of loans were made since 2021 to fund the construction of the LBC Central Exchange Facility in L-2 C5 Extension, Moonwalk, Paranaque City which started operations in August 2023. Total cost of building capitalized as of December 31, 2023 is ₱1.14 billion.

The Group's registered office is located at the LBC Hangar at the General Aviation Center in the Old Domestic Airport, Pasay City pursuant to a lease with the Manila International Airport Authority. The LBC Hangar houses the Central Exchange, as well as the Company's Information Technology Team and Global Remittance Team. The lease contract involving this facility ended in December 2023 and all operations were transferred to the new warehouse, simultaneous to the change in LBCE's registered office address. The Parent Company is awaiting approval for the change of address, as well, as of report date.

In addition, the Group leases the spaces for all of its 1,525 Company-owned branches in the Philippines, as well as its regional distribution centers, delivery hubs, container freight stations and warehouses. The average term of these leases is one to eight years, except for one 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. Branch offices are refurbished approximately every five to seven years, and the Company considers strategic relocation of branch offices from time to time to meet changing market demands.

For its general and administrative activities, the Group leases a 1,489.50 sq. m. office space at the Two-E-com Centre in Pasay City, Metro Manila, and a 1,701.07 sq. m. office space at the Ocean Breeze also in Pasay City, Metro Manila, both located near its registered office at the LBC Hangar.

For the years ended December 31, 2023, 2022 and 2011, the Company's total expenses related to leases were ₱1,572.06 million, ₱1,546.91 million and ₱1,474.34 million, respectively.

EQUIPMENT

Other property and equipment owned by the Group primarily comprises its fleet of 3,372 vehicles (2,617 motorcycles and 755 vans), servers, computers and peripheral equipment, software, vaults and handheld scanners, X-ray scanners, and its bulk mail sorting machine.

Item 3. LEGAL PROCEEDINGS

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. Such litigation involves, among others, claims against the Group for non-delivery, loss or theft of packages and documents, mis-release of remittances, labor disputes, as well as cases filed by the Group against employees and others for theft and similar offenses.

Except as disclosed below, neither the Company nor any of its subsidiaries have been or are involved in, or the subject of, any governmental, legal or arbitration proceedings which, if determined adversely to the Company or the relevant subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

On September 9, 2011, the BSP, through Monetary Board Resolution No. 1354, resolved to close and place LBC Development Bank Inc.'s (the "Bank") assets and affairs under receivership.

On December 8, 2011, the Philippine Deposit Insurance Company (PDIC), as the official receiver and liquidator of closed banks, demanded on behalf of the Bank that LBC Holdings USA Corporation (LBC US) pay for its alleged outstanding obligations to LBC Bank amounting to approximately ₱1.00 billion, a claim that LBC US has denied as being baseless and unfounded. No further demand on this matter has been made by the PDIC since then, although there are no assurances that the claim has been waived or abandoned in whole or in part, or that the PDIC will not institute relevant proceedings in court or serve another demand letter to LBC US.

In relation to the Bank's closure and receivership, the receivables amounting to ₱295.00 million were written-off in 2011.

On March 17 and 29, 2014, the PDIC's external counsel sent letters to LBCE, demanding collection of the alleged amounts totalling ₱1.79 billion. On March 24 and 29, 2014, July 29, 2014, June 17, 2015 and June 26, 2015, the same legal counsel sent collection letters addressed to LBC Systems, Inc. [Formerly LBC Mundial Inc.] [Formerly LBC Mabuhay USA Corporation], demanding the payment of amounts aggregating to ₱911.59 million, all on behalf of the Bank.

On November 2, 2015, the Bank, represented by the PDIC, filed a case against LBC Express, Inc. (LBCE) and LBC Development Corporation (LBCDC), together with other respondents, before the Makati City Regional Trial Court (RTC) for a total collection of ₱1.82 billion. The case is in relation to the March 17, 2014 demand letter representing collection of unpaid service fees due from June 2006 to August 2011 and service charges on remittance transactions from January 2010 to September 2011. In the Complaint, the PDIC justified the increase in the amount from the demand letter to the amount claimed in the case due to their discovery that the supposed payments of LBCE were allegedly unsupported by actual cash inflow to the Bank.

On December 28, 2015, the summons, together with a copy of the Complaint of LBC Development Bank, Inc., 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 totalling ₱6.90 million. The attachment of the shares in the record of the stock transfer agent had the effect of preventing the registration or recording of any transfers of shares in the records, until the writ of attachment is discharged.

LBCE and LBCDC, the ultimate Parent Company, together with other defendants, filed motions to dismiss the Complaint on January 12, 2016 for the collection of the sum of ₱1.82 billion. On January 21, 2016, LBCE and LBCDC filed its Urgent Motion to Approve the Counterbond and Discharge the Writ of Attachment.

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 preliminary attachment directed the sheriff of the court to deliver to LBCE and LBCDC all properties previously garnished pursuant to the 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.

In a Joint Resolution dated June 28, 2016, the RTC denied the motions to dismiss filed by all the defendants, including LBCE and LBCDC. Motions for reconsideration filed by the defendants were subsequently denied by the RTC in the Resolution dated February 16, 2017. On April 24, 2017, LBCE and LBCDC filed a Petition for Certiorari with the Court of Appeals, challenging the RTC's June 28, 2016 Joint Resolution. The Petition for Certiorari is entitled *"LBC Express, Inc. and LBC Development Corporation vs. Hon. Maximo M. De Leon and LBC Development Bank, as represented by its receiver/liquidator, the Philippine Deposit Insurance Corporation,"* and docketed as CA-G.R. SP No. 150698.

After filing motions for extension of time, LBCE and LBCDC filed their Answer with Counterclaims on April 10, 2017. In the Resolution dated June 15, 2017, the RTC denied the third motion for extension, declared all of the defendants including LBCE in default and ordered PDIC to present evidence ex-parte. LBCE and LBCDC filed a Verified Omnibus Motion for reconsideration and to lift the order of default. The other defendants filed similar motions, including a motion for inhibition. On July 21, 2017, LBCE received the Joint Resolution dated July 20, 2017, granting the Verified Omnibus Motions and the Motion for Inhibition, thereby lifting the order of default and admitting the Answers filed by all defendants.

The PDIC filed a Motion for Reconsideration dated August 7, 2017, seeking to reconsider the Joint Resolution dated July 20, 2017. The defendants, including LBCE and LBCDC have filed their respective comments thereto and the motion is currently pending resolution.

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 raffled to a new judge who will preside over the trial. The case was re-raffled to Branch 134 of the Makati Regional Trial Court.

On or about September 3, 2018, PDIC filed motions to issue alias summons to five individual defendants, who were former officers and directors of LBC Bank. For reasons not explained by PDIC, it had failed to cause the service of summons upon five of the individual defendants and hence, the court had not acquired jurisdiction over them.

On October 26, 2018, the Motion to Defer Pre-Trial scheduled on November 15, 2018 was filed because the PDIC was still trying to serve summons on the five individual defendants and thus, for orderly proceedings, pre-trial should be deferred until the court acquires jurisdiction over them.

At the hearing held on November 9, 2018, which the PDIC did not attend, the judge directed PDIC's counsel to coordinate with the Sheriff and cause the service of summons promptly. The judge then rescheduled the pre-trial to January 23, 2019. On November 21, 2018, comment from the PDIC was received, arguing that pre-trial can proceed, even without the presence of the five individuals because there are merely necessary parties to the case, and not indispensable parties.

As of early January 2019, the alias summons was served on only two of the individual defendants, in which they filed Motion to Dismiss in November 2018 and January 2019. The PDIC filed its comments thereto and both Motions to Dismiss were deemed submitted for resolution.

On January 18, 2019, PDIC filed a Pre-Trial Brief. LBCE and the other defendants, on January 21, 2019, filed a Motion, asking the RTC to direct the PDIC to explain in writing its compliance with the previous order to cause the service of summons on the remaining five individual defendants and to defer pre-trial until the court has acquired jurisdiction over them.

On January 23, 2019, the judge ordered the PDIC to file its comment to the Motion and rescheduled the pre-trial to February 21, 2019.

The PDIC filed a Comment with Motion to Declare Defendants in Default, arguing that the pre-trial should proceed and that the current defendants are just delaying the proceedings. The PDIC also explained its efforts to serve summons on the five individuals but admitted that it had only served summons of two of the individual defendants. The PDIC also stated that it is filing another motion for the issuance of another round of alias summons for the three remaining defendants.

On February 4, 2019, a Reply was filed arguing that: (a) the PDIC never explained the three-year delay in serving summons on the other defendants, (b) it is the PDIC's omission which have made the proceedings disorderly because not all of the defendants are at the pre-trial state, and (c) to avoid complications, the pre-trial should be deferred until the court has acquired jurisdiction over all defendants.

The court conducted a hearing on February 1, 2019 on the Motion to Declare Defendants in Default and granted time to submit comment thereto. A comment opposition was filed on February 11, 2019, arguing that there is no basis to consider the current defendants in default because they are appearing at every hearing and that there are pending motions citing just and valid reasons to defer pre-trial, considering that summons are still being served on some defendants. Emphasis was given in particular that once jurisdiction is acquired over individual defendants, they will file their own answers, raising their own defenses, which should be considered at pre-trial. Also, it is mandatory to refer them to mediation and JDR for possible amicable settlement of the entire case. Even if mediation and JDR fail, the current judge is required by procedural rules to raffle the case to another branch so that his judgment is not influenced by matters discussed during JDR.

On February 18, 2019, a Pre-Trial Brief was filed by LBCE and the other defendants, without prejudice to the defendants' pending motions to defer Pre-Trial.

At the hearing scheduled on February 21, 2019, the judge took note of all the pending motions and said that they are deemed submitted for resolution. In the meantime, the judge directed the parties to perform a pre-marking of all their documentary exhibits before the clerk of court. The judge then rescheduled Pre-Trial to March 28, 2019.

On March 6, 2019, with respect to CA-G.R. SP No. 150698, LBCE and LBCDC received a copy of the Court of Appeals' Decision dated February 28, 2019, denying the Petition for Certiorari. The Court of Appeals ruled that the PDIC representative was sufficiently authorized to sign the verification and the PDIC does not need to secure prior approval of the liquidation court to file the case. LBCE and LBCDC filed a motion for reconsideration on March 21, 2019. On 18 July 2019, they received a copy of the Court of Appeals' resolution denying the motion for reconsideration. LBCE and LBCDC filed an appeal to the Supreme Court on September 2, 2019 assailing the Court of Appeals Decision and Resolution. The appeal with the Supreme Court is entitled *"LBC Express, Inc. and LBC Development Corporation v. Hon. Maximo M. De Leon, Presiding Judge of the Regional Trial Court of Makati Branch 143 and LBC Development Bank as represented by its receiver/liquidator, the Philippine Deposit Insurance Corporation"* and docketed as G.R. No. 248539. The appeal was initially assigned to the Third Division of the Supreme Court. In the appeal, LBCE and LBCDC are praying for the dismissal of the Complaint because PDIC failed to obtain leave from the liquidation court to file the Complaint before the Regional Trial Court, contrary to the provisions of the Rules of Court and established jurisprudence. PDIC has filed its Comment on January 11, 2020. The Supreme Court has not resolved the appeal as of today.

Meanwhile, PDIC has pre-marked its evidence during pre-marking conferences held on March 6 and 11, 2019. LBCE on the other hand pre-marked its evidence on March 22, 2019 and on April 10, 11, and 24, 2019.

LBCE was informed by the court staff that due to the order of Executive Judge for court records inventory and disposal, the pre-trial scheduled for March 28, 2019 will be reset to May 2, 2019.

On May 2, 2019, at the pre-trial hearing, the judge released his Order, whereby, among others, he granted the motion to defer pre-trial proceedings in order to have an orderly and organized pre-trial and deferred pre-trial hearing until the other defendants have received summons and filed their answers. In the meantime, the parties have proceeded to pre-mark their respective documentary exhibits in preparation for eventual pre-trial.

Later on, four of the five individual defendants received summons and then filed motions to dismiss the case, all of which were denied by the RTC. All four individual defendants filed for motions for reconsideration. The motions for reconsideration filed by the three individual defendants were eventually denied by the RTC. Thereafter, the three individual defendants filed their Answers to the Complaint with the RTC.

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.

The last remaining individual defendant filed her Answer on May 24, 2021.

PDIC, LBCE, LBCDC and the other defendants pre-marked their respective documentary exhibits on May 26, 2021, July 6, 9 and 12, 2021, and November 8, 2021.

The court set the pre-trial on March 16, 2022. On May 16, 2022, one of the individual defendants moved for the resetting thereof because she was not able to compare the documents previously marked by PDIC and the other defendants. The judge allowed the comparison of documents on March 24 and 29, 2022 and reset the pre-trial to April 21, 2022.

As scheduled, PDIC, LBCE, LBCDC and the other defendants pre-marked their respective documentary exhibits on March 24 and 29, 2022.

On April 13, 2022, LBC Properties, Inc. filed a Manifestation and Motion to Resolve Affirmative Defenses, prayed that the court resolve the affirmative defenses raised in its answer.

On April 19, 2022, an individual defendant filed a similar Motion to Resolve Affirmative Defenses.

On April 21, 2022, the court allowed the cancellation of the pre-trial to afford the parties time to facilitate the early termination of the case and reset it to May 26 and June 23, 2022.

On November 8, 2021, PDIC, LBCE, LBCDC and the other defendants completed the pre-marking of their respective documentary exhibits. The parties are now waiting for notice from the RTC for the continuation of the pre-trial proper. The court has scheduled the continuation of the pre-trial proper on May 26, 2022 and June 23, 2022.

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

The presentation of PDIC's evidence commenced on January 11, 2023. PDIC initially presented Atty. Ariston P Aganon, Mr. Richard Noel M. Ponce and Mr. Benjamin Marcos as its witnesses. After several postponements, PDIC was supposed to present its last witness, Ms. Bibiana Figueroa during the hearing on February 22, 2023. However, at said hearing, PDIC was not ready to present her and the RTC ruled that PDIC is deemed to have waived its right to present Bibiana Figueroa. The RTC directed PDIC to make its oral formal offer of evidence on March 8, 2023.

On March 7, 2023, PDIC filed a Motion for Reconsideration, submitting the Judicial Affidavit of Ms. Figueroa and requesting that the RTC allow her to be presented. LBC Express, Inc., LBC Development Corporation and the other defendants filed their Comment/Opposition to the Motion for Reconsideration. Due to the pendency of the Motion for Reconsideration of the Order dated February 22, 2023, the RTC cancelled the scheduled hearing on March 8, 2023, and reset the same to April 19, 2023.

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

The RTC set the case for hearing on May 4, 2023 during which PDIC will formally offer its documentary evidence. The RTC likewise set the case for hearing on May 18, 2023 for the initial presentation of LBC's evidence and witnesses.

The RTC issued an Order dated April 20, 2023, ruling the defendants' Comment/Opposition to PDIC's Motion for Reconsideration has been rendered moot by the presentation and cross-examination of Ms. Figueroa.

LBC Express, Inc., LBC Development Corporation 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's April 20, 2023 Order on the ground that the cross-examination of Ms. Figueroa 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. LBC Express, Inc., LBC Development Corporation 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 May 4, 2023.

At the May 4, 2023 hearing, the RTC rescheduled the PDIC's formal offer to the next scheduled hearing on May 18, 2023 in light of the pending Motions.

At the hearing on May 18, 2023, the RTC issued an Order of the same date, in which Judge Redentor Cardenas ruled to voluntarily inhibit himself from further hearing the case, citing the contentious dispute over his decision to allow Ms. Figueroa to be presented as a witness.

The case was then re-raffled to Branch 132 of the Makati RTC, presided by Hon. Rommel Baybay.

Judge Baybay then conducted a clarificatory hearing on July 13, 2023 to discuss the pending motions. In an Order dated July 13, 2023, the RTC denied all the pending motions and directed the PDIC to file a written formal offer of evidence within 30 days and granted the defendants the same period to comment.

The PDIC filed its Formal Offer of Documentary Evidence dated August 14, 2023. On September 13 and 14, 2023, LBC Express, Inc., LBC Development Corporation and the other defendants filed their respective Comments and Objections to the Formal Offer.

In the Order dated September 28, 2023, the RTC resolved to admit Exhibits AA to JJ of the PDIC. LBC Express, Inc., LBC Development Corporation and the other defendants filed a Motion for Reconsideration dated October 12, 2023. In the Order dated January 17, 2024, the RTC denied the Motion for Reconsideration.

Thus, on January 18, 2024, LBC Express filed its Demurrer to Evidence and LBC Development Corporation, LBC Properties, and the individual defendants filed a separate Demurrer to Evidence.

The RTC granted the 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, Defendant Berenguer filed her own Demurrer to Evidence dated February 19, 2024.

LBC Express, Inc., LBC Development Corporation, LBC Properties and the other defendants filed their Reply to the PDIC's Comment to the Demurrers to Evidence on March 20, 2024.

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

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

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

The hearing dates on April 26, 2024 and 10 May 2024 were cancelled. The hearing dates for the presentation of Defendants' evidence were rescheduled to July 19, 2024, August 2, 2024, and August 23, 2024 all at 8:30 am.

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 in time.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the annual meeting of the stockholders of LBCH held on December 4, 2023, there was no other matter submitted to a vote of security holders during the period covered by this Report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

LBCH common shares are listed with the PSE. As at the end of December 31, 2023, the total number of shares held by the public was 219,457,133 common shares or 15.39% of the total issued and outstanding capital stock of the LBCH.

The following table sets forth the share prices of LBCH's common shares for each quarter of the years 2023,2022, 2021, 2020, 2019, 2018 and 2017:

Quarter	High (P)	Low (P)
2023		
4th	19.34	16.92
3rd	20.45	17.70
2nd	17.90	13.94
1st	18.84	16.64
2022		
4th	22.95	16.02
3rd	23.85	18.10
2nd	26.00	19.02
1st	24.95	21.70
2021		
4th	24.95	16.00
3rd	18.36	16.00
2nd	18.38	15.36
1st	17.28	15.32
2020		
4th	17.00	13.20
3rd	16.10	12.12
2nd	14.90	10.50
1st	13.98	7.51
2019		
4th	15.98	11.50
3rd	14.90	13.52
2nd	15.80	13.44
1st	17.50	14.02
2018		
4th	15.00	13.52
3rd	15.36	14.20
2nd	15.78	14.08
1st	19.90	14.00
2017		
4TH	17.90	14.54
3RD	16.36	15.00
2ND	18.72	14.00
1ST	15.86	13.02

The stock price of common share of LBCH as of the close of the latest practicable trading date, April 26, 2024, is Php 15.00.

STOCKHOLDERS

As of December 31, 2023, LBCH has 485 registered holders of common shares. The following are the top 20 registered holders of the common shares:

	Name of Stockholder	Nationality	Number Of Shares Held	Percentage
1	LBC Development Corporation	Filipino	1,205,974,632	84.58%
2	Lim, Vittorio Paulo P.	Filipino	59,663,948	4.18%
3	Martinez Jr., Mariano D.	Filipino	59,663,946	4.18%
4	Yu, Lowell L.	Filipino	59,663,946	4.18%
5	PCD Nominee Corporation	Filipino	39,781,666	2.79%
6	PCD Nominee Corporation	Non-Filipino	584,822	0.04%
7	Santos, Ferdinand S.	Filipino	10,000	Nil
8	Lantin, Andy	Filipino	5,000	Nil
9	Cabual, Alfonso B	Filipino	3,000	Nil
10	Leong, Jennifer H.	Filipino	3,000	Nil
11	Abapo, Wilfredo M.	Filipino	2,000	Nil
12	Amoncio, Juhjeh P.	Filipino	2,000	Nil
13	Apal, Rommel	Filipino	2,000	Nil
14	Aquino, Agapito U.	Filipino	2,000	Nil
13	Balo, Jimmy P.	Filipino	2,000	Nil
14	Batalla, Wilfredo P.	Filipino	2,000	Nil
15	Bordios, Norman S.	Filipino	2,000	Nil
16	Butron, Marleta T.	Filipino	2,000	Nil
17	Cabale, Roy V.	Filipino	2,000	Nil
18	Capuno, Cristina S.	Filipino	2,000	Nil
19	Demetillo, Rodolfo D.	Filipino	2,000	Nil
20	Furio, Teresita F.	Filipino	2,000	Nil

DIVIDENDS

Dividend Policy

The Company has adopted a dividend policy to distribute to its shareholders a portion of its funds that are surplus subject to the operating and expansion needs of the Company, as determined by the board of directors of the Company, in the form of stock and/or cash dividends, subject always to:

(a) All requirements of the Corporation Code of the Philippines as well as all other applicable laws, rules, regulations and/or orders;

(b) Any banking or other funding covenants by which the Company is bound from time to time; and

(c) The operating and expansion requirements of the Company as mentioned above.

The Company’s subsidiary, LBC Express, Inc. has adopted the same dividend policy.

Cash dividends are subject to approval by the Company's Board of Directors without need of stockholders' approval. However, property dividends, such as stock dividends, are subject to the approval of the Company's Board of Directors and stockholders.

The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company.

Dividend History

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 200,000 per share, both payable on November 15.

The controlling interest of LBCH in LBC Mabuhay (B) Sdn. Bhd. and LBC Mabuhay Remittance Sdn. Bhd. amounted to BND 250,000 and BND 200,000, respectively.

On October 14, 2022, the BOD of LBC Australia Pty Ltd declared cash dividends amounting to AUD 1.80 million payable on November 15, 2022.

On October 13, 2022, the BOD of LBC Mabuhay (M) Sdn. Bhd. declared cash dividends of RM 3.00 per outstanding common share. 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 USD250,000 on the outstanding common shares held by the Parent Company and paid on November 15, 2022.

On September 29, 2022, the BOD of LBC Express Airfreight (S) PTE Ltd. declared cash dividend of SGD 5.7 million and paid on November 15, 2022.

On March 21, 2022, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 600 per common share. The record date of entitlement to the said cash dividend is on November 30, 2021.

On October 19, 2020, the BOD of LBCH approved the declaration of cash dividends of amounting to ₱285.17 million or ₱0.20 for every issued and outstanding shares.

On September 12, 2019, the BOD of LBCH approved the declaration of cash dividends amounting to P356.47 million.

On December 20, 2018, the BOD of LBCH approved the declaration of cash dividends amounting to P285.17 million.

On April 19, 2017, the BOD of LBCH approved the declaration of cash dividends amounting to P827.00 million from unappropriated retained earnings as of March 31, 2017 amounting to P849.83 million.

On October 11, 2016, the BOD of LBCH approved the declaration of cash dividends amounting to P313.69 million (nil in 2015).

On February 8, 2019, June 9, 2017 and November 29, 2016, through a Memorandum of Agreement, LBCDC and LBCH agreed to offset the dividends payable by LBCH to LBCDC against the latter's payable to the Group amounting to P 229.37 million, P 699.47 million and P 265.31 million, respectively. The P241.19 million, P699.47 million and P265.31 million pertain to the share in dividends of LBCDC while the P43.98 million, P127.54 million and P48.38 million pertain to the share of non-controlling interest.

RECENT SALE OF SECURITIES

There is no recent sale of unregistered securities or exempt securities or recent issuance of securities constituting an exempt transaction.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

KEY PERFORMANCE INDICATORS

Financial Ratios:

	Formula	2023	2022	2021
Current ratio	Total Current Assets / Total Current Liabilities	**0.65**	**0.68**	**0.90**
Acid Test Ratio	Total Current Assets - Prepayments and other current assets / Total Current Liabilities	**0.53**	**0.56**	**0.63**
Solvency Ratio	Net income after tax less non-cash expenses / Total Liabilities	**0.14**	**0.12**	**0.12**
Debt-to-equity ratio	Total Liabilities / Stockholder's equity attributable to Parent Company	**6.91**	**8.26**	**6.75**
Asset-to-equity ratio	Total Assets / Stockholder's equity attributable to Parent Company	**7.90**	**9.26**	**7.76**
Interest rate coverage ratio	Income before interest and tax expense / Interest expense	**1.50**	**(0.29)**	**(0.55)**
Return on equity	Net income attributable to Parent Company / Stockholder's equity attributable to Parent Company	**0.09**	**(0.30)**	**(0.42)**
Debt-to-total assets ratio	Total liabilities / Total assets	**0.87**	**0.89**	**0.87**
Return on average assets	Net income attributable to Parent Company / Average assets	**0.01**	**(0.03)**	**(0.05)**
Net profit margin	Net income attributable to Parent Company / Service Fee	**0.01**	**(0.04)**	**(0.05)**
Book value per share	Stockholder's equity attributable to Parent Company / Total number of shares	**1.36**	**1.26**	**1.44**
Basic earnings per share	Net income attributable to Parent Company / Weighted average of common shares outstanding	**0.12**	**(0.38)**	**(0.61)**
Diluted earnings per share	Net income attributable to Parent Company after impact of conversion of bonds payable / Adjusted weighted average number of common shares for diluted EPS	**0.12**	**(0.38)**	**(0.61)**

RESULTS OF OPERATIONS

Year ended December 31, 2023 compared to the year ended December 31, 2022

Service Revenue

The Company's service revenue decreased by 4% to ₱14,513.69 million for the year ended December 31, 2023, from ₱15,189.72 million for the year ended December 31, 2022, mainly from retail logistics by 7%. This is offset by the improvement in corporate revenue by 2%.

Cost of Services

Cost of services is down by 7% to ₱11,468.23 million for the year ended December 31, 2023, from ₱12,323.24 million for the year ended December 31, 2022, pertaining to improvement in cost of delivery, remittance, and manpower cost by 9% and 6%, respectively, aligned to the decline in current sales volume and cost rationalization initiated by the management.

Utilities and depreciation also went down mainly due to closure of unproductive branches and continued consolidation of warehouses.

Gross Profit

Gross profit improved by 6% to ₱3,045.46 million for the year ended December 31, 2023, from ₱2,866.49 million for the year ended December 31, 2022, primarily attributable to reduction of cost of services.

Operating Expenses

Operating expenses increased to ₱2,490.30 million for the year ended December 31, 2023, from ₱2,482.48 million for the year ended December 31, 2022, due to increases on the following:

- Provision for impairment loss primarily attributable to the write-off of receivable from one of the affiliates and additional allowances for doubtful accounts.
- Depreciation and amortization and software maintenance cost accounts are also higher because of the additional software capitalized in the latter part of 2022 and in 2023.
- Professional fees went up driven by the digitalization fees incurred this year.

The mentioned increases were offset by the decreases in controllable accounts such as sponsorship and travel and representation expenses. Taxes and licenses also went down due to documentary stamp taxes incurred last year.

Operating Income

Operating income is higher by 45% to ₱555.17 million for the year ended December 31, 2023, from ₱384.01 million for the year ended December 31, 2022, mostly driven by the improvement in gross profit.

Other Charges, Net

Other charges, net decreased to ₱267.68 million for the year ended December 31, 2023, from ₱748.41 million for the year ended December 31, 2022, largely caused by foreign exchange gains amounting to ₱59.87 million for the year ended December 31, 2023, compared to losses amounting to ₱75.55 million for the year ended December 31, 2022, which are mostly related to the valuation of the bond payable.

Further, valuation of derivative resulted to gain of ₱150.81 million for the year ended December 31, 2023, from loss of ₱230.55 million for the year ended December 31, 2022.

The Parent Company also acquired Blue Eagle & LBC Service Pte. Ltd on September 28, 2023 that resulted in a gain on bargain purchase amounting to ₱18.23 million.

Net Income (Loss) after tax

Net income (loss) after tax is at ₱168.19 million earnings for the year ended December 31, 2023, from loss of ₱543.24 million for the year ended December 31, 2022 mainly from the growth in gross profit margin by 2% and favorable valuation of derivative liability.

Year ended December 31, 2022 compared to the year ended December 31, 2021

Service Revenue
The Company's service revenue declined by 7% to ₱15,189.73 million for the year ended December 31, 2022, from ₱16,249.71 million for the year ended December 31, 2021, mainly from domestic logistics segment, partly covered by 5% growth in sales from overseas due to recovery of favorable rates in some countries.

Cost of Services
Cost of services is down by 2% to ₱12,323.24 million for the year ended December 31, 2022, from ₱12,638.27 million for the year ended December 31, 2021, pertaining to lower cost of delivery and remittance by 5%. Reduction in truck rentals, manpower and air freight costs were aligned to current sales production.

However, these reductions were offset by increasing fuel prices and surge in cost of freight-sea as general price increases were implemented by shipping lines, both in domestic and overseas setting.

Gross Profit
Gross profit is lower by 21% to ₱2,866.49 million for the year ended December 31, 2022, from ₱3,611.45 million for the year ended December 31, 2021, primarily attributable to decrease in volume and increase in cost of freight sea and fuel.

Operating Expenses
Operating expenses decreased by 41% to ₱2,482.48 million for the year ended December 31, 2022, from ₱3,512.41 million for the year ended December 31, 2021, mainly from the significant reduction of COVID-19 related expenses such as professional fees, shuttle services costs and medical and sanitation supplies.

Operating Income
Operating income is at ₱384.01 million for the year ended December 31, 2022, from ₱99.04 million for the year ended December 31, 2021, attributable to decline in cost of service and operating expenses.

Other Charges, net
Other charges, net decrease to ₱748.60 million for the year ended December 31, 2022, from ₱790.40 million for the year ended December 31, 2021, mainly driven by the 'Loss on derivatives' recognized during the year which is lower by ₱227.78 million.

Net Income (Loss) after tax
The Group improved in operating income to ₱384.01 million for the year ended December 31, 2022, from ₱99.04 million for the year ended December 31, 2021, mainly from the decrease in COVID-19 related expenses. However, the impact of loss on derivative and accretion of interest of bond

drove the losses after tax amounting to ₱543.24 million and ₱853.57 million in 2022 and 2021, respectively.

Year ended December 31, 2021 compared to the year ended December 31, 2020

Service Revenue
The Company's service revenue increased by 15% to ₱16,249.71 million for the year ended December 31, 2021 from ₱14,117.07 million for the year ended December 31, 2020. Improvement of revenue is mainly from logistics segment with overall growth of 16%.

The increase in logistics revenue, both in domestic and overseas market, is driven by the improvement in sales performance of existing branches after the worldwide quarantine in 2020. There are also 61 new Philippine retail branches that contributed additional volume.

Cost of Services
Cost of services increased by 19% to ₱12,638.27 million for the year ended December 31, 2021 from ₱10,650.48 million for the year ended December 31, 2020.

Cost of delivery and remittance are higher relative to the increase in volume. In 2020, the Group largely utilized the use of RORO, in place of airline cargo space in transporting domestic cargo amid the pandemic due to the interrupted air traffic schedules and unavailability of flights. As operations returned to partial normalcy, there was an increase in the share of cargo moved via air which resulted to higher costs in 2021 as air cargo rates remained aggressive. Further, there was an increase of fuel prices as early as last year. Relatively a rise in materials and supplies cost is noted to the relative increase of volume for cargo acceptances.

In relation to the implemented processes to ensure safety, security measures as well as enforced social distancing, the Company added domestic warehouses and sorting facilities in mid-2020 which contributed to increase in manpower cost, utilities and depreciation and amortization for fixed and right-of-use assets.

Gross Profit
Gross profit increased by 4% to ₱3,611.45 million for the year ended December 31, 2021 from ₱3,466.59 million for the year ended December 31, 2020 primarily attributable to increase in volume.

Operating Expenses
Operating expenses increased by 31% to ₱3,512.41 million for the year ended December 31, 2021 from ₱2,676.10 million for the year ended December 31, 2020 primarily caused by the following:

- Normalized operations after the pandemic in 2020 resulted to higher expenses.
- Increase in utilities and supplies which accounts for medical and sanitation supplies and test kits for the period.
- Commission expenses increased by 38% which is relative to the higher volume of sales in overseas from partner agents.
- Escalation in required software maintenance cost resulting from renewal of existing agreements.

Operating Income
The Group's income from operations declined to ₱99.04 million for the year ended December 31, 2021 from ₱790.49 million for the year ended December 31, 2020 attributable to higher operating expenses by 31% and lower gross margin as a result of increased cost of services.

Other Charges, Net
Other charges, net increased to ₱790.40 million for the year ended December 31, 2021 from

₱402.82 million for the year ended December 31, 2020 mainly driven by the 'loss on derivatives' incurred during the period which is higher by ₱407.23 million from ₱51.10 million in 2020 to ₱458.33 million in 2021.

Interest expense is also higher by ₱12.05 million related to notes payable, bond payable and lease liabilities.

Net Income (Loss) after tax
The Group incurred net losses after tax amounting to ₱853.57 million for the year ended December 31, 2021 as compared to net income of ₱201.22 million for the year ended December 31, 2020 mainly due to the following:

- Expenses incurred by the Group in response to the pandemic, such as medical and sanitation supplies, vaccine donations, rapid testing costs, employee vaccinations, and other pandemic support activities
- Increase in loss on derivative; offset by
- Higher sales volume which resulted to 4% increase in gross profit.

FINANCIAL CONDITION

As of December 31, 2023 compared to as of December 31, 2022

Assets

Current Asset
Cash and cash equivalents decreased by 35% to ₱2,281.86 million as of December 31, 2023, from ₱3,517.62 million as of December 31, 2022. This effect is mainly from the settlement of redemption payable related to convertible instrument in 2023. Refer also to analysis of cash flows in "Liquidity" section below.

Trade and other receivable, net decreased to ₱1,950.15 million as of December 31, 2023, from ₱2,045.05 million as of December 31, 2022, driven by the increase in allowance for expected credit losses as a factor of the additional provisions this year, write off of an affiliate receivable and the decline in other receivables mainly related to SSS benefit.

Due from related parties went down to ₱1,139.86 million as of December 31, 2023, from ₱1,156.08 million as of December 31, 2022, mainly due to settlements.

Investments at fair value through profit and loss increased to ₱2.24 million as of December 31, 2023, from ₱2.17 million as of December 31, 2022, due to fair value gain amounting to ₱0.10 million during the year.

Prepayments and other current assets declined by 14% to ₱1,265.92 million as of December 31, 2023, from ₱1,480.53 million as of December 31, 2022, primarily attributable to the impact of the following:

- Transfer of short-term investment and restricted cash to cash in bank;
- Input value-added tax (VAT) decreased by 26% because of decline in costs and application/usage during the year; and
- Prepaid employee benefits went down by 30% due to expense out of loyalty awards, educational and medical benefits.
- Offset by the increases in prepaid taxes.

Noncurrent Assets

Property and equipment, net increased by 22% to ₱2,644.17 million as of December 31, 2023, from ₱2,167.40 million as of December 31, 2022, primarily due to additions amounting to ₱787.32 million, offset by depreciation and net disposal amounting to ₱286.95 million and ₱23.8 million, respectively.

Right-of-use assets' net is lower by 4% to ₱1,980.48 million as of December 31, 2023, from ₱2,052.46 million as of December 31, 2022, mainly attributable to amortization amounting to ₱1,024.71 million, which is offset by additions of ₱1,083.84 million, resulting from new branches and renewals.

Intangible assets, net is lower by 7% to ₱236.89 million as of December 31, 2023, from ₱255.99 million as of December 31, 2022, driven by amortization of ₱73.80 million, offset by ₱54.34 million additions.

Investment at fair value through other comprehensive income went up down 4% to ₱191.16 million as of December 31, 2023, from ₱198.96 million as of December 31, 2022, relative to movement in market price from ₱1.02/share to ₱0.98/share.

Investment in associates decreased to ₱355.57 million as of December 31, 2023, from ₱371.66 million as of December 31, 2022, due to the dividends declared by an associate during the year.

Deferred tax assets - net increased by 1% to ₱525.94 million as of December 31, 2023, from ₱521.42 million as of December 31, 2022, largely because of the additional income tax deferred recognized related to MCIT and allowance for impairment losses. This is offset by reduction of NOLCO as portion of it was applied this year.

Security deposit decreased by 2% to ₱419.20 million as of December 31, 2023, from ₱427.43 million as of December 31, 2022, mainly due to forfeitures and applications to rent expense of closed branches.

Other noncurrent assets decreased by 1% to ₱2,094.31 million as of December 31, 2023, from ₱2,106.06 million as of December 31, 2022, because of settlements of loan and note receivables and application of input VAT on capital goods.

Liabilities

Accounts and other payable is lower by 13% to ₱3,380.08 million as of December 31, 2023, from ₱3,890.05 million as of December 31, 2022 mainly due to settlement of trade payables, withholding tax payment related to dividends declared by the Board of Directors of North America entities and lower amount of contractual liabilities.

Notes payable (current and noncurrent) increased to ₱2,322.66 million as of December 31, 2023, from ₱2,103.39 million as of December 31, 2022, driven by the availment of loans amounting to ₱ 999.12 million, offset by total settlement during the period amounting to ₱779.85 million.

Transmissions liability went down by 29% to ₱606.73 million as of December 31, 2023, from ₱850.30 million as of December 31, 2022, mainly attributable to transactions claimed during the period.

Income taxes payable went down by 22% to ₱19.44 million as of December 31, 2023, from ₱25.03 million as of December 31, 2022, mainly attributable to lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 3% to ₱2,197.83 million as of December 31, 2023, from ₱2,262.94 million as of December 31, 2022, primarily pertaining to lease payments during the year amounting to ₱1,153.24 million, offset by the additions amounting to ₱1,083.36 million.

Bond payable increased by 15% to ₱1,979.74 million as of December 31, 2023, from ₱1,715.38 million as of December 31, 2022, mainly from the accretion of interest amounting to ₱285.05 million, offset by foreign exchange gain recognized amounting to ₱20.69 million.

Derivative liability decreased to ₱2,030.07 million as of December 31, 2023, from ₱2,180.88 million as of December 31, 2022, related to the gain on valuation incurred for the period amounting to ₱150.81 million.

Redemption payable amounting to ₱1,014.74 million as of December 31, 2022, related to convertible instrument was settled in 2023.

Retirement benefit obligation increased to ₱900.66 million as of December 31, 2023, from ₱734.48 million as of December 31, 2022, primarily due to accrual of expense recognized in current period.

As of December 31, 2022 compared to as of December 31, 2021

Assets

Current Assets
Cash and cash equivalents decreased by 1% to ₱3,517.43 million as of December 31, 2022, from ₱3,475.11 million as of December 31, 2021. Refer to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net decreased by 2% to ₱2,045.05. million as of December 31, 2022, from ₱2,095.62 million as of December 31, 2021, due to settlements from both outside and related parties.

Due from related parties increased by 3% to ₱1,156.08 million as of December 31, 2022, from ₱1,118.61 million as of December 31, 2021, mostly from receivable related to platform subscription fee.

Investments at fair value through profit and loss declined to ₱2.17 million as of December 31, 2022, from ₱15.69 million as of December 31, 2021, due to sale of investments.

Prepayments and other current assets decreased by 49% to ₱1,480.53 million as of December 31, 2022 from ₱2,909.41 million as of December 31, 2021, because of the reclassification of advance payments of taxes to other non-current assets as the management expects to realize it for more than a year.

Noncurrent Assets
Property and equipment, net increased by 14% to ₱2,167.40 million as of December 31, 2022, from ₱1,899.75 million as of December 31, 2021, primarily due to additions amounting to ₱636.03 million, offset by depreciation amounting to ₱369.00 million and net book value of disposal amounting to ₱3.34 million.

Right-of-use assets, net is lower by 7% to ₱2,052.46 million as of December 31, 2022, from ₱2,213.34 million as of December 31, 2021, mainly due to amortization that amounts to ₱1,046.12 million, offset by net additions of ₱981.77 million resulting mostly from new branches and renewals.

Intangible assets, net is lower by 4% to ₱255.99 million as of December 31, 2022, from ₱268.04 million as of December 31, 2021, driven by amortization of ₱38.48 million, offset by ₱31.90 million additions for the period.

Investment at fair value through other comprehensive income is up by 5% to ₱198.96 million as of December 31, 2022 from ₱189.21 million as of December 31, 2021, relative to movement in market price from ₱0.97/share to ₱1.02/share.

Investment in associate decreased by 5% to ₱371.66 million as of December 31, 2022, from ₱354.79 million as of December 31, 2021 due to cash dividends received, offset by the share in net income of the associates during the period.

Deferred tax assets - net increased by 13% to ₱521.41 million as of December 31, 2022, from ₱462.14 million as of December 31, 2021 largely because of the additional income tax deferred recognized related to NOLCO and unrealized foreign exchange losses.

Security deposit is higher by 6% to ₱427.43 million as of December 31, 2022 from ₱401.64 million as of December 31, 2021, due to additional security deposits paid for the existing warehouse and branches.

Liabilities

Accounts and other payable increased by 16% to ₱3,890.05 million as of December 31, 2022, from ₱3,358.18 million as of December 31, 2021. Majority of the variance represents the increase in taxes payable and trade payables to outside parties.

Notes payable (current and noncurrent) increased to ₱2,103.39 million as of December 31, 2022, from ₱1,992.73 million as of December 31, 2021, driven by the availment of loan amounting to ₱781.51 million, offset by the settlement amounting to ₱670.85 million during the period.

Transmissions liability went down by 6% to ₱850.30 million as of December 31, 2022, from ₱903.00 million as of December 31, 2021, mainly attributable to transactions claimed during the year.

Income tax payable decreased by 55% to ₱25.03 million as of December 31, 2022, from ₱55.82 million as of December 31, 2021 because of lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 7% to ₱2,262.94 million as of December 31, 2022, from ₱2,420.60 million as of December 31, 2021, primarily pertaining to lease payments during the period.

Bond payable increased by 1% to ₱1,715.38 million as of December 31, 2022, from ₱1,702.09 million as of December 31, 2021, mainly from the accretion of interest amounting to ₱308.40 million and foreign exchange loss recognized amounting to ₱189.11 million, offset by the redemption amounting to ₱484.22 million.

Derivative liability is down to ₱2,180.88 million as of December 31, 2022, from ₱2,558.12 million as of December 31, 2021, related to redemption amounting to ₱607.89 million, offset by the loss on valuation incurred for the period amounting to ₱230.55 million.

Redemption payable related to convertible instrument amounted to ₱1,014.74 million was recognized as of December 31, 2022.

Retirement benefits liability decreased by 9% to ₱734.48 million as of December 31, 2022 from ₱803.74 million as of December 31, 2021 primarily attributable to actuarial gains arising from changes in financial assumptions.

As of December 31, 2021, compared to as of December 31, 2020

Assets

Current Assets
Cash and cash equivalents decreased by 34% to ₱3,475.11 million as of December 31, 2021 from ₱5,246.05 million as of December 31, 2020. Refer to analysis of cash flows in "Liquidity" section below.

Trade and other receivables, net increased to ₱2,095.62 million as of December 31, 2021 from ₱1,983.37 million as of December 31, 2020 mainly driven by increase in 'Trade receivable - related parties' by 18% because of the higher volume of acceptances from overseas bound to Philippines.

Investment at fair value through profit or loss is higher by 5% to ₱15.69 million as of December 31, 2021 from ₱14.94 million as of December 31, 2020 driven by the fair value gain and related foreign exchange gain amounting to ₱0.02 million and ₱0.73 million, respectively.

Prepayments and other current assets increased to ₱2,909.41 million as of December 31, 2021 from ₱896.45 million as of December 31, 2020 primarily due to the following attributes:

- Advance payments for national taxes which can be refunded or be used to settle specific tax liabilities, if there's any, or be used as tax credit for future tax liabilities;
- Additional restricted cash representing LBCH's time deposit guarantee to LBCE loans; and
- Acquired vaccines for COVID19.

Noncurrent Assets
Property and equipment, net decreased by 7% to ₱1,899.75 million as of December 31, 2021 from ₱2,031.82 million as of December 31, 2020, primarily due to net depreciation of assets.

Right-of-use assets, net is higher by 1% to ₱2,213.34 million as of December 31, 2021 from ₱2,197.90 million as of December 31, 2020, mainly due to additions of ₱1,067.75 million, offset by amortization of ₱1,034.49 million for the year. There is also the effect of lease modifications and changes in foreign exchange rates.

Intangible assets, net is lower by 17% to ₱268.04 million as of December 31, 2021 from ₱321.69 million as of December 31, 2020, driven by amortization of ₱93.74 million, offset by ₱39.26 million additions for the period.

Investment at fair value through other comprehensive income is down by 18% to ₱189.21 million as of December 31, 2021 from ₱232.12 million as of December 31, 2020, relative to movement in market price from ₱1.19/share to ₱0.97/share.

Investment in associates is up by 13% to ₱354.79 million as of December 31, 2021 from ₱314.28 million as of December 31, 2020 due to share in net income of the associates during the year.

Deferred tax assets - net increased by 4% to ₱462.14 million as of December 31, 2021 from ₱443.56 million as of December 31, 2020 mainly from NOLCO and MCIT recognized for the year; offset by the impact of CREATE Law transition.

Liabilities

Accounts and other payables is up by 12% to ₱3,358.18 million as of December 31, 2021 from ₱2,985.54 million as of December 31, 2020, primarily due to increase in trade payable and accruals for manpower cost and advertising as operating costs were higher this year relative to increase in revenue.

Notes payable (current and noncurrent) increased to ₱1,992.73 million as of December 31, 2021 from ₱1,879.73 million as of December 31, 2020, driven by availments amounting to ₱508.86 million, offset by settlements amounting to ₱395.86 million.

Transmission liability went down by 17% to ₱903.00 million as of December 31, 2021 from ₱1,081.61 million as of December 31, 2020, mainly attributable to decline in merchant liabilities.

Income tax payable is higher by 17% to ₱55.82 million as of December 31, 2021 from ₱47.62 million as of December 31, 2020 mainly due to increase in taxable income related to foreign subsidiaries.

Lease liabilities (current and noncurrent) is higher by 2% to ₱2,420.60 million as of December 31, 2021 from ₱2,368.33 million as of December 31, 2020, primarily pertaining to additions to right-of-use assets amounting to ₱1,067.75 million, offset by lease payments during the period amounting to ₱1,098.94 million. There is also the movement related to lease modification, rent concession and accretion of interest.

Dividends payable amounting to ₱5.69 million as of December 31, 2020 represents remaining balance of cash dividends declared by LBCH and a partially owned subsidiary in 2020. This was paid in January 2021.

Bond payable increased by 24% to ₱1,702.09 million as of December 31, 2021 from ₱1,377.72 million as of December 31, 2020, mainly from the accretion of interest amounting to ₱ 239.49 million and foreign exchange loss recognized amounting to ₱84.87 million.

Derivative liability increased to ₱2,558.12 million as of December 31, 2021 from ₱2,099.79 million as of December 31, 2020, related to the loss on valuation incurred for the period amounting to ₱458.33 million.

Other liabilities account is lower by 96% to ₱0.70 million as of December 31, 2021 from ₱17.45 million in 2020 due to settlements during the year.

LIQUIDITY

Cash Flows

Year ended December 31, 2023 compared to the year ended December 31, 2022

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 ₱1,549.95 million and ₱ 1,741.05 million for the year ended December 31, 2023 and 2022, respectively.

Cash flows from investing activities
Cash used in investing activities for the year ended December 31, 2023 and 2022 amounted to ₱ 689.87 million and ₱643.467 million, respectively. For the year ended December 31, 2023, the Company spent ₱800.36 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities
Net cash used in financing activities for the year ended December 31, 2023 and 2022 amounted to ₱2,059.82 million and ₱1,178.42 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.

Year ended December 31, 2022 compared to the year ended December 31, 2021

Cash flows from operating activities
The Company's net cash from operating activities is primarily affected by loss before income tax, depreciation and amortization, retirement benefit expense, interest expense, unrealized foreign exchange loss, loss on derivative, equity in net earnings of associates, gain on redemption of convertible instruments and changes in working capital. The Company's cash inflows from (used in) these activities amounted to ₱1,741.05 million and (₱446.70) million for the year ended December 31, 2021, respectively.

Cash flows from investing activities
Net cash used in investing activities for the year ended December 31, 2022 and 2021 amounted to ₱643.67 million and ₱335.64 million, respectively. For the year ended December 31, 2022, the Company spent ₱695.28 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities
Net cash used in financing activities for the year ended December 31, 2022 and 2021 amounted to ₱1,178.42 million and ₱1,107.20 million, respectively. In 2022 and 2021, cash used comprise primarily of payments of lease liabilities and notes payable.

Year ended December 31, 2021 compared to the year ended December 31, 2020

Cash flows from operating activities
The Company's net cash from operating activities is primarily affected by loss 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 flows from these activities resulted to a net cash outflow of ₱446.70 million for the year ended December 31, 2021 and net cash inflow of ₱1,791.05 million for the year ended December 31, 2020. The outflow in 2021 is primarily because of the movement in working capital. Cash inflow before changes in working capital is ₱1,726.07 million and ₱2,286.69 million for 2021 and 2020, respectively.

Cash flows from investing activities
Cash used in investing activities for the year ended December 31, 2021 and 2020 amounted to ₱ 335.64 million and ₱468.15 million, respectively. For the year ended December 31, 2021, the Company spent ₱384.27 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the year ended December 31, 2021 and 2020 amounted to ₱1,107.20 million and ₱367.68 million, respectively. Financing activities include payments of finance lease obligations, notes payable and related interests.

Item 7. FINANCIAL STATEMENTS

The 2023 consolidated financial statements of the Company are incorporated herein the accompanying index to exhibits.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

The consolidated financial statements of the Company as of and for the year ended December 31, 2023 and 2022 were audited by SGV & Co., a member firm of Ernst & Young Global Limited.

SGV & Co. has acted as the Company's independent auditor since fiscal year 2014. Dolmar C. Montanez is the current audit partner for the Company starting financial year 2021. The Company has not had any material disagreements on accounting and financial disclosures with its current independent auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets forth the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.

	2023	**2022**
In millions (₱)		
Audit and Audit-Related Fees(1)	₱2.14	₱2.03
Non-audit service fees(2)	1.35	-
Total	₱3.49	₱2.03

(1) Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.
(2) Related to transfer pricing fees

SGV & Co. did not provide services for tax accounting, compliance, advice, planning and any other form of tax services to the Company in the last two fiscal years. Other than the audit of the annual financial statements and the review of the interim financial statements, SGV & Co. did not provide any other services to the Company in the last two fiscal years.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual, provides that the audit committee shall, among other activities (i) review the reports submitted by the internal and external auditors; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) coordinate, monitor and facilitate compliance with laws, rules and regulations.

The Audit Committee is composed of at least three appropriately qualified non-executive members of the Board of Directors, the majority of whom, including the Chairman, is an Independent Director. The Audit Committee, with respect to an external audit:

- Perform oversight functions over the Company's external auditors. It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

- Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

- Evaluate and determine the non-audit work, if any, of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report and annual corporate governance report;

- Review the reports submitted by the external auditors.

The following are the members of the Company's Audit Committee:

a) Ferdinand D. Tolentino - Chairman
b) Victor Y. Lim, Jr. - Member
c) Anthony A. Abad - Member

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

LBCH's by-laws and articles of incorporation provide for the election of nine directors, two of whom shall be independent directors. The Board of Directors is responsible for the direction and control of the business affairs, and management of the company, and the preservation of its assets and properties. No person can be elected as a director of the company unless he is pre-screened by the Corporate Governance (formerly Nomination and Renumeration) Committee and is a registered owner of at least one common share of the capital of LBCH.

The Company's Corporate Governance Committee is composed of the following:

a) Anthony A. Abad - Chairman
b) Ferdinand D. Tolentino - Member
c) Victor Y. Lim, Jr. - Member

The table below sets forth each member of the LBCH's Board of Directors:

Name	Nationality	Age	Position
Miguel Angel A. Camahort	Filipino	61	Chairman of the Board
Rene E. Fuentes	Filipino	50	Director
Enrique V. Rey, Jr.	Filipino	53	Director
Augusto G. Gan	Filipino	61	Director
Mark Werner J. Rosal	Filipino	49	Director
Jason Michael Rosenblatt	American	47	Director
Anthony A. Abad	Filipino	60	Independent Director
Ferdinand D. Tolentino	Filipino	60	Independent Director
Victor Y. Lim, Jr.	Filipino	78	Independent Director

The business experience of each of the directors is set forth below.

Miguel Angel A. Camahort
Chairman of the Board

Mr. Miguel Angel A. Camahort is the Chairman of the Board of Directors and President of LBCH. He is also the President and Chief Operating Officer of LBCE., the operating company of LBCH. Prior to joining the LBC Group, Mr. Camahort was Senior Vice-President and Chief Operating Officer of Aboitiz One, Inc. from 2007 to 2009, and Aboitiz Transport System Corporation (ATSC) Solutions Division from 2004 to 2007. He also served as a Senior Vice-President and Chief Operating Officer of Aboitiz Transport System Corp. (formerly, William, Gothong & Aboitiz, Inc.) in the Freight Division from 1999 to 2003; prior to which, he was President of Davao Integrated Stevedoring Services Corporation (DIPSCCOR), from 1999 to 2003. Mr. Camahort holds a Bachelor of Science degree in Business Administration and Economics from Notre Dame de Namur University (formerly, the College of Notre Dame) in California, U.S.A.

Rene E. Fuentes
Director

Mr. Rene E. Fuentes is currently the Executive Vice-President and Chief Operating Officer of the International Sales and Operations division of LBCE., the operating company of LBCH. He previously held the Senior Vice-President for Global Retail Operations position of the same company, from 2015 to 2019. Prior to joining the LBC Group in 2001, Mr. Fuentes served as

President of Documents Plus, Inc. from 1996 to 2001, and as Regional Manager, Vice-President of EFC Food Corporation from 1996 to 2001. Mr. Fuentes attended the De La Salle University, and completed a Key Executive Program in November 2013 at the Harvard Business School.

Enrique V. Rey, Jr.
Director

Mr. Enrique V. Rey Jr. assumed the position of Investor Relations Officer of the Company in September 2015 and elected as the Chief Finance Officer of LBCH on September 2017 after being an officer-in-charge for the same position since December 2015. Mr. Rey, Jr. was also a director of LBC Systems, Inc. from 2008 to 2010 and LBC Mundial Inc. from 2005 to 2008. Prior to joining the Company, Mr. Rey, Jr. worked for Coca-Cola Phil ATS, where he was the Senior Head of Sales from 2003 to 2005 and the Associate Vice President for Institutional Sales from 2000 to 2003. Mr. Rey, Jr. attended De La Salle University and completed a Management program at the Ateneo Business School. Mr. Rey, Jr. has also attended INSEAD and received training in Finance. Since 2010, Mr. Rey, Jr. has been a member of the Institute of Internal Auditors.

Augusto G. Gan
Director

Mr. Augusto G. Gan was appointed Director of LBCH in September 2015. He has also been a Director of LBC Express, Inc., the operating company of LBCH, since 2013. Mr. Gan concurrently serves as a Chairman of Atlantic Gulf and Pacific Company, Investment and Capital Corp. of the Philippines, Director of Pick Szeged ZRT and Sole-Mizo Zrt. He is also the Managing Director of Ganesp Ventures and the Chairman of the Board of Anders Consulting Ltd. Previously, Mr. Gan was the President of the Delphi Group from 2001 to 2012 and the Chief Executive Officer of Novasage Incorporations (HK) from 2006 to 2007. He has also served as a Director of AFP Group Ltd. (HK) from 2005 to 2007 and ISM Communication from 2003 to 2004, as well as the Chairman of the Boards of Cambridge Holdings from 1995 to 2000 and Qualibrand Industries from 1988 to 2001. Mr. Gan holds a Masters in Business Management degree from the Asian Institute of Management.

Mark Werner J. Rosal
Director

Atty. Mark Rosal became a Director of LBCH on April 28, 2015. Born in Cebu City, Atty. Rosal, prior to taking up Law, obtained a Bachelor's Degree in Physical Therapy from Cebu Velez College in 1997, and passed the board exams for Physical Therapy, the same year. Atty. Rosal subsequently graduated in the top 5 of his law school batch at the University of San Carlos, Cebu City, in 2002, and was admitted to the Philippine Bar in 2003. He spent his early years in the practice of law at Balgos and Perez Law Offices and Angara Cruz Concepcion Regala and Abello (ACCRALAW). Currently, he is the Managing Partner of Rosal Bacalla Fortuna Helmuth-Vega and Virtudazo Law Offices, a Cebu-based law firm. Atty. Rosal's field of practice is Corporate Law, Mergers and Acquisitions, Real Estate Law, Estate Planning, Banking Laws, and Company Labor Law matters. He holds various positions and performs multiple roles in various private corporations such as Cebu Agaru Motors Inc., Wide Gain Property Holdings, Inc., Sem-Ros Food Corp, Rural Bank of Talisay, (Cebu) Inc., and One Merida Land Corp.

Jason Michael Rosenblatt
Director

Mr. Jason Rosenblatt is currently a Partner at Crescent Point, a private equity and investment firm based in Singapore. Mr. Rosenblatt assumed a director position at LBC Express Holdings, Inc. in March 2018. His previous positions include: Laurasia Capital Management, Partner; Standard Bank, Global Head of Special Situations; DKR Oasis, Head of Principal Strategies; Ritchie Capital Management, Director; McKinsey Company, Associate; and Bank One, Associate.

Anthony A. Abad
Independent Director

Atty. Anthony A. Abad is currently Chief Executive Officer and Managing Director of TradeAdvisors, as well as a partner of Abad Alcantara & Associates. He is also the Chairman for the Philippines of the Commission on Competition, International Chamber of Commerce, and Legal Advisor to the International Finance Corporation. He graduated from the Harvard University John F. Kennedy School of Government, with a Master's Degree in Public Administration; and a Fellow in Public Policy and Management at the Harvard Institute for International Development. Atty. Abad graduated from the Ateneo de Manila School of Law with a Juris Doctor degree, and a Bachelor of Arts degree, Major in Economics (Honors). Other current engagements include: Bloomberg Philippines, Anchor; Ateneo Center for International Economic Law, Director; Ateneo de Manila University, Professor; World Trade Organization, Panelist. Previously, Atty. Abad was Key Expert, Trade Policy & Export Development Trade Assistant for the European Union, Chairman and Secretary's Technical Advisor at the Department of Agriculture, and President and CEO of the Philippine International Trading Corporation.

Victor Y. Lim, Jr.
Independent Director

Mr. Victor Y. Lim, Jr. was appointed as a Director of LBCH on 5 October 2020. He is currently serving as the President of Yuchengco Lim Development Corp. (since 1996), Chairman of V2S Property Developers Co., Inc. (since 2009), Chairman of Tune Abe Investment Corporation (since 2018), President of Banco Mexico Inc. (since 2014), a Director of Premier Horizon Alliance Corporation (since 2015), a Director of I-Pay Commerce Ventures, Inc. (since 2016), a Member of the Financial Executives Institute of the Philippines (since 1976) where he served as President in 1995, a Member of the Management Association of the Philippines (since 1996), a Trustee of Ateneo Scholarship Foundation Inc. (since 1986) where he served as Chairman thereof from 1989 to 1991, and is a Committee Chairman and member of the Rotary Club of Pasig (since 2008). Mr. Lim holds a Bachelor of Science in Economics degree from the Ateneo de Manila University and a Masters in Business Management degree from the Asian Institute of Management.

Ferdinand D. Tolentino
Independent Director

Mr. Ferdinand D. Tolentino is a private law practitioner, and an infrastructure of counsel of one midsize law-office. Previously, Mr. Tolentino served as a Board Director and Chairman (Board Audit and Compliance Committee) of Small Business Corporation (March 2016 to May 2021), a Deputy Executive Director of Public-Private Partnership of the Philippines (March 2012 to November 2013), an Independent Director of CLSA Philippines (2011 to 2012), a Director - Tax Services of Isla Lipana & Co. (Pricewaterhouse Coopers) (September 2003 to December 2007), and a Commissioner at the Tariff Commission (April 2001 to August 2003). Mr. Tolentino holds a Master's Degree in Commercial Law (LLM) from the London School of Economics and Political Science (University of London), a Graduate Diploma in Urban and Regional Planning from the University of the Philippines (Diliman), a Juris Doctor degree from the Ateneo De Manila School of Law, and a Bachelor of Arts in Economics from the Ateneo De Manila College of Arts and Sciences.

MANAGEMENT AND OFFICERS

LBCH's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. The table below sets forth each member of the LBCH's management:

Name	Nationality	Age	Position
Miguel Angel A. Camahort	Filipino	61	Chief Executive Officer and President
Enrique V. Rey, Jr.	Filipino	53	Investor Relations Officer, Chief Finance Officer and Chief Risk Officer
Cristina S. Palma Gil-Fernandez	Filipino	55	Corporate Secretary
Rosalie H. Infantado	Filipino	48	Treasurer
Mahleene G. Go	Filipino	44	Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer
Ernesto C. Naval III	Filipino	31	Alternate Corporate Information Officer
Jeric C. Baquiran	Filipino	45	Chief Audit Executive

The business experience of each of the LBCH's officers is set forth below.

Miguel Angel A. Camahort
Chief Executive Officer and President

Please refer to the table of directors above.

Enrique V. Rey Jr.
Chief Finance Officer, Investor Relations Officer

Please refer to the table of directors above.

Cristina S. Palma-Gil Fernandez
Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of LBCH in September 2015. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has 27 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate. She is the Corporate Secretary to a number of Philippine Corporations, including three (3) publicly-listed corporations. She is also the Assistant Corporate Secretary to one of the largest publicly-listed infrastructure companies in the country.

Rosalie H. Infantado
Treasurer

Ms. Infantado assumed the position of Treasurer of LBCH in September 2017. She graduated with a Bachelor of Science degree, Major in Accountancy from the Polytechnic University of the Philippines in 1997. She is currently Vice-President - Financial Reporting and Analysis at LBC Express, Inc., and has been a Certified Public Accountant since 1998. With over 20 years of experience in accounting, audit, and financial reporting, Ms. Infantado's previous professional experiences include employment at prestigious companies such as KPMG Philippines (Manabat SanAgustin & Co.), Concordia Advisors (Bermuda) Ltd., CITI Hedge Fund Services, Ltd. (Bermuda), and PriceWaterhouseCooper Philippines.

Mahleene G. Go
Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer

Atty. Mahleene G. Go assumed the position of Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer of LBCH in September 2015. Born on April 25, 1980, Atty. Go graduated with the degree of Bachelor of Arts, Major in Political Science, from the University of the Philippines in 2001, and with the degree of Juris Doctor from Ateneo De Manila University-School of Law in 2005. She also received a Certificate of Mandarin Language Training for International Students from 2011 to 2012 in Peking University, Beijing, China. She served as a Junior Associate at Picazo Buyco Tan Fider & Santos Law Offices from 2007 to 2010 and 2012 and is currently a Partner at the same office.

Ernesto C. Naval III
Alternate Corporate Information Officer

Atty. Ernesto C. Naval III assumed the position of Alternate Corporate Information Officer of LBCH in June 2018. Born on November 4, 1992, Atty. Naval graduated with the degree of Bachelor of Science, Management, from the Ateneo De Manila University in 2013, and with the degree of Juris Doctor from Ateneo de Manila School of Law in 2017. He is a Senior Associate at Picazo Buyco Tan Fider & Santos Law Offices from 2018 to the present.

Jeric C. Baquiran
Chief Audit Executive

Mr. Jeric C. Baquiran was appointed Chief Audit Executive of the Company in March 2019. He joined LBC Express in 2006, and since 2015 has led the Corporate Audit department for the company, as Senior Manager of the Corporate Audit Department. Mr. Baquiran graduated from Saint Mary's University, Bayombong, with a Bachelor of Science degree in Accountancy in 1999. He passed the Certified Public Accountancy Licensure Examination in May 2000. Prior to joining LBC, he held audit positions at DCCD Engineering Corporation (2000 to 2003), and Lapanday Foods Corporation (2003 to 2005).

The Board has established committees to assist in exercising its authority in monitoring the performance of the business of the Company. The committees, as detailed below, provide specific and focused means for the Board to address relevant issues including those related to corporate governance.

	Committees			
	Audit	Corporate Governance	Related Party Transactions	Board Risk Oversight
Ferdinand D. Tolentino	Chairman	Member		Member
Victor Y. Lim, Jr.	Member	Member	Member	Chairman
Anthony A. Abad	Member	Chairman	Chairman	
Enrique V. Rey, Jr.				Member
Augusto G. Gan			Member	

SIGNIFICANT EMPLOYEES

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

FAMILY RELATIONSHIPS

As at the date of this Report, there are no family relationships between Directors and members of the Company's senior management known to the Company.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

The Company believes that none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this Report: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

On September 9, 2011, the 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 P=911.59 million on March 24 and 29, 2014, and June 17, 2014 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, summons, the complaint and 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 in the record of the stock transfer agent had the effect of preventing the registration or recording of any transfers of shares in the records, until the writ of 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 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 preliminary attachment directed the sheriff of the RTC to deliver to LBCE and LBCDC all properties previously garnished pursuant to the 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 its own Pre-Trial Brief 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, Ma. Eliza G. Berenguer 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 February 22, 2023. The RTC directed PDIC to make its oral formal offer of evidence on March 8, 2023.

On March 7, 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 February 22, 2023, the RTC cancelled the scheduled hearing on 8 March 2023, and reset the same to April 19, 2023.

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

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

LBC Express, Inc., LBC Development Corporation and the other defendants filed a Motion for Reconsideration, Motion to Resolve, and Motion to Defer Plaintiff's Formal Offer of Evidence dated 4 May 2023, which essentially sought to reconsider the RTC's 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. LBC Express, Inc., LBC Development Corporation 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 May 4, 2023.

At the May 4, 2023 hearing, the RTC rescheduled the PDIC's formal offer to the next scheduled hearing on May 18, 2023 in light of the pending Motions.

At the hearing on May 18, 2023, the RTC issued an Order of the same date, in which Judge Redentor Cardenas ruled to voluntarily inhibit himself from further hearing the case, citing the contentious dispute over his decision to allow Ms. Figueroa to be presented as a witness.

The case was then re-raffled to Branch 132 of the Makati RTC, presided by Hon. Rommel Baybay.

Judge Baybay then conducted a clarificatory hearing on July 13, 2023 to discuss the pending motions. In an Order dated July 13, 2023, the RTC denied all the pending motions and directed the PDIC to file a written formal offer of evidence within 30 days and granted the defendants the same period to comment.

The PDIC filed its Formal Offer of Documentary Evidence dated August 14, 2023. On September 14 and 13, 2023, LBC Express, Inc., LBC Development Corporation and the other defendants filed their respective Comments and Objections to the Formal Offer.

In the Order dated September 28, 2023, the RTC resolved to admit Exhibits AA to JJ of the PDIC. LBC Express, Inc., LBC Development Corporation and the other defendants filed a Motion for Reconsideration dated October 12, 2023. In the Order dated January 17, 2024, the RTC denied the Motion for Reconsideration.

Thus, on January 18, 2024, LBC Express filed its Demurrer to Evidence and LBC Development Corporation, LBC Properties, and the individual defendants filed a separate Demurrer to Evidence.

The RTC granted the 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, Defendant Berenguer filed her own Demurrer to Evidence dated February 19, 2024.

LBC Express, Inc., LBC Development Corporation, LBC Properties and the other defendants filed their Reply to the PDIC's Comment to the Demurrers to Evidence on March 20, 2024.

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

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

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

The hearing dates on April 26, 2024 and May 10, 2024 were cancelled. The hearing dates for the presentation of Defendants' evidence were rescheduled to July 19, 2024, August 2, 2024, and August 23, 2024 all at 8:30 am.

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 legal 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).

Item 10. EXECUTIVE COMPENSATION

COMPENSATION

There are no employees under LBC Express Holdings, Inc.

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board of Directors for every meeting, there are no standard arrangements pursuant to which directors of LBCH are compensated, or were compensated, directly or indirectly, for any services provided as a Director and for their committee participation or special assignments for 2010 up to the present.

Other Arrangements

There are no other arrangements pursuant to which any director of LBCH was compensated, or to be compensated, directly or indirectly, during 2023 for any service provided as a Director.

EMPLOYMENT CONTRACTS

LBCH has no special employment contracts with the named Executive Officers.

WARRANTS AND OPTIONS OUTSTANDING

There are no outstanding warrants or options held by the President, the named Executive Officers, and all Officers and Directors as a group.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the LBCH's voting securities as of December 31, 2023.

Title of Class	Name and Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner	Citizenship	No. of Common Shares Held in LBCH	% of Total Outstanding Shares of LBCH
Common	LBC Development Corporation General Aviation Center, Domestic Airport Compound, Pasay City (stockholder)	The record owner is the beneficial owner of the shares indicated	Filipino	1,206,178,232	84.59%

Security Ownership of Directors and Officers as of December 31, 2023

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Rene E. Fuentes	1- direct	Filipino	0.0%
Common	Enrique V. Rey, Jr.	1- direct	Filipino	0.0%
Common	Augusto G. Gan	1- direct	Filipino	0.0%
Common	Miguel Angel A. Camahort	1- direct	Filipino	0.0%
Common	Mark Werner J. Rosal	1,000 - direct	Filipino	0.0%
Common	Ferdinand D. Tolentino	100 - indirect	Filipino	0.0%
Common	Victor Y. Lim, Jr.		Filipino	0.0%
		1- direct; 228,899 indirect		
Common	Antonio A. Abad	101-direct	Filipino	0.0%
Common	Jason Michael Rosenblatt	1-direct	Filipino	0.0%

Voting Trust Holders of Five Percent or More

There were no persons holding more than five percent of a class of shares of LBCH under a voting trust or similar agreement as at the date of this Prospectus.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RELATED PARTY TRANSACTIONS

The Company and its subsidiaries in their ordinary course of business, engage in transactions with related parties and affiliates consisting of its parent company (LBC Development Corporation) and entities under common control. These transactions include royalty, service and management fee arrangements and loans and advances.

It is a policy of the Company that related party transactions are entered into on terms which are not more favourable to the related party than those generally available to third parties dealing at arm's length basis and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving authority, as may be determined by the board of directors. In the event of a related party transaction involving a director, the relevant director should make a full disclosure of any actual or potential conflict of interest and must abstain from participating in the deliberation and voting on the approval of the proposed transaction and any action to be taken to address the conflict.

Please refer to Note 18 ("Related Party Transactions") to the notes to the 2023 consolidated financial statements of the Company which is incorporated herein in the accompanying index to exhibits.
The Company has the following major transactions with related parties:

Royalty Fee and Licensing Agreement with Parent Company

LBC Express, Inc. and LBC Development Corporation have entered into a trademark licensing agreement dated November 29, 2007 under which LBC Development Corporation has granted the Company the full and exclusive right within the Philippines to use LBC Marks including the names "LBC Express, Inc.," "LBC Express," "LBC", "*Hari Ng Padala*" (Filipino for "King of Forwarding Services") and "WWW.LBCEXPRESS.COM" as well as the "LBC" corporate logo and the "Team LBC *Hari Ng Padala*" logo.

On August 4, 2017, LBC Express, Inc. and LBCDC entered into a trademark licensing agreement, which amended and restated the trademark licensing agreement entered by the same parties on November 9, 2007. Both parties agreed to discontinue royalty payments for the use of LBC Marks in recognition of LBCE's own contribution to the value and goodwill of the trademark effective September 4, 2017.

Cash Advances to and from Related Parties

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.

Fulfillment Fee and Brokerage Fees

In the normal course of business, the Group fulfills the delivery of *balikbayan* boxes and money remittances and performs certain administrative functions on behalf of its international affiliates. The Group charges delivery fees and service fees for the fulfillment of these services based on agreed rates. 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.

Guarantee Fee

LBCE entered into a loan agreement with BDO which is secured with real estate mortgage on various real estate properties owned by the Group's affiliate. In consideration of the affiliate's accommodation to the Company's request to use these properties as loan collateral, the Group agreed to pay the affiliate, every April 1 of the year starting April 1, 2016, a guarantee fee of 1% of the outstanding loan and until said properties are released by the bank as loan collateral.

On April 15, 2021, the Board of Directors of LBCH approved to guarantee the loan and allowed to hold out its time deposit. The current amount of time deposit as of December 31, 2023 is P224.28 million. Such guarantee shall substitute the existing real estate mortgage on the affiliate's real estate properties as security.

Business Combinations

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 March 31, 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 P1,018.66 million.

Upon completion of the acquisition of the remaining entity, as disclosed in Note 16 of the consolidated financial statements, 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.

Notes receivable

In November 2011, LBC Mundial Corporation paid-off LBC Holdings USA Corporation's outstanding mortgage loan which is consolidated into a long-term promissory note amounting to $1,105,148 at 4% interest, payable in 180 equal monthly installments. As of December 31, 2023, total outstanding notes receivable amounted to ₱15.31 million, ₱10.45 million of which is presented as noncurrent under "Other noncurrent assets". Interest income earned from notes receivable amounted to ₱1.75 million, ₱1.76 million, and ₱0.80 million in 2023, 2022 and 2021, respectively.

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 200,000 per share, both payable on November 15.

The controlling interest of LBCH in LBC Mabuhay (B) Sdn. Bhd. and LBC Mabuhay Remittance Sdn. Bhd. amounted to BND 250,000 and BND 200,000, respectively.

On October 14, 2022, the BOD of LBC Australia Pty Ltd declared cash dividends amounting to AUD 1.80 million payable on November 15, 2022.

On October 13, 2022, the BOD of LBC Mabuhay (M) Sdn. Bhd. declared cash dividends of RM 3.00 per outstanding common share. 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 USD250,000 on the outstanding common shares held by the Parent Company and paid on November 15, 2022.

On September 29, 2022, the BOD of LBC Express Airfreight (S) PTE Ltd. declared cash dividend of SGD 5.7 million and paid on November 15, 2022.

On August 9, 2023, May 31, 2022 and July 16, 2021, LBCH recognized cash dividend from OFII amounting to ₱39.60 million, ₱36.00 million and ₱25.50 million, respectively, for its 30% interest on OFII.

On March 21, 2022, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 600 per common share. The record date of entitlement to the said cash dividend is on November 30, 2021.

On October 19, 2020, the BOD of LBCH approved the declaration of cash dividends of amounting to 285.17 million.

On October 27, 2020, the BOD of LBC Mabuhay Remittance Sdn Bhd declared cash dividends of BND300,000 (₱10.74 million). The related noncontrolling interest amounting to BND150,000 (₱5.38 million) is presented in the consolidated statement of changes in equity.

On November 5, 2020, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 800 per common share held by stockholders. The related noncontrolling interest amounting to ₱6.51 million is presented in the consolidated statement of changes in equity.

On July 16, 2020, LBCH recognized cash dividend from OFII amounting to ₱21.00 million for its 30% interest on OFII.

On November 15, 2020, the BOD of LBC Mabuhay (Malaysia) Sdn Bhd declared cash dividends of ₱20.18 million (MYR1,700,000). The related noncontrolling interest amounting to ₱1.75 million (MYR127,503) remains unpaid and is presented in the consolidated statement of changes in equity as of December 31, 2020.

PARENT COMPANY/MAJOR HOLDERS

As of the date of this Report, LBC Development Corporation owns 84.59% of the total issued and outstanding capital stock of the Company.

PART IV - CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

Please refer to the Integrated Annual Corporate Governance Report submitted on May 30, 2023.

PART V - EXHIBITS AND SCHEDULES

Item 14. REPORTS ON SEC FORM 17-C

(a) Exhibits - Please accompanying index to exhibits
(b) Reports on SEC Form 17-C

The following current reports have been reported by LBC Express Holdings, Inc. during the year 2023:

	Disclosure	Date of Report
1	Approval of the Consolidated Audited Financial Statements of the Company and its Subsidiaries (and standalone audited financial statement of the parent company) as of 31 December 2022	May 2, 2023
2	Acquisition of shares on Blue Eagle and LBC Service Ltd.	September 28, 2023
3	2023 Annual Stockholder's Meeting	October 20, 2023
4	Change of Principal Office Address and Proposed Amendments to Articles of Incorporation and By-Laws of the Company	October 20, 2023
5	[Amend 1] 2023 Annual Stockholder's Meeting	
6	[Amend 1] Change of Principal Office Address and Proposed Amendments to Articles of Incorporation and By-Laws of the Company	October 20, 2023
7	Amendment of Articles of Incorporation	October 20, 2023
8	Amendment of By-Laws	October 20, 2023
9	Grant of SEC Exemptive Relief in relation to Information Statement Disclosures	November 8, 2023
10	Change of Stock Transfer Agent	November 28, 2023
11	Results of the 2023 Annual Stockholder's Meeting of LBC Express Holdings, Inc.	December 4, 2023
12	Results of the 2023 Organizational Meeting of the Board of Directors	December 4, 2023
13	[Amend 1] Amendment of Articles of Incorporation	December 4, 2023
14	[Amend 1] Amendment of By-Laws	December 4, 2023
15	[Amend 1] Change of Stock Transfer Agent	December 21, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in the City of MAKATI CITY on APR 2 9 2024.

LBC EXPRESS HOLDINGS, INC.

By:

Signed by **Mr. Enrique V. Rey, Jr.** as authorized alternate signatory for:

Miguel Angel A. Camahort
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this APR day of 2 9 2024 2024, affiants exhibiting to me their respective competent evidence of identities, as follows:

Name	Competent ID	Date of Expiration and Place of Issue
Enrique V. Rey, Jr.	Passport No. P9504935B	April 04, 2032 / DFA Manila

Doc. No. 397;
Book No. II;
Page No. 81;
Series of 2024.

IÑIGO PAOLO H. UNTALAN
Appointment No. M-035
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80336
PTR No. 10081165/Makati City/01-09-2024
IBP No. 301900/Rizal (RSM)/01-05-2024
Admitted to the bar in 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in the City of MAKATI CITY on APR 29 2024.

LBC EXPRESS HOLDINGS, INC.

By:

Enrique V. Rey, Jr.
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this APR 29 2024 day of 2024, affiants exhibiting to me their respective competent evidence of identities, as follows:

Name	Competent ID	Date of Expiry and Place of Issue
Enrique V. Rey, Jr.	Passport No. P9504935B	April 04, 2032 / DFA Manila

Doc. No. 396;
Book No. V;
Page No. 81;
Series of 2024.

IÑIGO PAOLO H. UNTALAN
Appointment No. M-035
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80336
PTR No. 10081165/Makati City/01-09-2024
IBP No. 301900/Rizal (RSM)/01-05-2024
Admitted to the bar in 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in the City of MAKATI CITY on APR 2 9 2024.

LBC EXPRESS HOLDINGS, INC.

By:

Rosalie H. Infantado
Treasurer

SUBSCRIBED AND SWORN to before me this APR 2 9 2024 day of 2024, affiants exhibiting to me their respective competent evidence of identities, as follows:

Name	Competent ID	Date of Expiry and Place of Issue
Rosalie H. Infantado	Passport No. P8399417B	Sept. 30, 2029/DFA Manila

Doc. No. 398;
Book No. II;
Page No. 81;
Series of 2024.

IÑIGO PAOLO H. UNTALAN
Appointment No. M-035
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80336
PTR No. 10081165/Makati City/01-09-2024
IBP No. 301900/Rizal (RSM)/01-05-2024
Admitted to the bar in 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this is to certify that the undersigned reviewed the contents of the document and to the best of her knowledge, belief, and on the basis of certain representations of the relevant officers of the Corporation, the information set forth in this document are true, complete, and correct. This report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in the City of MAKATI CITY on APR 2 9 2024.

LBC EXPRESS HOLDINGS, INC.

By:

Cristina S. Palma Gil-Fernandez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 2 9 2024, affiants exhibiting to me their respective competent evidence of identities, as follows:

Name	Competent ID	Date and Place of Issue
Cristina S. Palma Gil-Fernandez	Passport No. P5655630	DFA NCR South / 18 January 2018

Doc. No. 216;
Book No. IV;
Page No. 45;
Series of 2024.

DANICA MARIE D. SAN DIEGO
Appointment No. M-036
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 81587
PTR No. 10081166/Makati City/01-09-2024
IBP No. 301901/Makati City/01-05-2024
Admitted to the bar in 2022

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S. S.

SECRETARY'S CERTIFICATE

I, **CRISTINA S. PALMA GIL-FERNANDEZ**, Filipino citizen, of legal age and with office address at Penthouse, Liberty Center, 104 H. V. Dela Costa Street, Salcedo Village, Makati City, being the duly appointed and incumbent Corporate Secretary of **LBC EXPRESS HOLDINGS, INC. (Formerly: Federal Resources Investment Group, Inc.),** (the "CORPORATION"), a corporation duly organized and existing under the laws of the Philippines, with principal office address at LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City, Metro Manila, Philippines, do hereby certify that at the meeting of the Corporation's Board of Directors held on 22 April 2024, during which a quorum was present and acting throughout, the following resolutions were unanimously approved and adopted:

> "**WHEREAS,** the Corporation is required to file SEC Form 17-A for the period ending 31 December 2023 with the Securities and Exchange Commission ("**SEC**"), and the Philippine Stock Exchange ("**PSE**") on or before 30 April 2024, corresponding to the extended deadline to file the same, considering that the Corporation earlier filed its SEC 17-L form requesting for a fifteen (15) day extension to file SEC Form 17-A from the original deadline on 15 April 2024;
>
> "**WHEREAS, MR. MIGUEL ANGEL A. CAMAHORT**, who is the President, Chairman of the Board, and Chief Executive Officer of the Corporation, is required to sign the SEC 17-A Form, but is currently out of the country and will not be returning until after 30 April 2024;
>
> "**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Board of Directors of the Corporation authorizes, as it hereby authorizes, the Corporation to appoint and constitute **MR. ENRIQUE V. REY JR.**, the Chief Financial Officer of the Corporation, as an alternate signatory who will be signing on behalf of the President, Chairman, and Chief Executive Officer, **MR. MIGUEL ANGEL A. CAMAHORT**;
>
> "**RESOLVED, FURTHER,** that **MR. ENRIQUE V. REY JR.** be authorized to sign the 17-A SEC Form both in his capacity as the Chief Financial Officer, and as the alternate signatory on behalf of **MR. MIGUEL ANGEL A. CAMAHORT.**"

I further certify that the foregoing resolutions are valid and binding as of the date hereof and have not in any manner been amended or modified.

–Signature Page Follows--

IN WITNESS WHEREOF, this certification has been signed this day of APR 2 6 2024.

Cristina S. Palma Gil

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

SUBSCRIBED AND SWORN TO before me at MAKATI CITY on APR 2 6 2024; affiant exhibited to me the following:

NAME	GOVERNMENT I.D.	DATE/PLACE ISSUED
CRISTINA S. PALMA GIL-FERNANDEZ	Passport No. P5655630	DFA NCR South / 18 January 2018

and is/are personally known to or identified by me to be the same person/s who executed the foregoing instrument and he/she/they further affirmed and made oath as to the said instrument.

Doc. No. 354;
Page No. 72;
Book No. III;
Series of 2024.

HILARY FAYE A. MERCADO
Appointment No. M-038
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80733
PTR No. 10081167/Makati City/01-09-2024
IBP No. 301902/Rizal (RSM)/01-05-2024
Admitted to the bar in 2022

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	3	0	0	5	2	7	7	

COMPANY NAME

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

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

LBC HANGAR, GENERAL AVIATION CENTRE, DOMESTIC AIRPORT ROAD, PASAY CITY, METRO MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	8-856-8522	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
485	2nd Monday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Enrique V. Rey, Jr.	evrey@lbcexpress.com	8-856-8510	–

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.*

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 29 2024
BY: EDWIN PACINIO
DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of LBC Express Holdings, Inc. and its subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SGV & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: ______________________
Signed by **Mr. Enrique V. Rey, Jr.** as authorized alternate signatory for:
MIGUEL ANGEL A. CAMAHORT
Chief Executive Officer and President

Signature: ______________________
ENRIQUE V. REY, JR.
Chief Finance Officer

Signed this 29 day of APRIL 2024.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 29 2024

SUBSCRIBED AND SWORN to before me in City of Pasay on APR 2 9 2024 affiants personally appeared before me and exhibited to me their Tax Identification Nos.

NAME	TIN
Miguel Angel A. Camahort	101-292-392
Enrique V. Rey, Jr.	172-264-046

NOEL L. DUQUE
NOTARY PUBLIC
Until December 31, 2024 Comm. 23-10
10 E-COM Center MOA, Pasay City
IBP No. 385221/01-02-24/PPLM
PTR No. 8453019/01-02-24/PC
Roll No. 48387 MCLE VII-0012235/4-14-25

Doc. No. 87 :
Page No. 19 :
Book No. IX :
Series of 2024.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 29 2024
[illegible]
[illegible]

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
LBC Express Holdings, Inc. and Subsidiaries
LBC Hangar, General Aviation Centre
Domestic Airport Road
Pasay City, Metro Manila

Opinion

We have audited the consolidated financial statements of LBC Express Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 29 to the consolidated financial statements which describes the uncertainty related to the outcome of the case filed against LBC Express, Inc. (LBCE), among other respondents, by LBC Development Bank, Inc., as represented by its receiver and liquidator, the Philippine Deposit Insurance Corporation (PDIC) for collection of an alleged amount of ₱1.82 billion, and the recognition of advance tax payments amounting to ₱2.03 billion as an asset in relation to the ongoing assessment for national taxes of LBCE and its certain subsidiaries. Our opinion is not modified in respect of these matters.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 29 2024

Key Audit Matters

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

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

Going Concern assessment

As of December 31, 2023, the Group is in net current liability position of ₱3.6 billion and has a current ratio of 0.65x. The Group's convertible instrument amounting to ₱4.01 billion as of December 31, 2023 will mature and amounts outstanding are payable on August 4, 2024. To date, the Group has not negotiated for revised maturities and terms yet nor reached advance discussion to obtain replacement financing. In the event of default, the creditor may foreclose the pledged LBCE shares and be sold via auction and the proceeds will be used to settle the liability which may have impact to the domestic business of the Group. The Group's ability to address the maturing obligation will be dependent on a number of factors including its ability to renegotiate for revised maturity or term, improving operation to raise fund, securing replacement financing and various settlement options under the agreement. As the going concern assessment is a significant aspect of our audit, we have identified this as a key audit matter.

The Group's disclosures on the going concern assessment are included in Notes 1, 3 and 16 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's going concern assessment, taking into consideration the current business environment. We compared management's assumptions used in the forecasted performance against historical performance, operating and financing plans. We inspected documents, such as loan agreements and minutes of meetings of the Board of Directors. We obtained management's plan to address the maturing convertible instrument and its assessment of various options including those under the agreement. We obtained understanding of the underlying terms and conditions of the instrument as these relate to the event of default and management's assessment of the potential implications to the Group's overall business. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

National Taxes and Provisions and Contingencies

The Group is involved in assessments for national taxes and paid ₱2.03 billion tax advance to the tax authority. Also, the Parent Company's subsidiary, LBCE, among other respondents, is involved in a case filed by LBC Development Bank, Inc., as represented by its receiver and liquidator, the PDIC, for collection of an alleged amount of ₱1.82 billion. The claim pertains to alleged unpaid service fees from June 2006 to August 2011 and unpaid service charges on remittance transactions from January 2010 to September 2011.

This matter on the legal case is significant to our audit because the determination of whether any provision for potential liability should be recognized and the estimation of such amount, if any, require significant judgment by management. We also considered the recognition of tax advance payment as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether it gives a right to receive economic benefits in the future including its recovery and the related timing. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of the laws and tax rulings.

The Group's disclosures about these matters are included in Notes 3, 7 and 29 to the consolidated financial statements.

Audit Response

We involved our internal specialists in the evaluation of management's assessment on (a) whether any provision for potential liability should be recognized and the estimation of such amount on the legal case; and (b) whether the tax advance payment gives a right to receive future economic benefits in the future and its recovery. We held discussions with and obtained the written replies of the Group's external legal/tax counsels on the status of the case/assessment and their assessment of any potential liability and right to receive economic benefits in the future including its recovery and related timing. For the legal case, we sent a confirmation letter to PDIC and obtained their reply which was provided to the Group for reconciliation with the Group's accounting records. For the tax assessment and tax advance payment, we obtained correspondences with the relevant tax authorities and evaluated the tax position of the management by considering the tax laws, rulings and jurisprudence. We traced the tax advance payments to the supporting documents. We also reviewed the Group's disclosures about these matters and the basis of management's assessment.

Recoverability of Goodwill

The Group is required to perform an impairment test on goodwill annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. As of December 31, 2023, the Group has goodwill amounting to ₱287.02 million which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions, specifically for the annual and long-term revenue growth rates and discount rates.

The Group's disclosures on goodwill are included in Note 4 to the consolidated financial statements.

Audit Response

We updated our understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used such as the annual and long-term revenue growth rates against the historical performance of the cash-generating units (CGU), market and industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Fair value measurement of derivative

The Group has derivative liability recognized at fair value amounting to ₱2.03 billion as of December 31, 2023. The fair value measurement of this liability is significant to our audit because it is inherently subjective as it involves the use of valuation inputs that are not market observable such as stock price volatility, forward foreign currency exchange rates and credit spread. Management also applied judgment in selecting the valuation technique and the assumptions to be used. Also, we considered this as a key audit matter because of the materiality of the amount involved, and the significant judgment in determination of the non-observable inputs.

The Group's disclosures on the derivative liability are included in Notes 3, 16, 24 and 25 to the consolidated financial statements.

Audit Response

With the involvement of our internal specialist, we evaluated the methodology applied by referencing common valuation models. We performed an independent testing to assess the modelling assumptions and significant inputs used to estimate the fair value of the derivative. We obtained significant inputs from external sources considering available market observable inputs. We also reviewed the Group's disclosures related to the fair value measurement of the derivative liability.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) for the year ended December 31, 2023, which is expected to be made available to us after the date of this auditor's report.

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 29 2024

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dolmar C. Montañez.

SYCIP GORRES VELAYO & CO.

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-119-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079982, January 6, 2024, Makati City

April 29, 2024

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 29 2024

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 24)	**₱2,281,855,470**	₱3,517,624,171
Trade and other receivables (Notes 6, 18, 24 and 25)	**1,950,150,885**	2,045,051,999
Due from related parties (Notes 18, 24 and 25)	**1,139,856,145**	1,156,081,369
Investment at fair value through profit or loss (Notes 10, 24 and 25)	**2,263,568**	2,167,063
Prepayments and other current assets (Notes 7, 12, 24 and 25)	**1,265,918,338**	1,480,534,391
Total Current Assets	**6,640,044,406**	8,201,458,993
Noncurrent Assets		
Property and equipment (Note 8)	**2,644,165,028**	2,167,401,341
Right-of-use assets (Note 22)	**1,980,477,828**	2,052,455,904
Intangible assets (Note 9)	**236,885,271**	255,989,212
Investment at fair value through other comprehensive income (Notes 10, 24 and 25)	**191,158,872**	198,961,275
Deferred tax assets - net (Note 21)	**525,938,028**	521,419,113
Security deposits (Note 22)	**419,197,007**	427,425,942
Investment in associates (Note 11)	**355,569,615**	371,663,705
Goodwill (Note 4)	**287,024,985**	287,024,985
Other noncurrent assets (Notes 7, 12, 18 and 24)	**2,094,307,378**	2,106,062,394
Total Noncurrent Assets	**8,734,724,012**	8,388,403,871
	₱15,374,768,418	₱16,589,862,864
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13, 18, 24 and 25)	**₱3,380,083,841**	₱3,890,054,116
Due to related parties (Notes 18 and 24)	**11,480,610**	30,648,739
Current portion of notes payable (Notes 15, 24 and 25)	**1,375,261,115**	1,442,320,481
Transmissions liability (Notes 14, 18 and 24)	**606,733,574**	850,295,142
Income tax payable	**19,436,300**	25,033,145
Current portion of lease liabilities (Notes 22 and 24)	**828,187,402**	919,355,234
Derivative liability (Notes 16, 24 and 25)	**2,030,069,446**	2,180,880,406
Bonds payable (Notes 16, 24 and 25)	**1,979,740,743**	1,715,380,624
Bonds redemption payable (Notes 16 and 24)	–	1,014,743,085
Total Current Liabilities	**10,230,993,031**	12,068,710,972
Noncurrent Liabilities		
Retirement benefit liability - net (Note 23)	**900,655,996**	734,484,325
Notes payable - net of current portion (Notes 15, 24 and 25)	**947,400,258**	661,070,127
Lease liabilities - net of current portion (Notes 22, 24 and 25)	**1,369,639,273**	1,343,584,640
Other noncurrent liabilities (Notes 9, 13, 24 and 25)	–	38,049
Total Noncurrent Liabilities	**3,217,695,527**	2,739,177,141
Total Liabilities	**13,448,688,558**	14,807,888,113
Equity		
Equity attributable to shareholders of the Parent Company		
Capital stock (Note 17)	**1,425,865,471**	1,425,865,471
Retained earnings (Note 17)	**304,563,778**	128,273,290
Accumulated comprehensive income (Note 17)	**215,287,092**	238,137,740
	1,945,716,341	1,792,276,501
Non-controlling interests	**(19,636,481)**	(10,301,750)
Total Equity	**1,926,079,860**	1,781,974,751
	₱15,374,768,418	₱16,589,862,864

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2023	2022	2021
SERVICE REVENUE (Note 26)	**₱14,513,690,842**	₱15,189,724,912	₱16,249,712,573
COST OF SERVICES (Note 19)	**11,468,232,196**	12,323,237,156	12,638,265,180
GROSS PROFIT	**3,045,458,646**	2,866,487,756	3,611,447,393
OPERATING EXPENSES (Note 20)	**2,490,289,107**	2,482,476,783	3,512,405,436
OPERATING INCOME	**555,169,539**	384,010,973	99,041,957
OTHER INCOME (CHARGES)			
Interest expense (Notes 9, 15, 16, 18 and 22)	**(541,524,134)**	(525,208,512)	(452,736,382)
Gain (loss) on derivative (Note 16)	**150,810,960**	(230,550,021)	(458,332,707)
Foreign exchange gains (losses) - net (Notes 20 and 24)	**59,874,458**	(75,551,544)	40,158,439
Gain on bargain purchase (Note 4)	**18,233,464**	–	–
Equity in net earnings of associates (Note 11)	**16,164,364**	52,622,132	69,198,233
Interest income (Notes 5, 7, 12 and 18)	**15,293,926**	8,972,553	8,132,382
Gain on partial redemption of convertible instruments (Note 16)	–	7,582,766	–
Fair value gain on investment at fair value through profit or loss (Note 10)	**96,505**	36,842	15,861
Others - net (Note 8)	**13,372,548**	13,686,305	3,164,966
	(267,677,909)	(748,409,479)	(790,399,208)
INCOME (LOSS) BEFORE INCOME TAX	**287,491,630**	(364,398,506)	(691,357,251)
PROVISION FOR INCOME TAX (Note 21)	**119,306,595**	178,837,675	162,208,644
NET INCOME (LOSS)	**168,185,035**	(543,236,181)	(853,565,895)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods			
Unrealized fair value gain (loss) on equity investment at fair value through other comprehensive income (Notes 10 and 17)	**(7,802,403)**	9,753,004	(42,913,217)
Remeasurement gain (loss) on retirement benefit plan - net of tax (Notes 17 and 23)	**(19,883,943)**	156,088,702	(17,081,097)
Share in other comprehensive income (loss) of associates (Notes 11 and 17)	**7,341,546**	249,260	(3,189,639)
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation gain (loss) - net	**(1,821,881)**	123,455,421	21,032,256
	(22,166,681)	289,546,387	(42,151,697)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱146,018,354**	(₱253,689,794)	(₱895,717,592)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of the Parent Company (Note 28)	**₱176,290,488**	(₱541,974,747)	(₱866,234,145)
Non-controlling interests	**(8,105,453)**	(1,261,434)	12,668,250
NET INCOME (LOSS)	**₱168,185,035**	(₱543,236,181)	(₱853,565,895)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of the Parent Company	**₱153,439,840**	(₱258,343,699)	(₱907,663,636)
Non-controlling interests	**(7,421,486)**	4,653,905	11,946,044
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱146,018,354**	(₱253,689,794)	(₱895,717,592)
EARNINGS (LOSS) PER SHARE (Note 28)			
Basic	**₱0.12**	(₱0.38)	(₱0.61)
Diluted	**₱0.12**	(₱0.38)	(₱0.61)

See accompanying Notes to Consolidated Financial Statements.

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

	For the Year Ended December 31, 2023					
	Equity Attributable to Shareholders of the Parent Company					
	Capital Stock (Note 17)	Retained Earnings (Note 17)	Accumulated Comprehensive Income (Loss) (Note 17)	Total	Non-controlling Interests	Total Equity
Balances at beginning of year	₱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 (loss)	–	176,290,488	–	176,290,488	(8,105,453)	168,185,035
Other comprehensive income (loss)	–	–	(22,850,648)	(22,850,648)	683,967	(22,166,681)
Total comprehensive income (loss)	–	176,290,488	(22,850,648)	153,439,840	(7,421,486)	146,018,354
Dividends declared (Note 17)	–	–	–	–	(1,913,245)	(1,913,245)
Balances at end of year	₱1,425,865,471	₱304,563,778	₱215,287,092	₱1,945,716,341	(₱19,636,481)	₱1,926,079,860

	For the Year Ended December 31, 2022					
	Equity Attributable to Shareholders of the Parent Company					
	Capital Stock (Note 17)	Retained Earnings (Note 17)	Accumulated Comprehensive Income (Loss) (Note 17)	Total	Non-controlling Interests	Total Equity
Balances at beginning of year	₱1,425,865,471	₱670,248,037	(₱45,493,308)	₱2,050,620,200	₱20,865,195	₱2,071,485,395
Comprehensive income (loss):						
Net loss	–	(541,974,747)	–	(541,974,747)	(1,261,434)	(543,236,181)
Other comprehensive income	–	–	283,631,048	283,631,048	5,915,339	289,546,387
Total comprehensive income (loss)	–	(541,974,747)	283,631,048	(258,343,699)	4,653,905	(253,689,794)
Dividends declared (Note 17)	–	–	–	–	(35,820,850)	(35,820,850)
Balances at end of year	₱1,425,865,471	₱128,273,290	₱238,137,740	₱1,792, 276,501	(₱10,301,750)	₱1,781,974,751

	For the Year Ended December 31, 2021					
	Equity Attributable to Shareholders of the Parent Company					
	Capital Stock (Note 17)	Retained Earnings (Note 17)	Accumulated Comprehensive Income (Loss) (Note 17)	Total	Non-controlling Interests	Total Equity
Balances at beginning of year	₱1,425,865,471	₱1,536,482,182	(₱4,063,817)	₱2,958,283,836	₱12,824,911	₱2,971,108,747
Comprehensive income (loss):						
Net income (loss)	–	(866,234,145)	–	(866,234,145)	12,668,250	(853,565,895)
Other comprehensive loss	–	–	(41,429,491)	(41,429,491)	(722,206)	(42,151,697)
Total comprehensive income (loss)	–	(866,234,145)	(41,429,491)	(907,663,636)	11,946,044	(895,717,592)
Dividends declared (Note 17)	–	–	–	–	(3,905,760)	(3,905,760)
Balances at end of year	₱1,425,865,471	₱670,248,037	(₱45,493,308)	₱2,050,620,200	₱20,865,195	₱2,071,485,395

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱287,491,630**	(₱364,398,506)	(₱691,357,251)
Adjustments for:			
Depreciation and amortization (Notes 2, 8, 9, 19, 20 and 22)	**1,385,459,806**	1,454,093,170	1,567,289,559
Interest expense (Notes 8, 9, 15, 16, 18 and 22)	**541,524,134**	525,208,512	452,736,382
Retirement expense, net of benefits paid and contribution to retirement plan (Notes 19, 20 and 23)	**89,567,679**	35,604,172	2,496,695
Unrealized foreign exchange loss	**(7,356,451)**	145,779,018	12,574,119
Fair value gain on investment at fair value through profit or loss (Note 10)	**(96,505)**	(36,842)	(15,861)
Loss (gain) on disposal of property and equipment (Note 8)	**(9,040,408)**	(2,854,014)	1,345,517
Gain on bargain purchase (Note 4)	**(18,233,464)**	–	–
Interest income (Notes 5, 7, 12 and 18)	**(15,293,926)**	(8,972,552)	(8,132,382)
Equity in net earnings of associates (Note 11)	**(16,164,364)**	(52,622,132)	(69,198,233)
Loss (gain) on derivative liability (Note 16)	**(150,810,960)**	230,550,021	458,332,707
Gain on partial redemption of convertible instruments	–	(7,582,766)	–
Operating income before changes in working capital	**2,087,047,171**	1,954,768,081	1,726,071,252
Changes in working capital:			
Decrease (increase) in:			
Trade and other receivables	**84,507,600**	51,834,810	(111,296,675)
Prepayments and other assets	**214,922,811**	12,604,562	(2,004,250,332)
Security deposits	**12,562,384**	(25,784,548)	(41,642,524)
Other noncurrent assets	**11,755,016**	(455,609,938)	(8,777,688)
Increase (decrease) in:			
Accounts and other payables (Note 27)	**(554,563,029)**	479,619,993	325,460,134
Transmission liability	**(250,769,116)**	(52,701,349)	(180,723,260)
Net cash generated from (used in) operations	**1,605,462,837**	1,964,731,611	(295,159,093)
Interest received	**15,293,926**	8,972,552	8,132,382
Income tax paid	**(72,702,306)**	(232,655,281)	(159,671,756)
Net cash provided by (used in) operating activities	**1,548,054,457**	1,741,048,882	(446,698,467)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received (Note 18)	**39,600,000**	36,000,000	25,500,000
Decrease (increase) in due from related parties (Note 27)	**37,976,808**	(4,392,833)	16,972,753
Proceeds from:			
Disposal of investments classified as investment at fair value through OCI (Note 10)	–	13,559,437	–
Disposal of property and equipment and intangible assets (Notes 8 and 9)	**32,415,505**	6,445,949	5,466,746
Acquisitions of:			
Property and equipment (Notes 8 and 27)	**(745,128,256)**	(644,537,192)	(343,325,290)
Intangible assets (Notes 9 and 27)	**(55,237,437)**	(50,743,534)	(40,137,646)

(Forward)

	Years Ended December 31		
	2023	2022	2021
Subsidiaries, net of cash acquired (Note 4)	**₱501,875**	₱–	(₱120,090)
Net cash used in investing activities	**(689,871,505)**	(643,668,173)	(335,643,527)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable (Notes 15 and 27)	**999,122,465**	781,509,600	508,858,400
Decrease in due to related parties (Note 27)	**(19,168,129)**	(5,778,573)	(3,785,897)
Payments of:			
Dividends (Note 27)	**(1,913,245)**	(35,820,926)	(5,686,654)
Interest (Note 27)	**(107,306,901)**	(82,787,773)	(87,058,743)
Notes payable (Notes 15 and 27)	**(779,851,700)**	(670,845,517)	(395,858,514)
Lease and other noncurrent liabilities (Note 27)	**(1,153,240,832)**	(1,164,695,675)	(1,123,666,823)
Redemption of convertible bond	**(997,458,943)**	–	–
Net cash used in financing activities	**(2,059,817,285)**	(1,178,418,864)	(1,107,198,231)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,199,736,131)**	(81,038,155)	(1,889,540,225)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(34,134,367)**	123,547,972	118,602,104
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,517,624,171**	3,475,114,354	5,246,052,475
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱2,281,855,470**	₱3,517,624,171	₱3,475,114,354

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
APR 29 2024

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO 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, evidences 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.

<u>Going Concern Assessment</u>
As of December 31, 2023, the Group is in net current liability position of ₱3.6 billion and has a current ratio of 0.65x. The Group's convertible instrument amounting to ₱4.01 billion as of December 31, 2023 will mature and amounts outstanding are payable on August 4, 2024. To date, the Group has not negotiated for revised maturities and terms yet nor reached 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.

Management's plans on future actions to address the maturing instrument includes open communication with the creditor to consider renegotiation on revised maturities and those options under the agreement (see Note 16). 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 various means to address the instrument's timeline which include exploring with 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.

The accompanying consolidated financial statements of the Parent Company and its subsidiaries (the Group) have been approved and authorized for issue by the BOD on April 29, 2024.

2. Basis of Preparation and Summary of Material Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis except for fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and derivatives that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Group's functional currency. All amounts are rounded off to the nearest peso unit unless otherwise indicated.

Difference in accounting periods
The Group consolidated the non-coterminous financial statements of its subsidiaries using their November 30 fiscal year end 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.

Management exercised judgment in determining whether adjustments should be made in the consolidated financial statements of the Group pertaining to the effects of significant transactions or events of its subsidiaries that occur between December 1, 2023 and 2022 and the year-end date of the Parent Company's financial statements which is December 31, 2023 and 2022.

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.

The consolidated financial statements as of December 31, 2022 were adjusted to effect LBCE's availment and settlement of bank loans in December 2022 amounting to ₱50.00 million and ₱46.90 million, respectively, adjustment to reflect equity share in net earnings of Terra Barbaza Aviation, Inc. (TBAI) amounting to ₱0.55 million and adjustment to reflect the increase in fair value of investment at FVOCI by ₱21.46 million for the period December 1 to 31, 2022.

Aside from these, there were no other significant transactions that transpired between December 1, 2023 to December 31, 2023, and between December 1, 2022 to December 31, 2022.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The 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. The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2023 and 2022.

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 consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated 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.

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 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.

The consolidated financial statements include the financial statements of LBCH and the following subsidiaries:

	Country of incorporation	Principal activities	Ownership Interest 2023	2022
LBC Express, Inc. (LBCE)	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - MM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - CL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - NL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - VIS, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SCS, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express Corporate Solutions, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - CMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - EMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - MIN, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SEL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - WV, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SEM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SCC, Inc.	Philippines	Logistics and money remittance	**100%**	100%
South Mindanao Courier Co., Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - NEMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - NWMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Systems, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express Bahrain WLL	Bahrain	Logistics	**49%**	49%
LBC Express Shipping Company WLL	Kuwait	Logistics	**49%**	49%
LBC Express LLC [(1)]	Qatar	Logistics	**49%**	49%
LBC Mabuhay Saipan Inc.	Saipan	Logistics and money remittance	**100%**	100%
LBC Aircargo (S) PTE. LTD	Singapore	Logistics	**100%**	100%
LBC Aircargo (S) PTE. LTD Taiwan Cargo branch	Taiwan	Logistics	**100%**	100%
LBC Express Airfreight (S) PTE. LTD.	Singapore	Logistics	**100%**	100%
LBC Money Transfer PTY Limited	Australia	Money remittance	**100%**	100%
LBC Australia PTY Limited	Australia	Logistics	**100%**	100%
LBC Mabuhay (Malaysia) SDN BHD.	Malaysia	Logistics	**93%**	93%
QuadX Pte. Ltd.	Singapore	Digital logistics	**86%**	86%
LBC Mabuhay (B) Sdn Bhd	Brunei	Logistics	**50%**	50%
LBC Mabuhay Remittance Sdn Bhd	Brunei	Money remittance	**50%**	50%
LBC Mundial Corporation	United States of America	Logistics and money remittance	**100%**	100%
LBC Mundial Nevada Corporation	United States of America	Logistics and money remittance	**100%**	100%
LBC Business Solutions North America Corp.	United States of America	Logistics	**100%**	100%

(Forward)

	Country of incorporation	Principal activities	Ownership Interest 2023	2022
LBC Mabuhay North America Corporation	United States of America	Logistics and money remittance	**100%**	100%
LBC Mundial Cargo Corporation	Canada	Logistics	**100%**	100%
LBC Mabuhay Remittance Corporation	Canada	Money remittance	**100%**	100%
LBC Mabuhay Hawaii Corporation	United States of America	Logistics and money remittance	**100%**	100%
Mermaid Co., Ltd	Japan	Logistics	**100%**	100%
Blue Eagle and LBC Service Pte. Ltd. (2)	Taiwan	Remittance	**100%**	–

Note:

1) This entity is a subsidiary of LBC Express Shipping Company WLL which has 49% ownership interest.
2) On September 28, 2023, the Parent Company acquired 100% equity in Blue Eagle and LBC Service Ltd. (see Note 4).

Although the Parent Company owns 49%-50% only of the voting share of LBC Express Bahrain WLL, LBC Express Shipping Company WLL, LBC Express LLC, LBC Mabuhay (B) Sdn Bhd and LBC Mabuhay Remittance Sdn Bhd, in substance it controls the said entities since: (a) the activities of the subsidiaries are being conducted on behalf of the Parent Company according to its specific business need so that the Parent Company obtains benefits from the subsidiaries' operations through a service agreement to provide courier, door-to-door, freight forwarding services for the general public; and (b) the Parent Company has the decision-making powers to obtain the majority of the benefits of the activities of the subsidiaries.

The money remittance business in the Philippines is performed by LBCE and the subsidiaries only act as service agents for LBCE.

Non-Controlling Interests

As at December 31, 2023, the Group has subsidiaries with non-controlling interests. Percentage of equity held by non-controlling interests in 2023 and 2022 are as follows:

	Country of incorporation	2023	2022
LBC Express Bahrain, WLL	Bahrain	**51%**	51%
LBC Express Shipping Company WLL	Kuwait	**51%**	51%
LBC Express LLC	Qatar	**26%**	26%
LBC Mabuhay (Malaysia) SDN BHD.	Malaysia	**7%**	7%
QuadX Pte. Ltd.	Singapore	**14%**	14%
LBC Mabuhay (B) Sdn Bhd	Brunei	**50%**	50%
LBC Mabuhay Remittance Sdn Bhd	Brunei	**50%**	50%

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any noncontrolling interest in the acquiree. For each business combination, the acquirer measures acquirer's the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the consolidated statement of comprehensive income.

Goodwill or gain on bargain purchase in a business combination is measured being the difference of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities (see Note 4).

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amended standards effective beginning January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amended standards did not have an impact on the 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. The amendments have had an impact on the Group disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Suppliers Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Fair Value Measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset on the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Assets and Financial Liabilities

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15. Refer to the accounting policies for *Revenue from contracts with customers.*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a l frame established by regulation or convention in the market place (regular way purchases or sales) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instrument)
This category is the most relevant to the Group. The Group measures its financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

This category generally applies to cash and cash equivalents, short-term cash investments, electronic wallet, trade and other receivables, loans receivable, notes receivable, due from related parties and restricted cash under other current assets.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

After initial measurement, such equity investments are subsequently measured at fair value with unrealized gains and losses recognized in OCI. Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such dividends are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

As at December 31, 2023 and 2022, the Group measures its quoted investment in share of stock at FVOCI (see Note 10).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Financial assets at FVPL are subsequently measured at fair value with net changes in fair value recognized in profit or loss as other income (charges).

As at December 31, 2023 and 2022, the Group measures its investment in unquoted unit investment trust fund at FVPL (see Note 10).

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade and other receivables, the Group has elected to use the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix based on loss rate approach that is based on the Group's historical credit loss experience for the past five years, adjusted for forward looking factors specific to the debtors and the economic environment (i.e., non-performing loans and gross domestic product).

For due from related parties and cash and cash equivalents, restricted cash, loans receivable and notes receivable, the Group applies the general approach.

The Group considers a financial asset in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of served invoices which is administrative in nature which may extend the definition of default to 180 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payables (excluding taxes and government contribution payable), due to related parties, notes payable, transmissions liability, lease liabilities, dividends payable, other noncurrent liabilities and bond payable.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

Embedded Derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The Parent Company assesses whether embedded derivatives are required to be separated from the host contracts when the Parent Company first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives are bifurcated from their host contracts, when the following conditions are met:

(a) the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial assets and liabilities at FVPL;
(b) when their economic risks and characteristics are not closely related to those of their respective host contracts; and
(c) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL. Changes in fair values are included in profit or loss. The embedded derivatives of the Parent Company pertain to the equity conversion and redemption options components of the issued convertible debt instrument.

The Group's derivative liability is classified under this category (Notes 16, 24 and 25)

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to 'accounts and other payables' (except taxes and government contribution payable), 'due to related parties', 'notes payable', 'transmissions liability', 'lease liabilities', 'dividends payable', 'bond payable', 'bonds redemption payable' and 'other noncurrent liabilities' presented in the consolidated statement of financial position.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a) the rights to receive cash flows from the asset have expired, or
b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Assets and Financial Liabilities
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting arrangements, where the related assets and liabilities are presented at gross in the statement of financial position.

Prepayments and Other Assets
Prepayments are recognized when payment has been made in advance for the purchase of goods or services for which delivery or performance has not yet occurred. This also includes advance payments of the Group to the tax authority in relation to an ongoing tax assessment. The Group recognizes the advance payments as an asset if it gives a right to receive future economic benefits in the form of a refund, or by using it to settle tax liabilities, or as tax credit in the future. Prepayments are measured at undiscounted amounts and derecognized in the consolidated statement of financial position as they expire with the passage of time, or through use and consumption.

Creditable withholding taxes (CWT) are amounts withheld from income, which are applied as credit against income taxes, subject to documentary requirements. Creditable withholding taxes that are expected to be utilized as payment for income taxes within 12 months are classified as current asset.

Materials and supplies are initially measured at the cost of purchase, which comprise the purchase price less trade discounts, rebates and other similar deductions. Materials and supplies are subsequently measured at the lower of cost and net realizable value. Cost is determined using average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies are derecognized when consumed.

Input tax represents the value-added tax (VAT) due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the tax authority for output VAT on sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit under certain circumstances against future income tax liability of the Group upon approval of the BIR. Input tax is stated at its estimated net realizable values. Input tax also includes deferred input VAT on unpaid purchase of services which are incurred and billings which have been received as of reporting date. Noncurrent portion of input VAT represents input VAT on unpaid purchase of goods and/or services.

Short-term cash investments are time deposits with maturity of more than three months from the date of acquisition but not exceeding one year.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment loss.

Depreciation and amortization is calculated on a straight-line method over the following estimated useful lives of the property and equipment:

	Years
Computer hardware	3
Furniture, fixtures and office equipment	3 to 5
Transportation equipment	3 to 10
Leasehold improvements	8 years or lease term (whichever is shorter)
Building	50

Construction in progress is stated at cost. Construction in progress is not depreciated until such time as the relevant assets are completed and available for use.

The assets' residual value, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment or if constructed in a leased asset, whichever is shorter between the lease term and useful life.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is credited to or charged against profit or loss in the year the property and equipment is derecognized.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings, less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the construction work until the date of practical completion.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets. The useful life of the Group's software is three to five years.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Security Deposits
Security deposits are recognized when payment has been made to suppliers which will be applied to outstanding payables of the Group on the termination of the related agreements and are recognized at cost.

Investment in Associates
An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in the associate is accounted for under the equity method of accounting. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

Employee Benefits
The Group has a noncontributory defined retirement benefit plan. The net defined retirement benefit liability or asset is the aggregate of the present value of the defined retirement benefit liability at the end of reporting date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service costs
- net interest on the net defined benefit liability or asset
- remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined retirement benefit liability or asset is the change during the period in the net defined retirement benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined retirement benefit liability or asset. Net interest on the net defined retirement benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined retirement benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account, “Remeasurement gains (losses) on retirement benefit plan”, are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related liabilities). If the fair value of the plan assets is higher than the present value of the defined retirement benefit liability, the measurement of the resulting defined retirement benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit retirement liability is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave credits in excess of 45 days is expected to be settled wholly within twelve months after the end of the annual reporting date. Employees of certain foreign subsidiaries are also entitled to long service leaves as mandated by local laws over and above their annual leave if they work for a certain length of time which are taken on a pro-rata basis when the employee ceases to work. Earned leave credits is recognized as a liability and settled when the employee leaves the Group subject to certain conditions.

<u>Equity</u>
The Group considers the underlying substance and economic reality of its own equity instruments and not merely its legal form in determining its proper classification.

Capital stock
The Group records common stocks at par value and the amount of the contribution in excess of par value is accounted for as an additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

Retained earnings
Retained earnings represent accumulated earnings of the Group less dividends declared, and any adjustments arising from application of new accounting standards, policies or corrections of errors applied retrospectively. Dividends on common stocks are recognized as a liability and deducted from equity when declared.

<u>Revenue Recognition</u>

Revenue from contracts with customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Service revenue
The Group is in the business of logistics and money remittance which are sold separately as identified and have distinct contracts with customers.

The Group recognizes logistics revenue over time using output method wherein revenue is recognized on the basis of direct measurement of the value to the customer relative to the remaining services promised under the contract. The measurement of progress used the estimated period travelled (measured in days) of the goods being delivered over the period of the date of acceptance up to the delivery date.

Service arising from money transfer is considered to have been rendered when the principal amount of money has been transferred to the intended branch and the same is ready for withdrawal by the intended beneficiary.

Contract liability
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). A contract liability is recognized as revenue when the Group performs under the contract. This applies to deferred revenue for which the Group has received the consideration from the customer, but the logistics service has not been completely fulfilled. These are subsequently charged as service revenue over the period of delivery.

Interest income
Interest income is recognized on a time-proportion basis using the effective interest method. Interest income from bank deposits is presented net of applicable tax withheld by the banks.

Other income
Other income is recognized when earned.

Costs and Expense Recognition
Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured.

Costs and expenses are recognized in profit or loss:
- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets of 2 to 20 years.

The right-of-use assets are also subject to impairment. See discussion on impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases (STL) and leases of low-value assets
The Group applies the STL recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of US$5,000 or ₱300,000 and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Income Taxes</u>
The tax expense for the period comprises of current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating losses carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. Deferred tax liabilities are also not provided on taxable temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are credited to or charged against income for the period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss except for monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group consolidation

On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Earnings Per Share ("EPS")

Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Executive Committee is the Group's chief operating decision-maker. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee. The Executive Committee, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. Provisions are included in current liabilities, except for those with maturities greater than 12 months after the reporting period, which are then classified as noncurrent liabilities. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is recognized in profit or loss.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Events after the Reporting Date
Post year-end events up to the date when the consolidated financial statements are authorized for issue that provide additional information about the Group's position at each reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements, when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management believes the following represent a summary of these significant judgments, estimates and assumptions:

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Assumption of going concern
The use of the going assumption involves management making judgments, at a particular point in time, about the future outcome of events or condition that are inherently uncertain. 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. 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 16). 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 various means to address the instrument's timeline which include exploring with 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. The Group has no plans to liquidate. Management assessed that it will be able to maintain its positive cash position and settle its liabilities as they fall due. As such the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

Consolidation of entities in which the Group holds 50% or less than 50% ownership
LBCE has assessed that it controls the entities located in Bahrain, Kuwait, Qatar and Brunei even at 49% - 50% ownership due to the following reasons:

(a) it has the power to direct the relevant activities (e.g. operations, hiring of people, setting up of rates) of the entities. It has the full discretion on its day to day operations and decides on major transactions these entities enter into.
(b) it is exposed to variable returns of the entities.
(c) given its participation in the relevant activities of the entities, it is able to affect the returns of the entities.

Determining functional currency
The entities within the Philippines have determined that its functional currency is the Philippine Peso while the subsidiaries that are operating outside the Philippines determines their own functional currency which is the currency of the primary economic environment in which the entity operates.

Identifying performance obligations
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. The management has assessed that the identified performance obligations of the Group are distinct and separately identifiable and are outlined in the contract.

Determining timing of revenue recognition and measurement of progress of performance obligation
The Group determined that the revenue for its logistics services is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance of the obligation as the Group delivers the goods.

The Group has determined that the output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in delivering the services. The measurement of progress used the estimated period travelled (measured in days) of the goods being delivered over the period of the date of acceptance up to the delivery date. The Group regularly assess the period of delivery and revise its assumptions in determining revenue and contract liability as necessary.

Determining provisions and contingencies and recognition of tax advance payments as asset
The Group is currently involved in various legal proceedings and assessments for national taxes. The estimate of the probable costs for the resolutions of these claims has been developed in consultation with outside legal and tax counsels handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings and assessments.

The Group recognizes the tax advance payments as an asset since it gives a right to receive future economic benefits, either in the form of (1) a refund, (2) or by using it to settle tax liability, (3) or as tax credit in the future. The Group assessed, in consultation with its legal counsel, that the right is not a contingent asset despite the ambiguity in tax regulations and process that governs the payment.

The Group assessed that it is probable that a portion of the tax advance will be recovered through tax credit that can be used to pay future taxes with the tax authority. The Group classified a portion of the tax advance payment to noncurrent assets considering the expected timing of usage in future periods.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Assessing impairment losses on financial assets
The Group uses a provision matrix to calculate ECLs for financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., non-performing loans and gross domestic product) are expected to deteriorate over the next year which can lead to an increase in prices of basic goods and services, the historical default rates are adjusted.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions, and ECLs, which have been adjusted to consider a range of possible outcomes, is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered the current economic condition in its calculation of ECL by revisiting the propriety of customer segmentation, ensuring that the loss rates have been appropriately adjusted for forward-looking information, and revising the probability weighting rates for each macroeconomic scenario per customer segment.

Further details on the expected credit losses are disclosed in Notes 6 and 24.

Evaluating impairment of goodwill

Goodwill impairment testing requires an estimation of the recoverable amount which is the higher between fair value less cost to sell or value-in-use of the cash-generating units to which the goodwill is allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows for the cash-generating units and to choose suitable discount rates to calculate the present value of cash flows. The Group's impairment test for goodwill discussed in Note 4 is based on value-in-use calculations using a discounted cash flow model.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the annual revenue growth rate and long-term growth rate used.

Further details on goodwill are disclosed in Note 4.

Estimating pension cost

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and attrition. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rate of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation adjusted based on the manner of cash outflow of settling the pension liability.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increase is based on expected salary rate increase over the duration of the obligation. Attrition rate is based on historical experiences. Further details about the assumptions used are provided in Note 23.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Further details on lease liabilities are disclosed in Note 22.

Estimating fair value of embedded derivatives

The fair value of embedded derivatives, related to the issuance of convertible instrument recognized in the consolidated statement of financial position as derivative liability, is measured using binomial pyramid model. The inputs to this model are taken from a combination of observable markets and unobservable market data. Changes in inputs about these factors could affect the reported fair value of the embedded derivatives and impact profit or loss.

Further details on embedded derivatives are disclosed in Notes 16 and 25.

Evaluation of nonfinancial assets for impairment other than goodwill
The Group reviews its nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in the asset's market value of net realizable value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

Based on management's assessment, its nonfinancial assets (such as property and equipment, right-of-use assets, intangible assets, security deposits, investment in associates and other noncurrent assets) are recoverable as of December 31, 2023 and 2022. Further details on the nonfinancial assets are disclosed in Notes 7, 8, 9, 11 and 22.

Recognizing deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Realization of future tax benefit related to deferred tax assets is dependent on the Group's ability to generate future taxable income during the periods in which they are expected to be recovered. The Group has considered factors in reaching a conclusion as to the amount of deferred tax assets recognized as at December 31, 2023 and 2022. Management believes that the Group will be able to generate future taxable income to allow for the realization of deferred tax assets.

Further details on taxes are disclosed in Note 21.

4. Acquisition of Subsidiary and Goodwill

Acquisition of Blue Eagle and LBC Services Ltd.
On September 28, 2023, the Parent Company acquired, through business combination, 100% of the capital of Blue Eagle and LBC Service Ltd., a corporation registered in Taiwan, for a total purchase price of New Taiwan Dollar (NTD) 5.00 million. This acquisition is part of the agreement entered by the Parent Company for the issuance of convertible instrument in 2017 (see Note 16).

The fair values of identifiable assets acquired and liabilities assumed as at the date of acquisition as 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

(Forward)

	Blue Eagle and LBC Service Ltd.
Percentage of ownership of Parent Company	100%
Property and equipment	92,146
Intangibles	272,514
Security deposits	4,333,476
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: purchase consideration	8,844,000
Gain on bargain purchase	₱18,233,464

There were no contingent considerations in the above acquisition. 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 gain on bargain purchase of the acquired company was presented under “Other income (charges)” in the consolidated statements of comprehensive income.

From the date of acquisition on September 28, 2023, the Group’s share in the revenue and net loss of Blue Eagle and LBC Service Pte. Ltd. amounted to ₱1.33 million and ₱1.61 million, respectively. If the combination had taken place at the beginning of 2023, the Group’s total revenue and total net income would have been ₱14,521.99 million and ₱157.87 million, respectively.

Impairment testing of Goodwill
The Group performed its annual impairment testing of goodwill amounting to ₱287.02 million as of December 31, 2023 which are primarily related to the acquisitions of LBC Aircargo (S) PTE LTD (LBC Taiwan Cargo), LBC Australia PTY Limited (LBC Australia Cargo), LBC Money Transfer PTY Limited (LBC Australia Money) and Mermaid Co. Ltd. The impairment testing performed considered the impact of the current economic condition in the assumptions.

Key Assumptions Used in Value-in-Use Calculations
The key assumptions used in determining the recoverable amount based on value-in-use calculations as of December 31, 2023 and 2022 are as follows:

Goodwill arising from the acquisition of LBC Taiwan Cargo, LBC Australia Cargo, LBC Australia Money and Mermaid Co. Ltd amounted to ₱168.37 million, ₱75.63 million, ₱15.83 million and ₱19.60 million, respectively. The value-in-use calculation is based on the forecast approved by the management over an explicit period of five years.

The projected cash flows are based on the following plan of the management:

- To capture the demands driven by the growing population of Filipino community in the area. These include the opening of additional branch and introduction of online booking, new promotions and bundled products.
- To expand business partnerships.
- To expand operations by offering cargo deliveries via air and sea through its agents. This also includes management's initiatives in promoting and creating awareness of their services.

The key assumptions used in the value-in-use calculations are mostly sensitive to annual and long-term revenue growth rates beyond explicit forecast period and discount rate.

Revenue is projected to increase at a compounded annual growth rate of 3.85% to 6.28% and 7.43% to 10.69% in 2023 and 2022, respectively, and long-term growth rate of 1.00% to 2.00% in 2023 and 2022. Direct costs and capital expenditures are forecasted to follow the trend of revenue except for those that are non-variable but with various cost reduction initiatives such as constant negotiation with its suppliers. Discount rate used in 2023 and 2022 are 6.23% to 13.02% and 7.42% to 13.13%, respectively. This is based on a risk adjusted discount rate using the weighted average cost of capital adjusted to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Based on the assessment of the value-in-use of the acquirees, the recoverable amount of the acquirees exceeded their carrying amounts plus goodwill, hence, no impairment was recognized as at December 31, 2023 and 2022 in relation to the goodwill.

5. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱223,151,164**	₱301,076,675
Cash in banks	**2,054,014,046**	3,215,808,561
Cash equivalents	**4,690,260**	738,935
	₱2,281,855,470	₱3,517,624,171

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 0.05% to 0.38%, 0.06% to 0.38% and 0.13% to 1.63% per annum in 2023, 2022 and 2021, respectively. Interest income earned from cash and cash equivalents amounted to ₱0.60 million, ₱0.59 million and ₱3.94 million in 2023, 2022 and 2021, respectively.

6. Trade and Other Receivables

This account consists of:

	2023	2022
Trade receivable - outside parties	**₱1,749,643,222**	₱1,701,319,344
Trace receivable - related parties (Note 18)	**324,947,167**	387,107,568
	2,074,590,389	2,088,426,912
Less allowance for impairment losses	**257,482,114**	211,457,118
	1,817,108,275	1,876,969,794
Other receivables:		
Advances to officers and employees	**105,919,811**	106,892,848
Others	**27,122,799**	61,189,357
	₱1,950,150,885	₱2,045,051,999

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. In 2023, the Group has directly written-off trade receivables from a related party amounting to ₱56.15 million (see Notes 18 and 20).

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:

	2023	2022
Balance at beginning of year	**₱211,457,118**	₱222,496,135
Provision for expected credit losses (Note 20)	**48,855,410**	119,087
Accounts written-off	**(2,830,414)**	–
Recoveries	–	(11,158,104)
Balance at end of year	**₱257,482,114**	₱211,457,118

7. **Prepayments and Other Assets**

This account consists of:

	2023	2022
Prepayments:		
Taxes	**₱2,122,601,701**	₱2,072,525,144
Insurance	**33,410,660**	32,263,248
Employee benefits	**19,103,184**	27,276,844
Rent	**16,342,011**	17,034,378
Transportation supplies	**5,521,206**	6,922,526
Software maintenance	**4,937,874**	7,324,688
Dues and subscriptions	**2,886,905**	799,829
Advertising	**62,828**	112,809
Others	**37,563,532**	33,144,300
Creditable withholding taxes (CWTs)	**388,682,410**	301,879,571
Restricted cash	**261,646,547**	348,755,645
Materials and supplies	**184,789,127**	208,505,692
Input VAT	**110,769,025**	170,379,057
Loans receivable (Note 12)	**78,859,835**	85,023,021
Short-term cash investments	**30,287,335**	147,167,931
Electronic wallet	**23,738,876**	17,717,607
Notes receivable (Note 18)	**10,454,332**	15,725,733
Advance payment to a supplier	**9,000,000**	9,000,000
Deferred input VAT	–	65,283,571
Others	**19,568,328**	19,755,191
	3,360,225,716	3,586,596,785
Less: noncurrent portion	**2,094,307,378**	2,106,062,394
	₱1,265,918,338	₱1,480,534,391

Details of noncurrent portion follow:

	2023	2022
Prepaid Taxes	**₱1,807,419,435**	₱1,807,419,435
Creditable withholding taxes (CWTs)	**172,279,700**	134,793,177
Loans receivable (Note 12)	**66,227,013**	73,875,716
VAT on capital goods	**20,009,214**	47,249,194
Notes receivable (Note 18)	**10,454,332**	15,725,733
Prepaid rent	**640,454**	534,805
Advance payment to a supplier	–	9,000,000
Others	**17,277,230**	17,464,334
	₱2,094,307,378	₱2,106,062,394

Prepaid taxes include disputed tax payments which can be refunded or be used to settle specific tax liabilities, if there's any, or be used as tax credit for future tax liabilities. (see Note 29). The Group assessed that it is probable that a portion of the tax advance will be recovered through tax credit that can be used to pay future taxes. Prepaid taxes also include unamortized portion of business permits.

Prepaid insurance, software maintenance, transportation supplies, and advertising are payments made in advance which will be applied against future billings due within 12 months.

Prepaid employee benefits pertain to advance payments to employees which will be consumed through future employee services.

CWTs are attributable to taxes withheld by the withholding agents which are creditable against income tax payable.

Restricted cash represents cash deposits, in the name of LBCE, with a maturity of one year and assigned to specific customers as a performance guarantee. This also includes time deposits of the Parent Company used as loan guarantee.

Materials and supplies consist of office supplies, packing materials and official receipts to be used in the Group's operations. Materials and supplies recognized under cost of services in profit or loss in 2023, 2022 and 2021 amounted to ₱655.34 million, ₱707.65 million and ₱734.56 million, respectively (see Note 19).

Input VAT is applied against output VAT. Management believes that the remaining balance is recoverable in future periods.

Loans receivable pertains to receivable of the Parent Company from Transtech Co., Ltd (see Note 12).

Short-term cash investments are time deposits with maturity of more than three months from the date of acquisition but not exceeding one year.

The interest income earned from the short-term cash investments and restricted cash amounted to ₱12.23 million, ₱4.76 million and ₱1.57 million in 2023, 2022 and 2021, respectively.

Electronic wallet represents revolving fund intended for the G-Cash wallet loading services offered by the Group.

Notes receivable pertains to receivable from LBC Holdings USA Corporation (see Note 18).

Advance payment to a supplier pertains to payment to a service provider intended for the purchase of a software.

Deferred input VAT pertains to input tax on unpaid services which are incurred, in which billing has been received as of reporting date.

Other prepayments pertain to advance payments to suppliers and service providers.

The noncurrent portion of prepaid rent pertains to advance payments for rental of the Group's leases of low-value assets. These payments are to be applied in the last two to three months of the lease term which is beyond 12 months after balance sheet date.

8. Property and Equipment

The rollforward analysis of this account follows:

	2023							
	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

	2022						
	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Land	Construction in Progress	Total
Costs							
Balances at beginning of year	₱602,594,748	₱2,014,925,055	₱574,054,143	₱1,121,944,782	₱1,031,257,734	₱47,683,328	₱5,392,459,790
Additions	4,197,520	9,224,490	58,805,400	45,332,536	–	526,378,138	643,938,084
Reclassifications	(9,522,321)	110,685,378	(25,909,889)	6,744,247	–	(81,997,415)	–
Disposals	(17,016,142)	(193,397,132)	(74,184,041)	(203,232,727)	–	–	(487,830,042)
Effect of changes in foreign currency exchange rates	6,172,962	6,616,045	831,034	1,836,781	–	–	15,456,822
Balances at end 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
Accumulated depreciation and amortization							
Balances at beginning of year	405,776,367	1,665,762,889	452,454,297	968,719,010	–	–	3,492,712,563
Depreciation (Notes 19 and 20)	53,962,546	143,490,627	71,700,382	107,364,534	–	–	376,518,089
Reclassifications	(5,220,329)	19,566,253	(20,403,106)	6,057,182	–	–	–
Disposals	(16,440,525)	(191,158,239)	(73,472,444)	(203,166,900)	–	–	(484,238,108)
Effect of changes in foreign currency exchange rates	5,931,177	3,761,087	593,236	1,345,269	–	–	11,630,769
Balances at end of year	444,009,236	1,641,422,617	430,872,365	880,319,095	–	–	3,396,623,313
Net book value	₱142,417,531	₱306,631,219	₱102,724,282	₱92,306,524	₱1,031,257,734	₱492,064,051	₱2,167,401,341

Depreciation charges were recognized as follows:

	2023	2022	2021
Cost of services (Note 19)	**₱265,292,116**	₱360,823,711	₱443,023,002
Operating expenses (Note 20)	**21,660,301**	15,694,378	25,444,171
	₱286,952,417	₱376,518,089	₱468,467,173

Land with carrying amount of ₱1,031.26 million was used as collateral to secure the bank loan (see Note 15).

The Group recognized gain on sale and retirement of assets amounting to ₱9.04 million and ₱2.86 million and loss on sale and retirement of assets amounting to ₱1.35 million in 2023, 2022 and 2021, respectively. This is presented in 'Others-net' in 'Other income (charges)', in the consolidated statements of comprehensive income.

The Group has unpaid property and equipment amounting to ₱49.97 million and ₱8.38 million for 2023 and 2022, respectively.

In 2022, construction in progress primarily pertains to the construction of a warehouse in Sucat. Contractual commitments arising from the construction amounted to ₱708.24 million as of December 31, 2022. The construction of warehouse was completed in November 2023 and construction in progress amounting to ₱1.14 billion was transferred to Building.

The borrowing costs capitalized as property and equipment amounted to ₱67.41 million and ₱19.05 million in 2023 and 2022, respectively.

There are no other property and equipment pledged as security for liabilities except for Land (see Note 15).

9. Intangible Assets

The rollforward analysis of this account follows:

	2023		
	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	**(1,113,341)**	**–**	**(1,113,341)**
Balances at end of year	**453,804,192**	**–**	**453,804,192**
Net book value	**₱210,123,393**	**₱26,761,878**	**₱236,885,271**

	2022		
	Software	Development in Progress	Total
Costs			
Balances at beginning of year	₱611,154,091	₱68,282,013	₱679,436,104
Additions	2,710,784	29,189,155	31,899,939
Reclassification	97,368,668	(97,368,668)	–
Disposal	(16,225,043)	–	(16,225,043)
Effect of changes in foreign currency exchange rates	8,444,972	–	8,444,972
Balances at end of year	703,453,472	102,500	703,555,972
Accumulated Amortization			
Balances at beginning of year	411,392,939	–	411,392,939
Amortization (Notes 19 and 20)	45,272,593	–	45,272,593
Disposal	(16,225,043)	–	(16,225,043)
Effect of changes in foreign currency exchange rates	7,126,271	–	7,126,271
Balances at end of year	447,566,760	–	447,566,760
Net book value	₱255,886,712	₱102,500	₱255,989,212

As at December 31, 2022, the outstanding liability related to purchase of these intangible assets amounted to ₱0.94 million and ₱0.03 million, which is presented under "Other noncurrent liabilities" and "Accounts and other payables" in the consolidated statements of financial position, respectively (nil in 2023).

Interest expense arising from the amortization of deferred interest amounted to ₱0.05 million, ₱0.62 million and ₱1.46 million in 2023, 2022 and 2021, respectively.

Development in progress pertains to costs related to ongoing development of software, user license and implementation costs.

There were no capitalized borrowing costs in 2023 and 2022.

Amortization charges were recognized as follows:

	2023	2022
Cost of services (Note 19)	**₱3,326,364**	₱6,713,043
Operating expenses (Note 20)	**70,478,102**	38,559,550
	₱73,804,466	₱45,272,593

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

Investment at FVPL represent the Group's investment in unit investment trust fund.

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

Movements of the investments at FVPL and FVOCI follow:

FVPL	2023	2022
Balance at beginning of year	**₱2,167,063**	₱15,689,658
Unrealized fair value gain during the year	**96,505**	36,842
Withdrawal	**–**	(13,559,437)
Balance at end of year	**₱2,263,568**	₱2,167,063

FVOCI	2023	2022
Balance at beginning of year	**₱198,961,275**	₱189,208,271
Unrealized fair value gain (loss) during the year	**(7,802,403)**	9,753,004
Balance at end of year	**₱191,158,872**	₱198,961,275

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

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

	2023	2022
Balance at beginning of year	**(₱65,150,487)**	(₱74,903,491)
Unrealized gain (loss) during the year from quoted investments	**(7,802,403)**	9,753,004
Balance at end of year (Note 17)	**(₱72,952,890)**	(₱65,150,487)

11. **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 December 31, 2023 and 2022. 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:

	2023	2022
Costs		
Balances at beginning and end of year	**₱79,809,022**	₱79,809,022
Accumulated Equity on Net Earnings		
Balances at beginning of year	**7,377,657**	4,772,678
Equity share in net earnings (losses)	**(4,968,944)**	2,604,979
Balances at end of year	**2,408,713**	7,377,657
Carrying Value	**₱82,217,735**	₱87,186,679

The summarized statements of financial position of TBAI follows:

	2023	2022
Current assets	**₱84,244,965**	₱48,746,133
Noncurrent assets	**489,878,185**	394,275,517
Current liabilities	**(16,772,600)**	(2,585,899)
Noncurrent liabilities	**(136,981,609)**	–
Equity	**420,368,941**	440,435,751
Proportion of Group's ownership	**24.762%**	24.762%
Group's share in identifiable asset	**104,091,757**	109,060,701
Other adjustments	**(21,874,022)**	(21,874,022)
Carrying amount of the investment	**₱82,217,735**	₱87,186,679

The summarized statement of comprehensive income of TBAI follows:

	2023	2022
Revenue	**₱54,810,811**	₱57,594,648
Cost and expenses	**74,877,622**	47,074,584
Net income	**(20,066,811)**	10,520,065
Group's share in total comprehensive income	**(₱4,968,944)**	₱2,604,979

Investment in Orient Freight International, Inc. (OFII)
The Parent Company has 30% ownership in OFII, a company involved in freight forwarding, warehousing and customs brokerage businesses operating within the Philippines.

In 2023 and 2022, OFII declared dividends amounting to ₱39.60 million and ₱36.00 million, respectively (see Note 18). No impairment loss was recognized for the investment in associate in 2023 and 2022.

Movement in the investment in OFII is as follows:

	2023	2022
Costs		
Balances at beginning and end of year	**₱227,916,452**	₱227,916,452
Accumulated Equity on Net Earnings		
Balances at beginning of year	**59,276,294**	45,259,141
Equity share in net earnings	**21,133,308**	50,017,153
Less dividend income (Note 18)	**(39,600,000)**	(36,000,000)
Balances at end of year	**40,809,602**	59,276,294
Other Comprehensive Income		
Balances at beginning of year	**(2,715,720)**	(2,964,980)
Equity share in other comprehensive income	**7,341,546**	249,260
Balances at end of year	**4,625,826**	(2,715,720)
Carrying Value	**₱273,351,880**	₱284,477,026

The summarized statements of financial position of OFII follows:

	2023	2022
Current assets	**₱593,167,912**	₱682,531,714
Noncurrent assets	**222,745,406**	145,267,956
Current liabilities	**(283,453,429)**	(272,110,390)
Noncurrent liabilities	**(62,485,288)**	(48,630,860)
Equity	**469,974,601**	507,058,420
Proportion of Group's ownership	**30.00%**	30.00%
Group's share in identifiable asset	**140,992,380**	152,117,526
Implied goodwill	**132,359,500**	132,359,500
Carrying amount of the investment	**₱273,351,880**	₱284,477,026

The summarized statement of comprehensive income of OFII follows:

	2023	2022
Revenue	**₱919,592,166**	₱979,923,190
Cost and expenses	**849,147,805**	813,199,348
Net income	**70,444,361**	166,723,842
Other comprehensive income	**24,471,820**	830,868
Total comprehensive income	**94,916,181**	167,554,710
Group’s share in total comprehensive income	**₱28,474,854**	₱52,871,393

12. Loans Receivables and Trademark Agreement with Transtech

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 party. 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.

In 2023, 2022 and 2021, LBCH incurred royalty fees amounting to ₱6.96 million, ₱6.95 million and ₱6.18 million, respectively. The related payable was offset to LBCH’s interest receivable and loan receivable from Transtech amounting to ₱1.75 million and ₱5.20 million, respectively in 2023 and to ₱1.87 million and ₱5.09 million, respectively in 2022. Effect of foreign currency exchange rate related to interest receivable and loan receivable offsetting amounted to ₱2.14 million, ₱6.73 million and ₱4.98 million in 2023, 2022 and 2021 respectively.

Loans receivable as at December 31, 2023 and 2022 is as follows:

	2023	2022
Current portion*	**₱12,632,822**	₱11,147,305
Noncurrent portion**	**66,227,013**	73,875,716
	₱78,859,835	₱85,023,021

**Presented under 'Prepayment and other current assets'*
***Presented under 'Other noncurrent assets'*

Interest income earned amounted to ₱1.75 million, ₱1.87 million, and ₱1.82 million in 2023, 2022, and 2021, respectively.

13. Accounts and Other Payables and Other Noncurrent Liabilities

This account consists of:

	2023	2022
Trade payable - outside parties	**₱1,319,378,902**	₱1,380,323,825
Trade payable - related parties (Note 18)	**44,963,610**	29,255,709
Accruals:		
Salaries, wages and other benefits	**343,882,812**	407,298,858
Claims	**212,471,061**	203,278,474
Rent and utilities	**134,348,393**	147,270,760
Taxes	**89,374,349**	107,455,478
Contracted jobs	**58,138,833**	92,125,982
Software maintenance	**47,385,919**	18,500,831
Advertising	**20,923,128**	31,005,392
Professional fees	**18,670,905**	27,045,240
Outside services	**9,724,371**	18,629,166
Others	**59,085,128**	72,087,915
Taxes payable	**535,484,351**	741,243,955
Contract liabilities	**393,347,165**	507,512,748
Government agencies contributions payables	**36,245,075**	41,164,360
Others	**56,659,839**	65,855,423
	₱3,380,083,841	₱3,890,054,116

Trade payable and accrued expenses arise from regular transactions with suppliers and service providers. These are noninterest-bearing and are normally settled on one to 60-day term.

Accrued salaries and wages pertain to unpaid salaries and employees' allowances and benefits.

Other accruals mainly pertain to liabilities of the Group related to operations which are awaiting actual billings from suppliers (except for taxes).

Taxes payable mainly include withholding taxes on payment to suppliers and employees' compensation which are settled on a monthly basis and deferred output VAT on uncollected receivables from VATable sales and withholding taxes on dividends paid by subsidiaries.

Contract liabilities pertain to payments received in advance from customers for services which have not yet been performed and are expected to be realized within the year.

Government agencies contribution payable pertains to monthly required remittances to government agencies such as SSS, Pag-ibig and Philhealth.

Other payables include employees' salary loan deductions payable to third parties and payables arising from expenses incurred in relation to transactions with nontrade suppliers.

14. 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 ₱606.73 million (₱5.91 million of which is payable to an affiliate) and to ₱850.30 million (₱7.89 million of which is payable to an affiliate) as at December 31, 2023 and 2022, respectively (see Note 18).

15. Notes Payable

The Group has outstanding notes payable to various local banks. The details of these notes as at December 31, 2023 and 2022 are described below:

		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	**Apr 2020**	**–**	**Apr 2023**	**6.00%, fixed rate**	**Clean; interest and principal payable every quarter**
e. Unionbank of the Philippines	**Dec 2020**	**–**	**Dec 2023**	**5.00%, fixed rate**	**Clean; interest and principal payable every quarter**
f. 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**
g. 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**

		December 31, 2023			
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
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
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

			December 31, 2023			
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
	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**
h.	**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**
i.	**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**
j.	**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**
k.	**Banco de Oro**	**Oct 2023**	**20,000,000**	**Apr 2024**	**6.63%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**
l.	**Banco de Oro**	**Oct 2021**	**211,875,000**	**May 2026**	**6.63%, subject to repricing**	**With mortgage; Interest payable every month, principal payable quarterly**
m.	**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**
n.	**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**
o.	**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**
p.	**Rizal Commercial Banking Corporation**	**Dec 2022**	**–**	**Mar 2023**	**7.50%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
q.	**Rizal Commercial Banking Corporation**	**Dec 2022**	**–**	**Mar 2023**	**7.75% fixed rate**	**Clean; Interest payable every month, principal to be paid on maturity date**
r.	**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**
s.	**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**
t.	**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**

December 31, 2023						
	Bank	**Date of Availment**	**Outstanding Balance**	**Maturity**	**Interest Rate**	**Terms**
u.	**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**
v.	**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**
w.	**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**
x.	**Banco de Oro**	**Nov 2022**	**–**	**Dec 2023**	**7.50%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
y.	**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**
z.	**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**
aa.	**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**
bb.	**Unionbank of the Philippines**	**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**			

December 31, 2022						
	Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
a.	Unionbank of the Philippines	Apr 2019	₱23,400,000	Apr 2024	7.826%, fixed rate	Clean; Interest and principal payable every quarter
b.	Unionbank of the Philippines	Jun 2019	6,600,000	Apr 2024	7.053%, fixed rate	Clean; Interest and principal payable every quarter
c.	Rizal Commercial Banking Corporation	Oct 2019	–	Oct 2022	6.55%, fixed rate	Clean; interest and principal payable every month
d.	Unionbank of the Philippines	Apr 2020	41,666,666	Apr 2023	6.00%, fixed rate	Clean; Interest and principal payable every quarter
e.	Unionbank of the Philippines	Dec 2020	33,333,333	Dec 2023	5.00%, subject to repricing	Clean; Interest and principal payable every `quarter
f.	Unionbank of the Philippines	July 2022	36,000,000	Jan 2023	7.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
g.	Unionbank of the Philippines	Aug 2021	414,424,397	Aug 2026	7.00%, subject to repricing	With mortgage; Interest and principal to be paid quarterly
	Unionbank of the Philippines	Dec 2021	16,072,560	Dec 2031	7.09%, subject to repricing	With mortgage; Interest and principal payable every quarter

	Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
			December 31, 2022			
	Unionbank of the Philippines	Feb 2022	17,895,877	Dec 2031	7.08%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Mar 2022	28,177,477	Dec 2031	7.08%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2022	23,445,477	Dec 2031	6.36%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2022	24,704,615	Dec 2031	7.08%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	July 2022	17,452,615	Dec 2031	7.08%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2022	5,658,154	Dec 2031	7.08%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Oct 2022	11,205,158	Dec 2031	7.08%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Nov 2022	7,279,263	Dec 2031	7.08%, subject to repricing	With mortgage; Interest and principal payable every quarter
h.	Rizal Commercial Banking Corporation	Apr 2022	142,560,000	Apr 2023	4.5%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
i.	Banco de Oro	Oct 2022	100,000,000	Apr 2023	6.00%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
j.	Unionbank of the Philippines	Oct 2022	47,000,000	Apr 2023	7.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
k.	Banco de Oro	Oct 2022	20,000,000	Apr 2023	6.00%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
l.	Banco de Oro	Oct 2021	296,625,000	May 2026	6.00%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
m.	Rizal Commercial Banking Corporation	Nov 2022	₱90,396,000	May 2023	7.00%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
n.	Banco de Oro	Nov 2021	45,000,000	May 2023	6.00%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
o.	Banco de Oro	Nov 2022	125,000,000	May 2023	6.25%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
p.	Rizal Commercial Banking Corporation	Dec 2022	83,835,000	Mar 2023	7.50%, subject to repricing d	Clean; Interest payable every month, principal to be paid on maturity date

	December 31, 2022				
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
q. Rizal Commercial Banking Corporation	Dec 2022	36,450,000	Mar 2023	7.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
r. Rizal Commercial Banking Corporation	Dec 2022	182,209,016	Jan 2023	7.00% to 7.38%, fixed rate	Clean; Interest payable every month, principal to be paid on maturity date
s. Rizal Commercial Banking Corporation	Mar 2022	30,000,000	Mar 2023	5.00%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
t. Rizal Commercial Banking Corporation	Jun 2022	27,000,000	Jun 2023	5.375%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
u. Banco de Oro	Nov 2022	10,000,000	May 2023	6.25%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
v. Rizal Commercial Banking Corporation	Dec 2022	10,000,000	Jun 2023	7.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
w. Banco de Oro	Oct 2022	80,000,000	Apr 2023	6.00%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
x. Banco de Oro	Nov 2022	70,000,000	Apr 2023	6.25%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
Total		₱2,103,390,608			
Current portion		₱1,442,320,481			
Noncurrent portion		₱661,070,127			

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 in 2023 and 2022 amounted to ₱15.60 million each.

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 2023 and 2022 amounted to ₱4.40 million each.

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. On April 13, 2020, LBCE availed a 3-year interest-bearing loan from UBP amounting to ₱250.00 million to finance other capital expenditures. This was fully settled in 2023.

e. On December 9, 2020, LBCE availed a 3-year interest-bearing loan from UBP amounting to ₱100.00 million to finance its capital expenditures. This was fully settled in 2023.

f. A short-term loan availed with UBP in August 2019 amounting to ₱50.00 million was rolled over in 2020 to 2022. This was subsequently rolled over in January and July 2023 with a maturity date of January 2024. LBCE settled ₱11.00 million in 2023.

g. 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 ₱110.51 million for 2023 and 2022.

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 2023 and 2022, LBCE settled ₱14.61 million and ₱9.48 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 2023 and 2022 amounted to ₱2.00 million and ₱0.50 million, respectively.

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

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.

h. 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 and 2022 amounted to ₱14.26 million and ₱15.84 million, respectively.

i. 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 and September 2023, the loan was rolled over at the amount of ₱90.00 million which will mature in March 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.

j. 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.

k. 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.

l. 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 2023 and 2022 amounted to ₱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 December 31, 2023, the balance of time deposit amounted to ₱224.28 million (see Note 7). Such guarantee shall substitute the existing real estate mortgage on LBCE's real estate properties as security.

m. 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 and 2022 amounted to ₱18.10 million and ₱21.20 million, respectively.

n. 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.

o. 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.

p. On March 24, 2022, LBCE availed a short-term loan with RCBC amounting to ₱115.00 million to finance working capital requirement. This was rolled over in June, September 2022 and December 2022 with maturity date in March 2023. This was fully settled in 2023.

q. On March 24, 2022, LBCE availed a short-term loan with RCBC amounting to ₱50.00 million to finance working capital requirement. This was rolled over in June, September 2022 and December 2022 with maturity date in March 2023. This was fully settled in 2023.

r. 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 with maturity dates in January 2024.

s. 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 with maturity in March 2024.

t. 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. Settlement made in 2023 amounted to ₱2.70 million.

u. 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.

v. 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.

w. 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.

x. On November 11, 2022, LBCE availed short-term loan with BDO amounting to ₱70.00 million in aggregate to finance working capital requirement. This was fully settled in 2023.

y. On July 10, 2023, LBCE availed a short-term loan interest bearing with RCBC amounting to ₱9.00 million to finance working capital.

z. 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.

aa. On November 7, 2023, LBCE availed a six-month loan interest bearing with UBP amounting to ₱18.50 million to finance working capital.

bb. On December 27, 2023, LBCE availed a short-term loan interest bearing with BDO amounting to ₱150.00 million to finance working capital.

Interest expense amounted to ₱108.79 million, ₱84.98 million and ₱88.36 million in 2023, 2022, 2021 and 2020, 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, 2023 and 2022, the Group is compliant with its debt covenants.

Movements in the notes payable account are as follows:

	2023	2022
Balance at beginning of year	**₱2,103,390,608**	₱1,992,726,525
Availments	**999,122,465**	781,509,600
Payments	**(779,851,700)**	(670,845,517)
Balance at end of year	**₱2,322,661,373**	₱2,103,390,608

16. **Convertible Instrument**

This account consists of:

	2023	2022
Derivative liability		
Balances at beginning of year	**₱2,180,880,406**	₱2,558,118,548
Fair value loss (gain) on derivative	**(150,810,960)**	230,550,021
Redemption	–	(607,788,163)
Balances at end of year	**₱2,030,069,446**	₱2,180,880,406
Bond payable		
Balances at beginning of year	**₱1,715,380,624**	₱1,702,087,740
Accretion of interest	**283,247,791**	306,598,763
Redemption	–	(484,215,032)
Unrealized foreign exchange loss	**(20,686,422)**	189,110,403
Amortization of issuance cost	**1,798,750**	1,798,750
Balances at end of year	**₱1,979,740,743**	₱1,715,380,624

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.

17. **Equity**

Capital Stock

As of December 31, 2023, 2022 and 2021, the details of the Parent Company's capital stock 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 yearend
At January 1, 2015	40,899,000	₱1/share		
Add: Additional issuance	1,384,966,471	₱1/share	July 22, October 16 and October 21, 2015	
December 31, 2015-2016	1,425,865,471			485
Add: Movement	–			1
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

Retained earnings
The unappropriated retained earnings include accumulated equity in undistributed net earnings of the consolidated subsidiaries which amounted to ₱850.51 million, ₱1,337.33 million, and ₱1,476.34 million as of December 31, 2023, 2022 and 2021, 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 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. This was paid in May 2023 which amounted to ₱3.75 million of which ₱1.91 million is attributed to noncontrolling interest.

On December 1, 2022, the BOD of LBC Mundial Corporation and LBC Mabuhay North America Corporation declared cash dividends of US$13.0 million (₱702.26 million) and US$1.0 million (₱54.02 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 amounting to ₱16.66 million and ₱20.82 million, respectively.

The controlling interest of LBCH in LBC Mabuhay (B) Sdn. Bhd. and LBC Mabuhay Remittance Sdn. Bhd. amounted to BND 0.25 million (₱8.33 million) and BND 0.20 million (₱10.41 million), respectively.

On October 14, 2022, the BOD of LBC Australia Pty Ltd declared cash dividends amounting to AUD 1.80 million (₱67.77 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 (₱34.96 million). The amount attributed to noncontrolling interest is RM 0.23 million (₱2.83 million).

On October 13, 2022, the BOD of LBC Mabuhay (Saipan), Inc. approved the issuance of dividends amounting to USD 0.25 million (₱13.51 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 (₱223.27 million) and paid in November 2022.

On March 21, 2022, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 1500 per common share. The record date of entitlement to the said cash dividend is on November 30, 2021. These were paid in March 2022 amounting to ₱27.95 million, of which ₱ 14.25 million is attributable to noncontrolling interest.

On November 5, 2021, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 600 per common share. The record date of entitlement to the said cash dividend is on November 30, 2021 amounting to ₱7.66 million, of which ₱3.91 million is attributable to noncontrolling interest.

Accumulated comprehensive loss

Details of accumulated comprehensive income (loss) as at December 31 follow:

	2023	2022
Remeasurement gain on retirement benefit plan, net of tax (Note 23)	**₱250,563,002**	₱268,548,741
Unrealized fair value gain (loss) on investment at FVOCI (Note 10)	**(72,952,890)**	(65,150,487)
Share in other comprehensive income of an associate (Note 11)	**4,625,826**	(2,715,720)
Currency translation gain (loss), net of tax	**31,126,524**	34,846,589
	₱213,362,462	₱235,529,123
Accumulated comprehensive loss attributable to:		
Controlling interest	**₱215,287,092**	₱238,137,740
Non-controlling interest	**(1,924,630)**	(2,608,617)
	₱213,362,462	₱235,529,123

18. Related Party Transactions

In the normal course of business, the Group transacts with related parties consisting of its ultimate parent, LBCDC and affiliates. Affiliates include those entities in which the owners of the Group have ownership interests outside the Group. These transactions include royalty, 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 as at and for the years ended December 31 follow:

	2023			
	Amount/Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Due from related parties (Trade receivables)				
Entities under common control				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 6 and 26)	**₱143,989,222**	**₱324,947,167**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Due from related parties (Non-trade receivables)				
Ultimate parent company				
b.) Advances	**₱–**	**₱1,018,252,361**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Entities under common control				
b.) Advances	**55,545,076**	**79,039,495**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Beneficial Owners				
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**
		₱1,139,856,145		
Due from related parties (Other noncurrent assets)				
Entities under common control				
e.) Other noncurrent assets	**₱–**	**₱10,454,332**	**Interest-bearing; fixed monthly payment**	**Unsecured, no impairment**
Dividend receivable				
f.) Associate (Note 11)	**₱39,600,000**	**₱–**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Due to related parties (Trade payables)				
Ultimate Parent Company				
c.) Royalty fee (Note 13)	**₱–**	**(₱151,164)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Associate				
d.) Sea freight and brokerage (Note 13)	**742,759,437**	**(44,812,446)**	**Noninterest-bearing; due and demandable**	**Unsecured**
		(₱44,963,610)		
Due to a related party (Non-trade payables)				
Entities under common control				
b.) Advances	**₱39,617,362**	**(₱10,996,650)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Officer				
b.) Advances	**–**	**(483,960)**	**Noninterest-bearing; due and demandable**	**Unsecured**
		(₱11,480,610)		
Due to a related party (Transmissions liability)				
Subsidiaries–- under common control				
a.) Money remittance payable (Note 14)	**₱512,458,500**	**(₱5,906,309)**	**Noninterest-bearing; due and demandable**	**Unsecured**

	2022			
	Amount/Volume	Receivable (Payable)	Terms	Conditions
Due from related parties (Trade receivables)				
Entities under common control				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 6 and 26)	₱101,423,509	₱387,107,568	Noninterest-bearing; due and demandable	Unsecured, no impairment
Due from related parties (Non-trade receivables)				
Ultimate parent company				
b.) Advances	₱–	₱1,017,059,295	Noninterest-bearing; due and demandable	Unsecured, no impairment
Entities under common control				
b.) Advances	57,329,877	96,486,019	Noninterest-bearing; due and demandable	Unsecured, no impairment
Beneficial Owners				
b.) Advances	–	37,709,077	Noninterest-bearing; due and demandable	Unsecured, no impairment
e.) Notes receivable current portion	–	4,826,978	Interest-bearing; fixed monthly payment	Unsecured, no impairment
		₱1,156,081,369		
Due from related parties (Other noncurrent assets)				
Entities under common control				
e.) Other noncurrent assets	₱–	₱15,725,733	Interest-bearing; fixed monthly payment	Unsecured, no impairment
Dividend receivable				
h.) Associate (Note 11)	₱36,000,000	₱–	Noninterest-bearing; due and demandable	Unsecured, no impairment
Due to related parties (Trade payables)				
Ultimate Parent Company				
d.) Royalty fee (Note 13)	₱–	(₱154,847)	Noninterest-bearing; due and demandable	Unsecured
Associate				
f.) Sea freight and brokerage (Note 13)	848,148,300	(29,100,862)	Noninterest-bearing; due and demandable	Unsecured
		(₱29,255,709)		
Due to a related party (Non-trade payables)				
Entities under common control				
b.) Advances	₱42,630,955	(₱30,168,268)	Noninterest-bearing; due and demandable	Unsecured
Officer				
b.) Advances	–	(480,471)	Noninterest-bearing; due and demandable	Unsecured
		(₱30,648,739)		
Due to a related party (Transmissions liability)				
Subsidiaries - under common control				
a.) Money remittance payable (Note 14)	₱27,842,339	(₱7,890,857)	Noninterest-bearing; due and demandable	Unsecured

Compensation of Key Management Personnel:

	2023	2022
Salaries and wages	**₱125,176,499**	₱99,023,090
Retirement benefits (Note 23)	**17,380,470**	18,176,846
Other short-term employee benefits	**9,665,480**	25,919,426
	₱152,222,449	₱143,119,362

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 charges penalties to affiliates that fail to pay within 30 calendar days upon receipt of billings from LBCE. The amount is recognized by the Group as penalty income and is equivalent to 1/10 of 1% of the total amount of unpaid receivable due per day of delay. No penalty income was recognized in 2023 and 2022.

Accordingly, the Group is also charged penalties by its affiliates 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 in both years.

In 2023, a related party ceased its operation and the Group has directly written-off trade receivables from the related party amounting to ₱56.15 million.

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 29).

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 March 31, 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 16, 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 Group'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. As of December 2023, and 2022 the remaining balance of royalty fee amounted to ₱151,164 and ₱154,847, respectively.

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 Holdings USA Corporation's outstanding mortgage loan which is consolidated into a long-term promissory note amounting to $1,105,148 at 4% interest, payable in 180 equal monthly installments. As of December 31, 2023, total outstanding notes receivable amounted to ₱15.31 million, ₱10.45 million of which is presented as noncurrent under "Other noncurrent assets". Interest income earned from notes receivable amounted to ₱1.75 million, ₱1.76 million, and ₱0.80 million in 2023, 2022 and 2021, respectively.

f.) On August 9, 2023 and May 31, 2022, LBCH recognized cash dividend from OFII amounting to ₱39.60 million and ₱36.00 million, respectively, for its 30% interest on OFII.

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 assets are deemed 'Material Related Party Transactions'. Such transactions shall be reviewed by the Related Party Transaction Committee prior to its endorsement for the Board's Approval. Moreover, any related party transaction involving less than 10% of the Group's total assets will be submitted to the President and Chief Executive Officer for review.

19. **Cost of Services**

This account consists of:

	2023	2022	2021
Cost of delivery and remittance	**₱4,650,746,055**	₱5,086,334,153	₱5,369,057,747
Salaries, wages and employee benefits	**3,354,282,170**	3,558,683,055	3,625,881,318
Utilities and supplies (Note 7)	**1,282,095,388**	1,369,066,608	1,344,936,067
Depreciation and amortization (Notes 8, 9 and 22)	**1,217,080,358**	1,336,312,987	1,396,924,138
Rent (Note 22)	**386,830,311**	365,108,034	294,015,711
Repairs and maintenance	**181,348,542**	177,496,888	188,580,024
Transportation and travel	**150,242,949**	147,252,148	159,455,971
Insurance	**97,846,344**	84,486,253	72,283,860
Retirement benefit expense (Note 23)	**87,289,558**	103,120,686	83,856,370
Software subscriptions	**12,806,497**	36,410,749	27,578,342
Others	**47,664,024**	58,965,595	75,695,632
	₱11,468,232,196	₱12,323,237,156	₱12,638,265,180

Others pertain to bank chargers, bank service fees related to remittances, restoration, and demolition of closed branches.

20. **Operating Expenses and Foreign Exchange Gains (Loses) - net**

Operating expenses consist of:

	2023	2022	2021
Salaries, wages and employee benefits	**₱587,426,288**	₱641,124,720	₱593,841,640
Commissions	**249,690,635**	265,018,463	265,136,574
Professional fees	**254,001,532**	232,920,900	253,627,830
Utilities and supplies	**208,665,638**	220,352,000	319,673,844
Advertising and promotion	**203,750,053**	252,550,040	381,258,120
Taxes and licenses	**196,753,929**	223,850,462	222,059,939
Depreciation and amortization (Notes 8, 9 and 22)	**168,379,448**	117,780,183	170,365,421
Dues and subscriptions	**153,336,349**	149,175,608	126,601,222
Travel and representation	**109,912,380**	132,309,567	376,543,131
Software maintenance costs	**105,525,497**	91,290,651	82,566,026
Provisions (Notes 6 and 29)	**105,011,631**	119,087	254,090,737
Retirement benefit expense (Note 23)	**38,570,885**	36,601,412	28,413,995
Insurance	**22,761,992**	20,999,941	23,653,145
Losses	**22,236,595**	29,070,300	82,723,926
Rent (Note 22)	**12,840,997**	17,503,092	20,300,618
Donations	**7,494,750**	14,480,980	239,738,209
Royalty	**6,956,506**	6,953,662	6,180,165
Repairs and maintenance	**5,608,741**	6,765,140	6,893,160
Others	**31,365,261**	23,610,575	58,737,734
	₱2,490,289,107	₱2,482,476,783	₱3,512,405,436

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

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

	2023	2022	2021
Cash and cash equivalents	**₱17,781,653**	₱ 64,712,455	₱135,578,256
Advances to affiliates - net	**4,865,987**	63,099,407	(8,279,240)
Equity investment at FVPL	–	–	731,195
Trade payable	**1,756,048**	(9,915,675)	(4,444,930)
Loans receivable	**(2,305,572)**	–	–
Receivable	**(196,153)**	(4,337,328)	1,444,212
Bond payable and redemption payable	**37,972,495**	(189,110,403)	(84,871,054)
	₱59,874,458	(₱75,551,544)	₱40,158,439

21. Income Taxes

Provision for income tax consists of:

	2023	2022	2021
Current	**₱67,113,465**	₱304,365,153	₱167,864,734
Deferred	**52,193,130**	(125,527,478)	(5,656,090)
	₱119,306,595	₱178,837,675	₱162,208,644

Details of the Group's deferred tax assets as at December 31 are as follow:

	2023	2022
Deferred tax assets arising from:		
Lease liabilities	**₱549,456,669**	₱565,734,969
Retirement benefit liability	**202,933,206**	178,333,372
MCIT	**74,709,167**	43,372,185
Allowance for impairment losses	**62,172,576**	53,993,451
NOLCO	**60,747,343**	80,645,654
Accrued employee benefits	**28,737,405**	49,150,684
Contract liabilities	**23,531,220**	22,432,492
Unrealized foreign exchange losses	**15,071,584**	17,801,167
Accelerated depreciation charged to retained earnings	–	2,439,825
Others	**3,698,315**	20,629,290
	1,021,057,485	1,034,533,089
Deferred tax liability on right of use assets	**(495,119,457)**	(513,113,976)
	₱525,938,028	₱521,419,113

As of December 31, 2023 and 2022, there are no unrecognized deferred tax assets.

The reconciliation between income tax expense at the statutory rate and the actual income tax expense presented in the consolidated statements of comprehensive income for the years ended December 31 follows:

	2023	2022	2021
Income tax at the statutory income tax rate	**₱71,872,908**	(₱91,099,631)	(₱172,839,313)
Tax effects of items not subject to statutory rate:			
Nondeductible expenses	**103,660,498**	447,466,953	389,226,456
Applied MCIT	–	–	23,926,969
Effect of lower income tax rate	–	–	278,049
Change in income tax rate	–	–	(12,267,365)
Nontaxable income	**(51,513,910)**	(128,311,669)	(16,269,994)
Change to OSD of subsidiaries	**(13,402,543)**	(18,870,292)	(19,870,773)
Applied NOLCO	**19,898,311**	–	–
Others	**(11,208,669)**	(30,347,686)	(29,975,385)
	₱119,306,595	₱178,837,675	₱162,208,644

The carryforward NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deduction against income tax liabilities:

NOLCO

Year Incurred	Amount	Used	Expired	Balance	Expiry Date
2022	₱153,710,769	₱–	₱–	₱153,710,769	2025
2021	168,871,846	79,593,244	–	89,278,602	2024
	₱322,582,615	₱79,593,244	₱–	₱242,989,371	

MCIT

Year Incurred	Amount	Used	Expired	Balance	Year of Expiration
2023	₱31,336,982	₱–	₱–	₱31,336,982	2026
2022	19,445,216	–	–	19,445,216	2025
2021	23,926,969	–	–	23,926,969	2024
	₱74,709,167	₱–	₱–	₱74,709,167	

These NOLCO and excess of MCIT over RCIT came from LBCE and other subsidiaries.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Optional Standard Deduction
On December 18, 2008, the Bureau of Internal Revenue issued Revenue Regulation No. 16-2008 which implemented the provisions of Republic Act (R.A.) No. 9504, as amended by R.A. 10963 or the Tax Reform Acceleration and Inclusion Act (TRAIN), on Optional Standard Deduction (OSD). This regulation allows individuals and corporate taxpayers to use OSD in computing their taxable income. For corporate taxpayers, they may elect a standard deduction in the amount equivalent to 40% gross income in lieu of the itemized deductions.

In 2023 and 2022, eighteen (18) of LBCE's Subsidiaries opted to use OSD in computing the current provision for income tax.

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE"
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:

    - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
    - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
    - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

In 2023, 2022 and 2021, the foreign-sourced dividends received by the Group have been subjected to applicable regular corporate income tax.

22. **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.

The amounts recognized in the consolidated statements of financial position and consolidated statements of comprehensive income is shown below:

(a) Right-of-use assets

	For the year ended December 31, 2023			
	Right-of-use assets			
	Office and Warehouses	Vehicles	Computer Equipment	Total
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**

	For the year ended December 31, 2022			
	Right-of-use assets			
	Office and Warehouses	Vehicles	Computer Equipment	Total
Costs				
Balances at beginning of year	₱3,846,188,480	₱204,694,453	₱52,804,425	₱4,103,687,358
Additions	955,679,369	26,094,789	–	981,774,158
Lease modification	(131,180,078)	–	–	(131,180,078)
End of contracts	(743,911,050)	(12,146,273)	–	(756,057,323)
Effect of changes in foreign currency exchange rates	56,476,669	5,010,254	6,632,733	68,119,656
Balances at end of year	3,983,253,390	223,653,223	59,437,158	4,266,343,771
Accumulated amortization				
Balances at beginning of year	1,765,991,959	98,238,229	26,117,769	1,890,347,957
Amortization (Notes 19 and 20)	1,002,436,327	39,714,781	3,963,943	1,046,115,051
End of contracts	(744,974,744)	(11,082,579)	–	(756,057,323)
Effect of changes in foreign currency exchange rates	26,923,376	3,074,837	3,483,969	33,482,182
Balances at end of year	2,050,376,918	129,945,268	33,565,681	2,213,887,867
Net book value	₱1,932,876,472	₱93,707,955	₱25,871,477	₱2,052,455,904

In 2023, 2022 and 2021, the amortization expense recognized under cost of services in the statement of comprehensive income amounted to ₱948.46 million, ₱968.78 million and ₱940.94 million, respectively. In 2023, 2022 and 2021, the amortization expense recognized under operating expenses in the statement of comprehensive income amounted to ₱76.24 million ₱63.53 million and ₱64.14 million, respectively (see Notes 19 and 20).

Amortization of right-of-use assets recorded in the consolidated statements of comprehensive income is net of the recognized effect of waived rentals for COVID-19 related rent concessions amounting to ₱6.23 million, ₱13.81 million and ₱29.41 million in 2023, 2022 and 2021, respectively.

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

Lease modification pertains to contract with the lessor with revised terms effective during the year and moving forward.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Balances at beginning of year	**₱2,262,939,874**	₱2,420,598,216
Additions	**1,083,835,889**	981,774,158
Lease modification	**(125,531,472)**	(131,180,078)
Rent concessions	**(6,234,328)**	(13,812,563)
Payments	**(1,153,240,832)**	(1,164,064,374)
Accretion of interest	**147,686,326**	131,827,779
Effect of changes in foreign currency exchange rates	**(11,628,782)**	37,796,736
Balances at end of year	**2,197,826,675**	2,262,939,874
Less: current portion	**828,187,402**	919,355,234
Noncurrent portion	**₱1,369,639,273**	₱1,343,584,640

Interest expense arising from the accretion of lease liability amounted to ₱147.69 million, ₱131.83 million and ₱125.53 million in 2023, 2022 and 2021, respectively, recognized under 'Interest expense' in the consolidated statements of comprehensive income.

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

	2023	2022
Less than 1 year	**₱828,187,402**	₱919,355,233
More than 1 year to 2 years	**675,160,857**	709,016,353
More than 2 years to 3 years	**382,265,584**	412,952,758
More than 3 years to 4 years	**144,527,145**	224,917,258
More than 5 years	**372,049,828**	265,786,176
	₱2,402,190,816	₱2,532,027,778

(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.

	2023	2022	2021
Cost of services (Note 19)	**₱386,830,311**	₱365,108,034	₱294,015,711
Operating expenses (Note 20)	**12,840,997**	17,503,092	20,300,618
	₱399,671,308	₱382,611,126	₱314,316,329

The Group maintains security deposits arising from the said lease agreements amounting to ₱419.20 million and ₱427.43 million as of December 31, 2023 and 2022, respectively.

23. **Retirement Benefits**

The entities under LBC Express, Inc. and Subsidiaries has funded noncontributory defined benefit retirement plans covering all qualified employees. The retirement plan is intended to provide for benefit payments to employees equivalent to 25% to 130% of the employee's final monthly basic salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the Plan. The Group updates the actuarial valuation every year by hiring the services of a third-party qualified actuary. The latest actuarial valuation report was as of reporting date.

The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed between the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The Retirement Plan Trustee may seek the advice of a counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Retirement Fund. The Group has no transaction either directly or indirectly through its subsidiaries or with its employees' retirement benefit fund.

Under the existing Philippine regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The Group's retirement plan meets the minimum retirement benefit specified under Republic Act 7641.

For the Group's Philippine entities and foreign branches, any qualified employee who voluntarily resigns from the service of the Group after completing at least 10 years of service, shall receive a benefit equal to a percentage of his accrued retirement benefits

Changes in net defined benefit liability in 2023 and 2022 are as follow:

	2023													
		Net benefit cost in consolidated statements of comprehensive income					**Remeasurements in other comprehensive income (Note 13)**							
	January 1, 2023	**Current Service cost**	**Net interest**	**Subtotal**	**Benefits paid from plan assets**	**Benefits paid by the Group**	**Business Development**	**Return on plan assets**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Subtotal**	**Contributions**	**December 31, 2023**
Present value of defined / benefit obligation	**₱939,556,498**	**₱74,770,536**	**₱63,018,736**	**₱137,789,273**	**(₱132,398,631)**	**(₱2,941,110)**	**₱–**	**₱–**	**(₱4,949,264)**	**₱53,266,699**	**₱25,751,761**	**₱74,069,196**	**₱–**	**₱1,016,075,225**
Fair value of plan assets	**(205,072,173)**	**–**	**(11,928,830)**	**(11,928,830)**	**131,162,572**	**14,684,405**	**–**	**2,534,797**	**–**	**–**	**–**	**2,534,797**	**(46,800,000)**	**(115,419,229)**
Net defined benefit liability	**₱734,484,325**	**₱74,770,536**	**₱51,089,906**	**₱125,860,443**	**(₱1,236,059)**	**₱11,743,295**	**₱–**	**₱2,534,797**	**(₱4,947,228)**	**₱53,266,699**	**₱25,751,761**	**₱76,603,993**	**(₱46,800,000)**	**₱900,655,996**

	2022													
		Net benefit cost in consolidated statements of comprehensive income					Remeasurements in other comprehensive income (Note 13)							
	January 1, 2022	Current Service cost	Net interest	Subtotal	Benefits paid from plan assets	Benefits paid by the Group	Business Development	Return on plan assets	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal	Contributions	December 31, 2022
Present value of defined / benefit obligation	₱1,166,702,128	₱96,084,361	₱58,500,960	₱154,585,322	(₱158,967,634)	(₱1,688,473)	₱–	₱–	₱13,948,160	(₱223,860,594)	(₱11,162,411)	(₱221,074,845)	₱–	₱939,556,498
Fair value of plan assets	(362,959,481)	–	(14,863,224)	(14,863,224)	158,967,634	–	(1,296,580)	13,782,898	–	–	–	12,486,318	–	(205,072,173)
Net defined benefit liability	₱803,742,647	₱96,084,361	₱43,637,736	₱139,722,098	₱–	(₱1,688,473)	(₱1,296,580)	₱13,782,898	₱13,948,160	(₱223,860,594)	(₱11,162,411)	(₱208,588,527)	₱–	₱734,484,325

The major categories of the Group's plan assets follow:

	2023	2022	2021
Cash and cash equivalents	**₱21,455,302**	₱46,100,224	₱208,338,742
Debt instruments:			
Government bonds	**116,281,067**	165,267,664	171,933,906
Others	**1,222,841**	(6,295,716)	(17,313,167)
	₱138,959,210	₱205,072,173	₱362,959,481

All equity and debt instruments held have quoted prices in active market.

The equity instruments are investment in stocks of a holding company of a conglomerate listed in the Philippines stock market engaged in various businesses.

Others include market gain or loss, accrued receivables net of payables and etc.

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation.

The Group is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Group's discretion. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable by the Group to the Retirement Fund.

The Retirement Plan Trustee monitors regularly the status of the plan assets and liabilities to ensure availability of funds upon retirement of personnel.

The Group expects to contribute ₱45.2 million to the retirement plan in 2024. The retirement plan does not have a formal funding policy. The funding requirement is mainly driven by the availability of excess fund from the Group's operations.

The movement in actuarial gain recognized in other comprehensive income follows:

	2023	2022	2021
Balance at beginning of year	**(₱355,242,320)**	(₱147,950,373)	(₱185,058,766)
Actuarial loss (gain) from defined benefit obligation	**74,057,451**	(221,074,845)	28,173,647
Plan asset remeasurement loss	**2,534,797**	13,782,898	9,178,882
Balance at end of year, gross	**(278,650,072)**	(355,242,320)	(₱147,706,237)
Deferred tax effect	**28,087,070**	86,693,579	35,246,198
Balance at end of year, net of tax	**(₱250,563,002)**	(₱268,548,741)	(₱112,460,039)

The principal assumptions used in determining retirement for the defined benefit plans are shown below:

	2023	2022	2021
Discount rate	**5.20% to 6.27%**	3.17% to 7.48%	3.17% to 5.01%
Salary increase	**2.00%**	2.00% to 4.00%	3.25% to 4.00%

Discount rate
The discount rate is determined by reference to spot yield curve at the end of the reporting period based on government bonds with currency and term similar to the estimated term of the benefit obligation. The Group used as reference long-term Philippine Treasury Bonds adjusted to create virtual zero-coupon bonds as of the reporting date and to reflect the term similar to the estimated term of the benefit obligation as determined by the actuary.

Salary increase
This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increase comprises of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions
Assumptions regarding mortality experience are set based on published statistics and experience in the Philippines. Is also considers attrition experience of the Group.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit liability as of the end of reporting date, assuming if all other assumptions were held constant.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

		2023	2022
	Increase (decrease)	**Net defined benefit liability**	Net defined benefit liability
Discount rate	+1.00%	**(₱53,912,294)**	(₱47,142,162)
	-1.00%	**59,978,231**	52,172,474
Salary increase	+1.00%	**61,970,320**	54,458,294
	-1.00%	**(56,556,732)**	(49,919,859)

The weighted average duration of the defined benefit obligation at the end of the reporting period is 5.8 years.

Shown below is the maturity analysis of retirement benefit payments up to ten years:

	2022	2022
Less than 1 year	**₱288,737,951**	₱277,545,449
More than 1 year to 5 years	**495,505,233**	526,517,979
More than 5 years to 10 years	**692,943,668**	672,432,352
	₱1,477,186,852	₱1,476,495,780

24. **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, convertible instrument, 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 total comprehensive income should the change in the close share price of quoted equity securities occur as of December 31, 2023, 2022, and 2021 with all other variables held constant.

	Effect on total comprehensive income		
	2023	2022	2021
Change in share price			
+5.00%	**₱9,557,944**	₱9,948,064	₱9,460,414
-5.00%	**(9,557,944)**	(9,948,064)	(9,460,414)
Change in NAV			
+5.00%	**₱113,178**	₱108,353	₱784,483
-5.00%	**(113,178)**	(108,353)	(784,483)

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. In 2023 and 2022, a 5% increase (5% decrease) in the close stock price of the Parent Company's shares has minimal impact in the total comprehensive income. In 2021, a 5% increase (5% decrease) in the close stock price of the Parent Company's shares affect the total comprehensive income by ₱143.07 million increase (₱125.12 million decrease).

Interest rate risk and credit spread sensitivity analysis
Except for the credit spread used in the valuation of the convertible instrument, 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 lease liabilities will not significantly impact the results of operations. The Group regularly monitors its interest rate exposure in interest rates movements. Management minimizes its interest rate risk by resorting to short-term financing, as needed, and believes that cash generated from normal operations are sufficient to pay its obligation as they fall due.

The value of the Group's convertible instrument 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 instrument.

	Effect in fair value	
	2023	2022
Credit spread +1%	**₱11,540,380**	₱26,391,429
Credit spread -1%	**(11,609,185)**	(26,815,598)

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 it's 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 various means to address the instrument's timeline which include exploring with 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 (see Note 16).

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

The following summarizes the maturity profile of the Group's financial assets based on remaining contractual undiscounted collections:

	2023		
	Due in less than one year	**Due in more than one year**	**Total**
Cash and cash equivalents			
Cash in bank	**₱2,054,014,046**	**₱–**	**₱2,054,014,046**
Cash equivalents	**4,690,260**	**–**	**4,690,260**
Short-term investments	**30,287,335**	**–**	**30,287,335**
Restricted cash	**261,646,547**	**–**	**261,646,547**
Receivables			
Trade	**1,817,108,275**	**–**	**1,817,108,275**
Others	**27,122,799**	**–**	**27,122,799**
Due from related parties	**1,139,856,145**	**–**	**1,139,856,145**
FVPL	**2,263,568**	**–**	**2,263,568**
FVOCI	**–**	**191,158,872**	**191,158,872**
Notes receivable	**–**	**10,454,332**	**10,454,332**
Loans receivable	**12,632,822**	**66,227,013**	**78,859,835**
	₱5,349,621,797	**₱267,840,217**	**₱5,617,462,014**

	2022		
	Due in less than one year	Due in more than one year	Total
Cash and cash equivalents			
Cash in bank	₱3,215,808,561	₱–	₱3,215,808,561
Cash equivalents	738,935	–	738,935
Short-term investments	147,167,931	–	147,167,931
Restricted cash	348,755,645	–	348,755,645
Receivables			
Trade	1,876,969,794	–	1,876,969,794
Others	61,189,357	–	61,189,357
Due from related parties	1,156,081,369	–	1,156,081,369
FVPL	2,167,063	–	2,167,063
FVOCI	–	198,961,275	198,961,275
Notes receivable	–	15,725,733	15,725,733
Loans receivable	11,147,305	73,875,716	85,023,021
	₱6,820,025,960	₱288,562,724	₱7,108,588,684

Except as indicated, the Group's financial liabilities based on undiscounted cash flows as shown below are due and expected to be paid within 12 months after the reporting period, which is the earlier of the contractual maturity date or the expected settlement date:

	2023		
	Due in less than one year	**Due in more than one year**	**Total**
Accounts payable and accrued expenses			
Trade payable	**₱1,364,342,512**	**₱–**	**₱1,364,342,512**
Accrued expenses*	**994,004,899**	**–**	**994,004,899**
Others	**56,659,839**	**–**	**56,659,839**
Due to related parties	**11,480,610**	**–**	**11,480,610**
Notes payable	**1,375,261,115**	**947,400,258**	**2,322,661,373**
Transmissions liability	**606,733,574**	**–**	**606,733,574**
Derivative liability	**2,030,069,446**	**–**	**2,030,069,446**
Bond payable	**1,979,740,743**	**–**	**1,979,740,743**
Lease liabilities	**828,187,402**	**1,369,639,273**	**2,197,826,675**
	₱9,246,480,140	**₱2,317,039,531**	**₱11,563,519,671**

**Excluding accrued taxes*

	2022		
	Due in less than one year	Due in more than one year	Total
Accounts payable and accrued expenses			
Trade payable	₱1,409,579,534	₱–	₱1,409,579,534
Accrued expenses*	1,124,698,096	–	1,124,698,096
Others	65,855,447	–	65,855,447
Due to related parties	30,648,739	–	30,648,739
Notes payable	1,442,320,481	661,070,127	2,103,390,608
Transmissions liability	850,295,142	–	850,295,142
Derivative liability	2,180,880,406	–	2,180,880,406
Bond payable	1,715,380,624	–	1,715,380,624
Bond redemption payable	1,014,743,085	–	1,014,743,085
Lease liabilities	919,355,234	1,343,584,640	2,262,939,874
Other noncurrent liabilities	**–	38,049	38,049
	₱10,753,756,788	₱2,004,692,816	₱12,758,449,604

**Excluding accrued taxes*
***Current portion is classified in 'Others' under Accounts and other payables*

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 and its ultimate parent company to meet any unexpected obligations except settlement of convertible instrument (see Notes 1 and 16).

The undrawn loan commitments from long-term credit facilities as of December 31, 2023 and 2022 amounted to ₱1,060.00 million and ₱1,330.62 million, respectively.

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 Group's functional currency.

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), 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', 'trade and other receivables' and liabilities related to convertible instrument in the consolidated statements of financial position and their Philippine Peso equivalents follow:

	2023	
	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 1in 2023.

	2022	
	Foreign currency	Peso equivalent
Assets:		
Euro	3,776,499	221,793,786
Hongkong Dollar	24,401,652	177,400,010
US Dollars	22,280,885	1,250,403,266
Japanese yen	230,194	96,681
Liabilities:		
US Dollars	(30,617,046)	(1,718,228,622)

The translation exchange rates used were ₱58.73 to EUR 1, ₱37.76 to AUD 1, ₱7.27 to HKD 1, ₱56.12 to USD 1, ₱0.42 to JPY 1in 2022.

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) as at December 31:

Reasonably possible change in foreign exchange rate for every two units of Philippine Peso	Increase (decrease) in income before tax	
	2023	2022
₱2	**₱41,037,128**	₱40,144,367
(2)	**(41,037,128)**	(40,144,367)

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

The Group recognized ₱59.87 million, (₱75.55 million), and ₱40.16 million foreign exchange gains(losses) - net, for the years ended December 31, 2023, 2022, and 2021, respectively, arising from settled transactions and translation of the Group's cash and cash equivalents, trade receivables and payables, advances to affiliates - net and bond payable (see Note 20).

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.

As of December 31, 2023 and 2022, the credit quality per class of financial assets is as follows:

	2023				
	Neither Past Due nor Impaired			**Past due and/or Individually Impaired**	**Total**
	High Grade	**Standard**	**Substandard Grade**		
Cash in banks and cash equivalents (Note 5)	**₱2,058,704,306**	**₱–**	**₱–**	**₱–**	**₱2,058,704,306**
Trade receivables	**1,604,769,081**	**–**	**–**	**469,821,308**	**2,074,590,389**
Due from related parties (Note 18)	**1,139,856,145**	**–**	**–**	**–**	**1,139,856,145**
	₱4,803,329,532	**₱–**	**₱–**	**₱469,821,308**	**₱5,273,150,840**

	2022				
	Neither Past Due nor Impaired			Past due and/or Individually Impaired	Total
	High Grade	Standard	Substandard Grade		
Cash in banks and cash equivalents (Note 5)	₱3,216,547,496	₱–	₱–	₱–	₱3,216,547,496
Trade receivables	1,619,821,203	–	–	468,605,709	2,088,426,912
Due from related parties (Note 18)	1,156,081,369	–	–	–	1,156,081,369
	₱5,992,450,068	₱–	₱–	₱468,605,709	₱6,461,055,777

The Group's basis in grading its receivables are as follow:

High grade - these are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the security on receivables readily enforceable).

Standard - these are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard - these are receivables that can be collected provided the Group makes persistent effort to collect them.

Cash in banks and cash equivalents are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Group is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as at December 31:

	2023				
		Past Due			
	Current	**1-30 days**	**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**

	2022				
		Past Due			
	Current	1-30 days	31-90 days	Over 90 days	Total
Trade receivables -					
Expected credit loss rate	0.05%-2.06%	0.1%-3.75%	0.35%-7.72%	1.34%-23.69%	
Estimated total gross carrying amount at default	₱1,619,821,203	₱226,258,705	₱13,125,062	₱229,221,942	₱2,088,426,912
Expected credit loss	6,692,440	2,667,556	4,282,075	197,815,047	211,457,118

There are no collaterals held by the Group with respect to trade receivables that have been identified as past due but not impaired.

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 Group is subject to externally imposed capital requirements due to debt covenants. The Group is in compliance with the covenants as at December 31, 2023 and 2022, the latest Relevant Period subsequent to the issuance of the convertible instrument (see Note 16). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

The capital that the Group manages is equal to the total equity as shown in the consolidated statements of financial position at December 31, 2023 and 2022 amounting to ₱1,926.08 million and ₱1,781.97 million, respectively.

25. Fair Values and Offsetting Arrangements

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, due from/to related parties, short-term cash investments, accounts and other 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 financial assets at FVOCI is the current closing price while the financial asset at FVPL is based on the published net asset value per unit as of reporting date.

The estimated fair value of long-term portion of notes payable is based on the discounted value of future cash flow using applicable rates ranging from 5.87% to 5.99% in 2023 and 2.24% to 6.88% in 2022.

The fair value of the long-term portion of lease liabilities is based on the discounted value of future cash flow using applicable interest rates ranging from 5.90% to 5.94% in 2023 and 5.97% to 6.47% in 2022.
The estimated fair value of other noncurrent liabilities is based on the discounted value of future cash flow using applicable rate of 2.44% to 5.21% in 2022 (nil in 2023).

The estimated fair value of derivative liability as at December 31, 2023 and 2022 is based on an indirect method of valuing multiple embedded derivatives. This valuation technique using binomial pyramid model uses 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 13.50% and 19.88% in 2023 and 2022, respectively. In 2023 and 2022, a 5% increase (5% decrease) in the stock volatility has very minimal effect to the total comprehensive income. In 2022, a 5% increase (5% decrease) in the stock volatility has very minimal effect to the total comprehensive income.

The plain bond is determined by discounting the cash flows, which is simply the principal at maturity, using discount rate of 17.36% and 17.06% in 2023 and 2022, respectively. The discount rate is composed of the matched to maturity risk free rate and the option adjusted spread (OAS) of 12%.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Except for the fair values of financial asset at FVOCI which are classified as Level 1, the discounting used inputs such as cash flows, discount rates and other market data, hence are classified as Level 3.

The financial asset at FVPL is under the Level 3 category.

The quantitative disclosures on fair value measurement hierarchy for financial assets and financial liabilities as of December 31 follow:

	2023				
		Fair value measurements using			
	Carrying values	**Total**	**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**

	2022				
		Fair value measurements using			
	Carrying values	Total	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	₱198,961,275	₱198,961,275	₱198,961,275	₱–	₱–
FVPL	2,167,063	2,167,063	–	–	2,167,063
Liability measured at fair value					
Derivative liability	2,180,880,406	2,180,880,406	–	–	2,180,880,406
Liabilities for which fair value are disclosed					
Bond payable	1,715,380,624	1,668,442,350	–	–	1,668,442,350
Long-term notes payable	661,070,127	636,773,562	–	–	636,773,562
Noncurrent lease liabilities	1,343,584,640	1,342,054,104	–	–	1,342,054,104
Other noncurrent liabilities	38,049	36,201	–	–	36,201

For the years ended December 31, 2023 and 2022, 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.

Offsetting of Financial Instruments

The following table represents the recognized financial instruments that are offset as of December 31, 2023 and 2022, respectively, and shows in the 'Net' column the net impact on the consolidated statements of financial position as a result of the offsetting rights.

	December 31, 2023			
Royalty offsetting	**Gross Amount**	**Offsetting**	**Forex**	**Net Amount**
Loans receivable	**₱86,199,305**	**(₱5,196,124)**	**(₱2,143,346)**	**₱78,859,835**
Interest receivable [(1)]	**1,746,641**	**(1,746,641)**	**–**	**–**
Royalty payable [(2)]	**(6,942,765)**	**6,942,765**	**–**	**–**
	₱81,003,181	**₱–**	**(₱2,143,346)**	**₱78,859,835**

[(1)]*included in other receivables in trade and other receivables*
[(2)]*included in others in accounts and other payables*

Royalty offsetting	Gross Amount	Offsetting	Forex	Net Amount
	December 31, 2022			
Loans receivable	₱96,825,723	(₱5,072,201)	(₱6,730,501)	₱85,023,021
Interest receivable [1]	1,865,643	(1,865,643)	–	–
Royalty payable [2]	(6,937,844)	6,937,844	–	–
	₱91,753,522	₱–	(₱6,730,501)	₱85,023,021

[1] included in other receivables in trade and other receivables
[2] included in others in accounts and other payables

The Parent Company's royalty payable has been offset to its loan receivable and interest receivable (see Note 12).

26. 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 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 10.00% or more to the revenue of the Group.

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

Segments	**Logistics**	**Money transfer services**	**Total**
	For the year ended December 31, 2023		
Type of Customer			
Retail	**₱10,632,638,901**	**₱676,733,469**	**₱11,309,372,370**
Corporate	**3,193,559,210**	**10,759,262**	**3,204,318,472**
Total revenue from contracts with customer	**₱13,826,198,111**	**₱687,492,731**	**₱14,513,690,842**
Geographic Markets			
Domestic	**₱8,240,518,664**	**₱357,497,443**	**₱8,598,016,107**
Overseas	**5,585,679,447**	**329,995,288**	**5,915,674,735**
Total revenue from contracts with customer	**₱13,826,198,111**	**₱687,492,731**	**₱14,513,690,842**

Segments	For the year ended December 31, 2022 Logistics	Money transfer services	Total
Type of Customer			
Retail	₱11,431,654,196	₱611,221,530	₱12,042,875,726
Corporate	3,131,211,932	15,637,254	3,146,849,186
Total revenue from contracts with customer	₱14,562,866,128	₱626,858,784	₱15,189,724,912
Geographic Markets			
Domestic	₱8,678,019,414	₱274,131,729	₱8,952,151,143
Overseas	5,884,846,714	352,727,055	6,237,573,769
Total revenue from contracts with customer	₱14,562,866,128	₱626,858,784	₱15,189,724,912

Segments	For the year ended December 31, 2021 Logistics	Money transfer services	Total
Type of Customer			
Retail	₱12,544,555,324	₱559,376,586	₱13,103,931,910
Corporate	3,112,591,826	33,188,837	3,145,780,663
Total revenue from contracts with customer	₱15,657,147,150	₱592,565,423	₱16,249,712,573
Geographic Markets			
Domestic	₱10,047,706,803	₱272,045,691	₱10,319,752,494
Overseas	5,609,440,347	320,519,732	5,929,960,079
Total revenue from contracts with customer	₱15,657,147,150	₱592,565,423	₱16,249,712,573

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 ₱143.99 million, ₱101.42 million, and ₱71.72 million in 2023, 2022, and 2021, respectively (see Note 18).

27. **Notes to Consolidated Statement of Cash Flows**

In 2023, the Group has the following non-cash transactions under:

Investing Activities
a.) Unpaid acquisition of property and equipment amounting to ₱49.97 million.
b.) Offsetting of loans receivable and interest against royalty fee recorded under 'accounts and other payables' (see Note 12) amounting to ₱5.20 million.

Financing Activities

			Non-cash activities					
	December 31, 2022	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividend declaration	December 31, 2023
Notes payable	₱2,103,390,608	₱219,270,765	₱–	₱–	₱–	₱–	₱–	₱2,322,661,373
Lease and other noncurrent liabilities	2,262,939,874	(1,153,240,832)	952,070,089	147,686,326	(11,628,782)	–	–	2,197,826,675
Convertible instrument (bond payable and derivative liability)	3,896,261,030	–	–	285,046,541	(20,686,422)	(150,810,960)	–	4,009,810,189
Redemption payable	1,014,743,085	(997,458,943)	–	–	(17,284,142)			–
Dividends payable	–	(1,913,245)	–	–	–	–	1,913,245	–
Interest payable	7,729,636	(107,306,901)	–	108,791,267	–	–	–	9,214,002
Due to related parties	30,648,739	(19,168,129)	–	–	–	–	–	11,480,610
Total liabilities from financing activities	₱9,315,712,972	(₱2,059,817,285)	₱952,070,089	₱541,524,134	(₱49,599,346)	(₱150,810,960)	₱1,913,245	₱8,550,992,849

In 2022, the Group has the following non-cash transactions under:

Investing Activities
c.) Unpaid acquisition of property and equipment amounting to ₱7.78 million.
d.) Offsetting of loans receivable and interest against royalty fee recorded under 'accounts and other payables' (see Note 12) amounting to ₱5.20 million.

Financing Activities

	December 31, 2021	Cash Flows	Non-cash activities: Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividend declaration	Redemption	December 31, 2022
Notes payable	₱1,992,726,525	₱110,664,083	₱–	₱–	₱–	₱–	₱–	₱–	₱2,103,390,608
Lease and other noncurrent liabilities	2,421,267,565	(1,164,695,675)	836,781,517	131,827,779	37,758,688	–	–	–	2,262,939,874
Convertible instrument (bond payable and derivative liability)	4,260,206,288	–	–	308,397,513	189,110,403	230,550,021	–	(1,092,003,195)	3,896,261,030
Dividends payable	–	(35,820,850)	–	–	–	–	35,820,850		–
Interest payable	5,534,189	(82,787,773)	–	84,983,220	–	–	–		7,729,636
Due to related parties	36,427,312	(5,778,573)	–	–	–	–	–		30,648,739
Total liabilities from financing activities	₱8,716,161,879	(₱1,178,418,788)	₱836,781,517	₱525,208,512	₱226,869,091	₱230,550,021	₱35,820,850	(₱1,092,003,195)	₱8,300,969,887

In 2021, the Group has the following non-cash transactions under:

Investing Activities

e.) Unpaid acquisition of property and equipment amounting to ₱8.38 million.

f.) Offsetting of loans receivable and interest against royalty fee recorded under ‘accounts and other payables’ (see Note 13) amounting to ₱6.18 million.

Financing Activities

	December 31, 2020	Cash Flows	Non-cash activities: Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividend declaration	December 31, 2021
Notes payable	₱1,879,726,639	₱112,999,886	₱–	₱–	₱–	₱–	₱–	₱1,992,726,525
Lease and other noncurrent liabilities	2,385,781,408	(1,123,666,823)	1,025,672,700	125,533,733	7,946,547	–	–	2,421,267,565
Convertible instrument (bond payable and derivative liability)	3,477,509,229	–	–	239,493,298	84,871,054	458,332,707	–	4,260,206,288
Dividends payable	5,686,654	(5,686,654)	–	–	–	–	–	–
Interest payable	4,883,581	(87,058,743)	–	87,709,351	–	–	–	5,534,189
Due to related parties	40,213,209	(3,785,897)	–	–	–	–	–	36,427,312
Total liabilities from financing activities	₱7,793,800,720	(₱1,107,198,231)	₱1,025,672,700	₱452,736,382	₱92,817,601	₱458,332,707	₱–	₱8,716,161,879

28. Basic/Diluted Earnings (Loss) Per Share

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

	2023	2022	2021
Net income (loss) attributable to equity holder of the Parent Company	**₱176,290,488**	(₱541,974,747)	(₱866,234,145)
Less: profit impact of assumed conversion of bond payable	**118,720,764**	680,780,336	761,479,296
	₱295,011,252	₱138,805,589	(₱104,754,849)
Weighted average number of common shares outstanding	**1,425,865,471**	1,425,865,471	1,425,865,471
Dilutive shares arising from convertible debt	**166,701,000**	168,360,000	194,069,231
Adjusted weighted average number of common shares for diluted EPS	**1,592,566,471**	1,594,225,471	1,619,934,702
Basic EPS	**₱0.12**	(₱0.38)	(₱0.61)
Diluted EPS	**₱0.12**	(₱0.38)	(₱0.61)

The Parent Company did not consider the effect of the assumed conversion of convertible debt since it is anti-dilutive. As such, the diluted EPS presented in the consolidated statements of comprehensive income is the same value as the basic EPS.

29. Provisions and Contingencies

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 February 22, 2023. The RTC directed PDIC to make its oral formal offer of evidence on March 8, 2023.

On March 7, 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 February 22, 2023, the RTC cancelled the scheduled hearing on March 8, 2023, and reset the same to April 19, 2023.

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

The RTC issued an Order dated April 20, 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 May 4, 2023 during which PDIC will formally offer its documentary evidence. The RTC likewise set the case for hearing on May 18, 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 May 4, 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 May 18, 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 on 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 September 28, 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 January 17, 2024, the RTC denied the Motion for Reconsideration.

Accordingly, on January 18, 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 February 19, 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 March 20, 2024.

In a Motion for Extension of Time dated February 27, 2024, PDIC requested that it be given until March 23, 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 April 19, 2024, April 26, 2024, and May 10, 2024.

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

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

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.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
LBC Express Holdings, Inc. and Subsidiaries
LBC Hangar, General Aviation Centre
Domestic Airport Road
Pasay City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of LBC Express Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 29, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and, are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dolmar C. Montañez

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-119-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079982, January 6, 2024, Makati City

April 29, 2024

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
LBC Express Holdings, Inc. and Subsidiaries
LBC Hangar, General Aviation Centre
Domestic Airport Road
Pasay City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of LBC Express Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 29, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-119-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079982, January 6, 2024, Makati City

April 29, 2024

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

SUPPLEMENTARY SCHEDULES

- Supplementary schedules required by Annex 68-J

  Schedule A: Financial Assets

  Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholder (Other Than Related Parties)

  Schedule C: Amounts Receivables/Payables from/to Related Parties Which are Eliminated During the Consolidation of Financial Statements

  Schedule D: Long Term Debt

  Schedule E: Indebtedness to Related Parties

  Schedule F: Guarantees of Securities of other Issuers

  Schedule G: Capital Stock

- Map of the relationships of the companies within the Group

- Reconciliation of retained earnings available for dividend declaration

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2023

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	₱191,158,872	₱–	N/A
Financial assets at fair value through profit or loss	–	2,263,568	–	N/A
		193,422,440	–	
Financial assets at amortized costs:				
Cash in bank and cash equivalents	–	2,058,704,306	598,924	N/A
Short-term investments		30,287,335	–	N/A
Restricted cash		261,646,547	12,228,964	N/A
Trade and other receivables	–	1,844,231,074	–	N/A
Due from related parties	–	1,139,856,145	–	N/A
Notes receivable (noncurrent)	–	10,454,332	719,397	N/A
Loan receivable (current and noncurrent)	–	78,859,835	1,746,641	N/A
	–	5,424,039,574	15,293,926	
		₱5,617,462,014	₱15,293,926	

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

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

DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Santiago G. Araneta, *Beneficial owner*	₱9,537,387	₱–	₱–	₱–	₱9,537,387	₱–	₱9,537,387
Fernando G. Araneta *Beneficial owner*	18,821,982	–	–	–	18,821,982	–	18,821,982
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

DECEMBER 31, 2023

Name of Subsidiaries	Balance at beginning of period	Additions	Amounts collected/paid	Sale of Subsidiary	Current	Not current	Balance at end of period
LBC Express, Inc.	(₱206,176,500)	(₱2,608,680,982)	₱3,155,611,352	₱–	₱340,753,870	₱–	₱340,753,870
LBC Express, Inc. - MM	3,902,563	236,065,169	(197,356,961)	–	42,610,771	–	42,610,771
LBC Express, Inc. - SCC	5,415,618	40,124,379	(48,354,111)	–	(2,814,114)	–	(2,814,114)
LBC Express, Inc. – NEMM	(9,934,872)	139,564,718	(157,679,822)	–	(28,049,976)	–	(28,049,976)
LBC Express, Inc. – NWMM	10,532,595	104,392,485	(114,925,080)	–	–	–	–
LBC Express, Inc. – EMM	10,122,441	103,573,008	(106,938,417)	–	6,757,032	–	6,757,032
LBC Express, Inc. – SMM	(13,006,399)	90,727,589	(107,200,998)	–	(29,479,808)	–	(29,479,808)
LBC Express, Inc. – CMM	(10,676,718)	107,950,401	(116,333,669)	–	(19,059,986)	–	(19,059,986)
LBC Express, Inc. – SL	22,663,442	201,977,809	(224,641,251)	–	–	–	–
LBC Express, Inc. – SEL	664,018	119,750,800	(141,787,002)	–	(21,372,184)	–	(21,372,184)
LBC Express, Inc. – CL	9,959,201	155,681,129	(170,275,379)	–	(4,635,049)	–	(4,635,049)
LBC Express, Inc. – NL	932,699	151,841,648	(174,932,508)	–	(22,158,161)	–	(22,158,161)
LBC Express, Inc. - VIS	25,913,783	196,409,519	(223,339,105)	–	(1,015,802)	–	(1,015,802)
LBC Express, Inc. - WVIS	8,399,319	159,817,759	(176,259,659)	–	(8,042,581)	–	(8,042,581)
LBC Express, Inc. - MIN	14,713,549	171,974,723	(199,948,045)	–	(13,259,773)	–	(13,259,773)
LBC Express, Inc. - SEM	18,753,622	104,859,221	(125,243,239)	–	(1,630,396)	–	(1,630,396)
South Mindanao Courier Co., Inc.	5,934,164	28,141,381	(32,563,721)	–	1,511,824	–	1,511,824
LBC Express Corporate Solutions, Inc.	(6,773,780)	–	(523,877)	–	(7,297,657)	–	(7,297,657)
LBC Express, Inc. - SCS	17,064,365	154,254,014	(190,838,532)	–	(19,520,153)	–	(19,520,153)
LBC Systems, Inc.	(56,417,360)	14,902,634	(15,429,254)	–	(56,943,980)	–	(56,943,980)
LBC Express WLL	10,341,297	(54,204,627)	33,839,225	–	(10,024,105)	–	(10,024,105)
LBC Express Bahrain WLL	(36,812,945)	(9,039,133)	(12,608,036)	–	(58,460,114)	–	(58,460,114)
LBC Express LLC	(75,398,870)	(25,069,603)	(5,895,642)	–	(106,364,115)	–	(106,364,115)
LBC Mabuhay Saipan, Inc.	(5,004,523)	(8,506,234)	3,648,502	–	(9,862,255)	–	(9,862,255)
LBC Aircargo (S) Pte. Ltd	(151,709,994)	(3,020,044)	14,238,372	–	(140,491,666)	–	(140,491,666)
Blue Eagle and LBC Service Ltd.	–	(294,559)	(16,911,044)		(17,205,603)		(17,205,603)
LBC Money Transfer PTY Limited	(33,436,762)	(7,688,020)	(20,770,338)	–	(61,895,120)	–	(61,895,120)
LBC Airfreight (S) Pte. Ltd	124,313,199	(66,988,757)	26,053,556	–	83,377,998	–	83,377,998
LBC Australia PTY Limited	8,317,441	(56,843,318)	43,761,695	–	(4,764,182)	–	(4,764,182)
LBC Mabuhay (Malaysia) SDN BHD	(11,988,713)	(20,682,895)	30,433,901	–	(2,237,707)	–	(2,237,707)
LBC Mabuhay (B) SDN BHD	23,087,500	(6,390,435)	(8,580,733)	–	8,116,332	–	8,116,332
LBC Mabuhay Remittance SDN BHD	13,226,830	(7,916,429)	29,050,341	–	34,360,742	–	34,360,742
LBC Mundial Corporation	57,832,006	(543,123,290)	534,148,850	–	48,857,566	–	48,857,566
LBC Mabuhay North America Corporation	34,809	–	414,687	–	449,496	–	449,496
LBC Mabuhay Hawaii Corporation	–	–	987,712	–	987,712	–	987,712
LBC Business Solutions North America Corp.	28,487,590	181,947,349	(192,551,217)	–	17,883,722	–	17,883,722
QuadX Pte Ltd.	(5,701,570)	97,738,247	(30,766,024)	–	61,270,653	–	61,270,653
Mermaid Co., Ltd.	(21,904,865)	(12,925,388)	(3,046,092)	–	(37,876,345)		(37,876,345)
	(₱224,331,820)	(₱869,679,732)	₱1,056,488,437	₱–	(₱37,523,114)	₱–	(₱37,523,114)

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current liabilities" in related balance sheet	Amount shown under caption "Noncurrent liabilities" in related balance sheet
Notes payable	₱2,322,661,373	₱1,375,261,115	₱947,400,258
Lease liabilities	2,197,826,675	828,187,402	1,369,639,273
Derivative liability	2,030,069,446	2,030,069,446	–
Bond payable	1,979,740,743	1,979,740,743	–
	₱8,530,298,237	₱6,213,258,706	₱2,317,039,531

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

Name of related party	Balance at Beginning of Period	Balance at End of Period
Fernando G. Araneta,		
Beneficial owner	₱43,927	₱43,927
LBC Insurance Agency, Inc.	4,040,442	3,483,369
Blue Eagle and LBC Services Pte. Ltd.	12,158,488	–
QUADX Inc.	13,969,338	7,505,009
Others	436,544	448,305
	₱30,648,739	₱11,480,610

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statements 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

NOT APPLICABLE

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

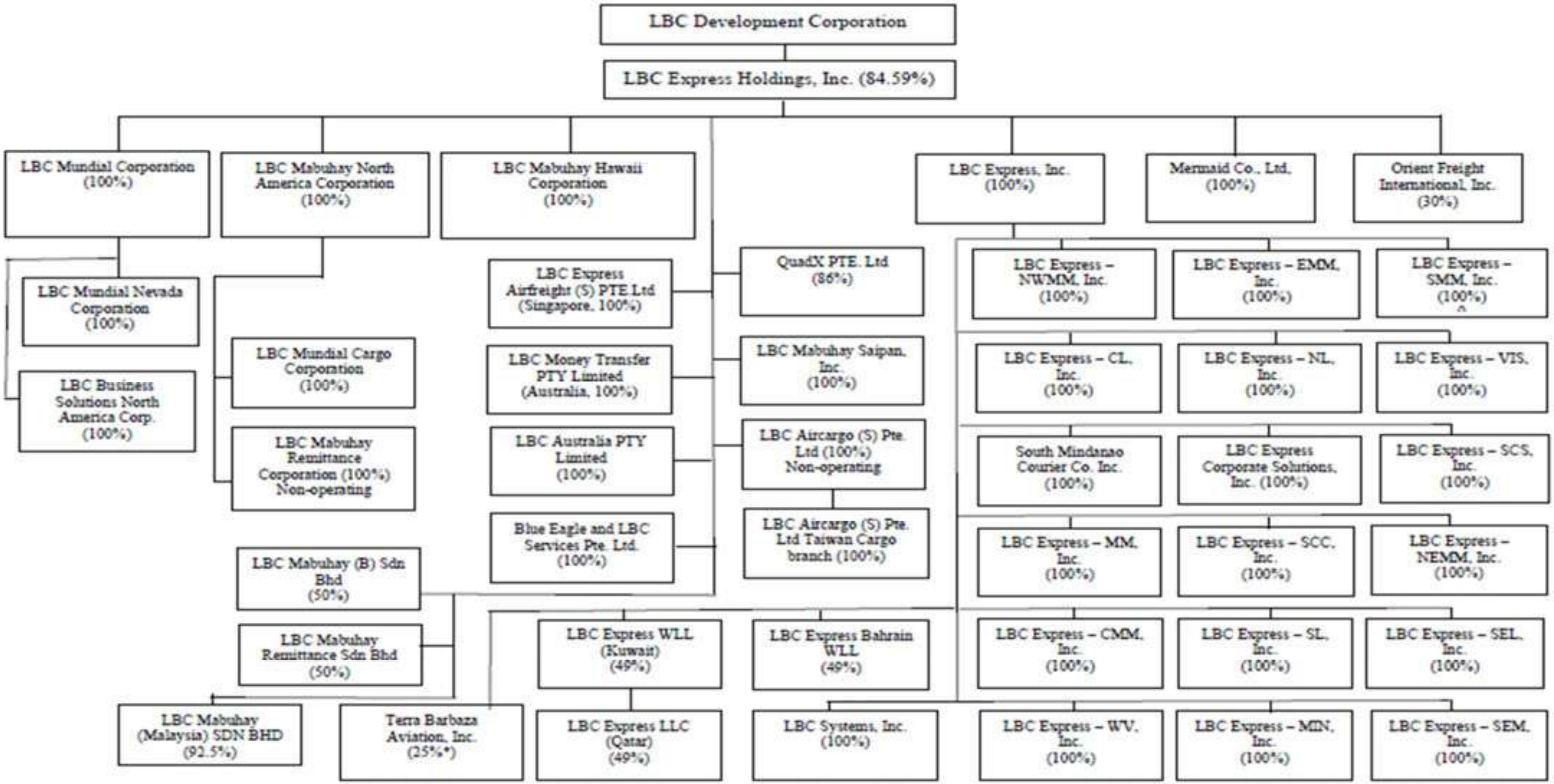
DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	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

DECEMBER 31, 2023



*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
For the year ended December 31, 2023

Unappropriated retained earnings, beginning of the year		₱449,094,965
Add: Category A: 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	(454,198,052)	
Unrealized foreign exchange gain in prior year	(89,890,093)	(544,088,145)
Less: Category B: 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		(94,993,180)
Net income (for the current year		(80,359,291)
Less: Category C.1: 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	20,686,422	
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	150,810,960	171,497,382
Sub-total		(346,849,853)
Add: Category C.2: 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 YEAR AVAILABLE FOR DIVIDEND DECLARATION		**(₱346,849,853)**

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEAR ENDED DECEMBER 31, 2023

Financial Soundness Indicators

Below are the financial ratios that are relevant to the Group as of December 31, 2023 and 2022:

Financial ratios	**Formula**	**Current Year**		Prior Year	
Current ratio	Total Current Assets / Total Current Liabilities	**6,640,044,406** / **10,230,993,031**	**0.65**	₱8,201,458,993 / 12,068,710,972	0.68
Acid Test Ratio	Total Current Assets - Prepayments and other current assets / Current Liabilities	**5,374,126,068** / **10,230,993,031**	**0.53**	₱6,720,924,602 / 12,068,710,972	0.56
Solvency Ratio	Net Income After Tax - Non-Cash Expenses* / Total Liabilities	**1,921,064,040** / **13,448,688,558**	**0.14**	₱1,757,591,331 / 14,807,888,113	0.12
Debt-to-equity ratio	Total Liabilities / Stockholder's Equity attributable to Parent Company	**13,448,688,558** / **1,945,716,341**	**6.91**	₱14,807,888,113 / 1,792,276,501	8.26
Asset-to-equity ratio	Total Assets / Stockholder's Equity attributable to Parent Company	**15,374,768,418** / **1,945,716,341**	**7.90**	₱16,589,862,864 / 1,792,276,501	9.26
Interest rate coverage ratio	Income (loss) before interest and tax expense / Interest expense	**813,721,838** / **541,524,134**	**1.50**	₱(151,837,453) / 525,208,512	(0.29)
Return on equity	Net income (loss) attributable to Parent Company / Stockholder's Equity attributable to Parent Company	**176,290,488** / **1,945,716,341**	**0.09**	₱(541,974,747) / 1,792,276,501	(0.30)
Debt to total assets ratio	Total Liabilities / Total Assets	**13,448,688,558** / **15,374,768,418**	**0.87**	₱14,807,888,113 / 16,589,862,864	0.89
Return on average assets	Net income (loss) attributable to Parent Company / Average assets	**176,290,488** / **15,982,315,641**	**0.01**	₱(541,974,747) / 16,253,846,453	(0.03)
Net profit margin	Net income (loss) attributable to Parent Company / Service revenue	**176,290,488** / **14,513,690,842**	**0.01**	₱(541,974,747) / 15,189,724,912	(0.04)
Book value per share	Stockholder's equity attributable to Parent Company / Total number of shares	**1,945,716,341** / **1,425,865,471**	**1.36**	₱1,792,276,501 / 1,425,865,471	1.26
Basic earnings per share	Net income (loss) attributable to Parent Company / Weighted average number of common shares outstanding	**176,290,488** / **1,425,865,471**	**0.12**	₱(541,974,747) / 1,425,865,471	(0.38)
Diluted earnings per share	Net income (loss) attributable to Parent Company after impact of conversion of convertible instrument / Adjusted weighted average number of common shares for diluted EPS	**176,290,488** / **1,425,865,471**	**0.12**	₱(541,974,747) / 1,425,865,471	(0.38)

** Non-cash expenses pertain to depreciation and amortization, provisions, loss on derivative, non-cash interest expense, retirement expense and unrealized foreign exchange gain or loss*

Sustainability Report

LBC Express Holdings, Inc.

2023

Main Sections

LBC Express Holdings, Inc.
Sustainability Report 2023

A Proactive Approach to Resilience

As the long-term impact of the pandemic becomes apparent, we also begin to feel the real impact that is has on every aspect of our business. Now more than ever, we see that our environmental performance, social initiatives, internal operations, governance, and sustainability is crucial, not only to LBC's continued resilience but our continued success.

Our proactive approach to adapting our business to today's rapidly changing world works not just for the survival of our brand, but protecting the interests of our customers, employees, and key stakeholders.

Contextual Information

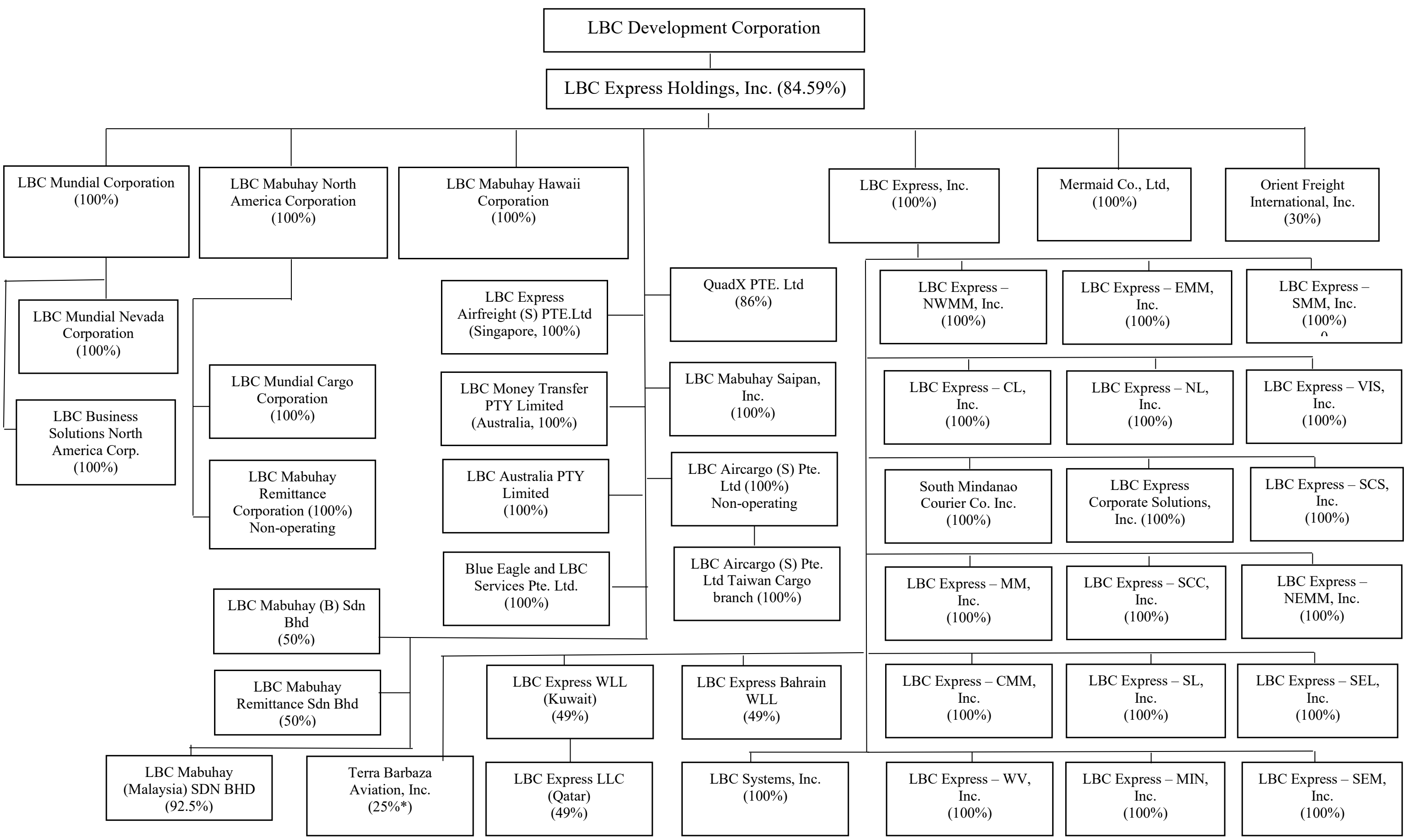
LBC Express Holdings, Inc.
Sustainability Report 2023

Company Details	
Name of Organization	LBC Express Holdings, Inc.
Location of Headquarters	Pasay City
Location of Operations	Nationwide, +29 countries
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	LBC Express, Inc., other subsidiaries shown in chart
Business Model, including Primary Activities, Brands, Products, and Services	The Group's business is principally comprised of two major segments: (a) Logistics; and (b) Money Transfer Services. The Group's Logistics products serves Retail (C2C) and Corporate/Institutional (B2B/B2C) customers. 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 include Domestic Remittance services (available as branch retail services), Bills Payment collection, and Corporate Remittance Payout services. International Money Transfer Services are also offered overseas through the Group's own branches, and through partners, which encompasses International Inbound Remittance services.
Reporting Period	2022-2023
Highest Ranking Person responsible for this report	Enrique V. Rey, Jr. Chief Finance Officer

Corporate Structure

LBC Express Holdings, Inc.
Sustainability Report 2023

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2023



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

THE LBC WAY

What Moves and Drives Us

Our Vision. LBC shall be the access and delivery solutions provider of choice, professionally and technologically equipped to serve Filipino families and business entities through total customer experience.

Our Mission. Linking and bridging customers through our network and innovating new solutions to provide faster, easier, and more cost- effective delivery solutions.

What We Are All About

Our Culture

These are the values that define everything we do in LBC:

- *Humility*
- *Integrity*
- *Trust*
- *Commitment*
- *Social Responsibility*
- *Customer First*
- *Teamwork*
- *Innovative*
- *Positive Thinking*

Our Brand Attributes

Clarity

We believe in providing transparent and timely information to give customers peace of mind. We want to pay particular attention to:

- The process of moving items or money
- The schedule and timing of your delivery
- Clear communication of our cost

Certainty

We believe in providing our various stakeholders with certainty through:

- Presenting relevant options for different needs
- Our staff's commitment to set expectations and deliver on our promises
- Fair and timely updates of information

Convenience

We promise to make your experience as hassle-free as possible by:

- Constantly improving our processes and adding new and relevant capabilities
- Easy access to call center and frontline staff
- Growing of our network coverage

Introduction

LBC Express Holdings, Inc.
Sustainability Report 2023

What We Commit To

Our Brand Promise:

"A friend who makes your day"

LBC is the warm and helpful partner who enjoys moving packages, goods and money for you. We understand that people look forward to what you're sending, so we provide clarity, certainty and convenience to help make everyone's day."

What Inspires Us

Our Brand Tagline:

"We like to move it"

1 **History and Network**
Integrate core competencies to create a solid foundation for our service commitment.

2 **Understand and Learn**
Gain meaningful insight into the evolution of the modern customer and apply to reinvent the business model.

3 **Quality and Service**
Apply new capabilities to win customers through quality and customer satisfaction

4 **Innovate and Execute**
Ensure resilience and agility as well as maintain market position by delivering high value products and services.

Introduction

LBC Express Holdings, Inc.
Sustainability Report 2023

LBC is a Philippine market leader in retail and corporate courier & cargo, money remittance, and logistics services. With a growing network of over 6,400 branches, hubs & warehouses, partners, and agents in over 20 countries, LBC is committed to moving lives, businesses, and communities and delivering smiles around the world. Listed in the Philippine Stock Exchange through LBC Express Holdings, Inc., LBC aims to deliver value to all of its stakeholders, as it has for over 70 years. Founded in 1945 as a brokerage and air cargo agent, LBC pioneered time-sensitive cargo delivery and 24-hour door-to-door delivery in the Philippines. Today, it is the most trusted logistics brand of the Global Filipino.

Materiality Process

LBC Express Holdings, Inc.
Sustainability Report 2023

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

In 2019, we conducted a roundtable interview with senior management and an internal survey of 155 respondents representing all departments across our operations to identify these material sustainability issues.

- **Environment:**
  - Energy use in terms of fuel consumption for vehicles and electricity use and efficiency in operations
  - Use of raw materials and recycled input materials in operations to minimize waste
  - Compliance with laws and regulations
- **Social issues:**
  - Employee hiring and retention
  - Compensation and benefits
  - Employee training and development (including lifelong learning)
- **Product responsibility:**
  - Customer satisfaction
  - Innovation and future technologies
  - Data security, protection and privacy

This report holds information on these key sustainability issues, some of which are actually LBC strongholds that we are quite proud of, such as product responsibility, human resources, and our financial performance. Due to the pandemic, Environmental Data was not collected. We expect to improve on the scope and collection of our environmental data over the next few years.

Economic

LBC Express Holdings, Inc.
Sustainability Report 2023

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	*Amount*	*Currency*	*Remarks*
Direct economic value generated (revenue)	14,513.69	PhP	In Million Pesos
Direct economic value distributed:			
a. Operating costs	13,958,521,303	PhP	COS and OPEX
b. Employee wages and benefits	4,067,568,901	PhP	(excludes contracted jobs)
c. Payments to suppliers, other operating costs	12,845,203,192	Php	Movement in Accounts Payable as documented in the Statement of Cash Flows
d. Dividends given to stockholders and interest payments to loan providers	109,220,146	PhP	
e. Taxes given to government	72,702,306	PhP	Tax paid as documented in Statement of Cash Flows
f. Investments to community (e.g. donations, CSR)	7,494,750	PhP	Donation account

Economic Performance
Direct Economic Value Generated and Distributed

Growth is our responsibility to the globalized Filipino.
As we operate our enterprise, LBC remains the brand that they can trust
to connect them, no matter where they are in the world, meaningfully back home.

- 14.51 Billion in revenues
- Present in 30 countries worldwide
- 1,525 branches in the Philippines
- 998,382 balikbayan boxes delivered
- 242,711 international parcels forwarded
- 10,465 TEUs domestic and international sea cargo forwarded
- 13.79 tonnes domestic air cargo forwarded
- 3,372 delivery vehicles
- 1,853 total number of couriers

Economic

LBC Express Holdings, Inc.
Sustainability Report 2023

Economic Performance

Direct Economic Value Generated and Distributed

As markets change, LBC also transforms while continuously improving standard of product responsibility and accountability that LBC is known for.

Digital transformation enhances our ability to deliver solutions aligned with our brand attributes and upholding our service principles throughout.

	Target	*2023*	*2022*	*2021*	*2020*
On-time delivery rate	90%	**93.41%**	**95%**	93%	86.61%
Sorting Efficiency	90%	**99.69%**	**99.6%**	99.25%	98.7%
Customer Care Answer level	95%	**98%**	**98%**	98%	72%
Customer Care Average handling time (minutes)	4.5	**4.19**	**4.06**	3.5	4.44
Customer Care Total response time (minutes)	5	**3.31**	**3.02**	3.5	9
Customer Care Complaint management					
• **closure rate**	95%	**100%**	**100%**	100%	100%
• **closure rate w/in 24 hours**	95%	**100%**	**100%**	93%	100%

Environment

LBC Express Holdings, Inc.
Sustainability Report 2023

- Due to the Covid Pandemic, Environmental data has not been gathered since 2020.
- However, the Company expects to commence gathering Environmental Data in preparation for its 2024 Report.

BROWN BOX
In Overseas Origins and Philippines

- 2023 saw the gradual introduction of the "Brown Box" in various overseas origins, and in the Philippines. By end 2024, the Brown Box will be available across the entire enterprise. In the Philippines, this is currently already available across Visayas and Mindanao regions. Luzon and NCR will see its introduction later in the year.

WHY BROWN BOX?

- Same quality as the white box
- Materials used are recyclable
- Eco-friendly and sustainable

We changed the sanitized icon to recyclable logo

- LBC Brown Box utilized in US services

- LBC Brown Box utilized in Saipan

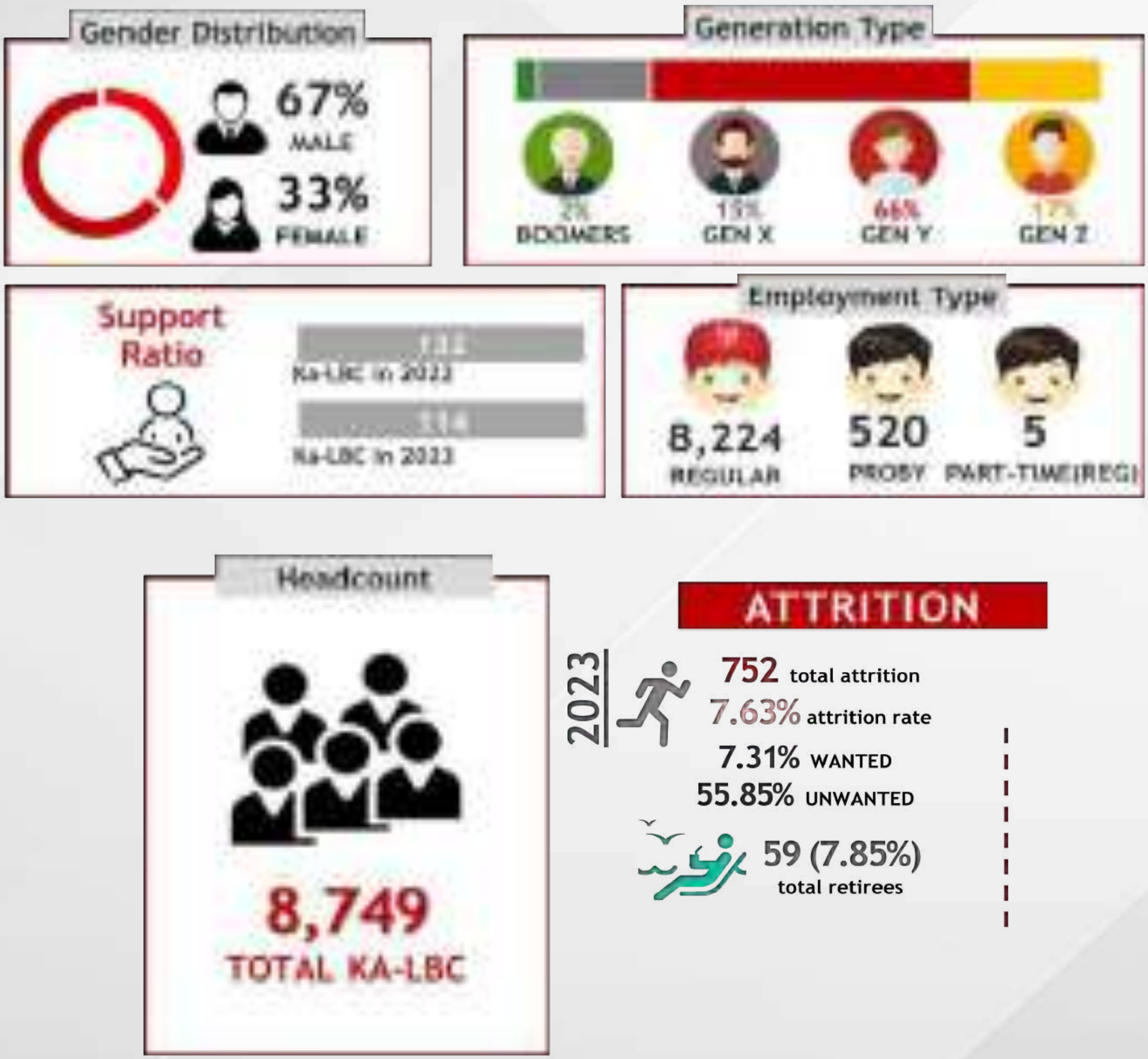
- LBC Brown Box utilized in Italy

Environment

LBC Express Holdings, Inc.
Sustainability Report 2023

- LBC Brown Box utilized in Taiwan

EMPLOYEE DEMOGRAPHICS



EMPLOYEE SERVICES

THE LBC HCSS Team has been at the forefront together with all the Leaders of LBC and the directives of the President, united, active, agile and resilient in the continuous response to the challenges of the pandemic.

LBC continues to put its customers first, without compromising its employees' and their dependents health and safety.

In-House Telemedicine	Employees and their family members can consult online with the company physician and inquire about their HMO coverage
Release of Medicine Allowance	Released the annual medicine allowance to eligible employees in May 2023
Onsite Annual Physical Exam	June - August 2023, offered onsite annual physical examination at our main offices and hubs.
Annual Flu and Pneumonia Vaccination Campaign	We offered flu and pneumonia vaccines at a discounted corporate rate. A total of 195 order of flu vaccine, and 60 pneumonia vaccines were distributed.

Health and Wellness
Free Influenza Vaccine

Health and Wellness
Virtual HMO Orientation

EMPLOYEE SERVICES

EMPLOYEE SERVICES

EMPLOYEE SERVICES

EMPLOYEE SERVICES

EMPLOYEE SERVICES

EMPLOYEE SAFETY

OCCUPATIONAL SAFETY & HEALTH TRAINING AS OF 2023

Facilities	No. Of Trained/Assigned Safety Officers	No. Of Trained /Assigned First Aiders	Numbers of Branches/Hubs/Facilities
Hubs & Warehouses	53	65	176
Philippine Business Operations	241	271	1,555
Major Facilities	43	45	11
TOTAL	**337**	**381**	**1742**

ERT Training	**Area**
Fire & Earthquake Responses	ERT Team in all Major Facilities
First Aid Training for ERT. Facilitated by DOH Number of HC attended – (10 employees)	June 15 to 16

EMPLOYEE SAFETY

ERT/ERV Support/Activities for the Year 2023	Date	Area
Deployment at Bamboo Organ Festival	27-Feb-23	Las Pinas City
Deployment at Fire Incident at Barangay Rotonda Libertad	28-Mar-23	Rotonda-Libertad Pasay City
Deployment at Philippine Football League	30-Apr-23	Rizal Football Memorial Stadium
LBC Foundation in Partnership with ERT (Medical Mission)	21-May-23	Pasay Adventist Church Elementary School
Deployment at Philtech Football Cup (KAYA Football Game)	19-Aug-23	Makati City
Deployment at Asian Football Cup (KAYA Philippines vs. Shandong China)	September 17-19,2023	Rizal Football Memorial Stadium
Deployment Undas 2023	1-Nov-23	Sgt. Mariano Pasay Memorial
Deployment at Asian Football Cup (KAYA Philippines vs. Yokohama Japan)	November 7-9 2023	Rizal Football Memorial Stadium
ERT/ERV Deployment at Asian Football Cup (KAYA Philippines vs. Korea)	December 13-14 2023	Rizal Football Memorial Stadium

EMPLOYEE SAFETY

Fire Safety Seminar and Drill Vitas Warehouse – May 08, 2023

EMPLOYEE SAFETY

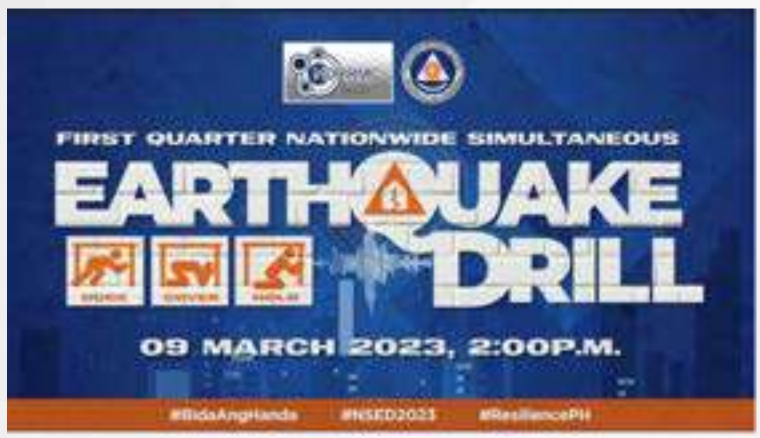
Fire Safety Seminar and Drill CFS Port Area- April 26, 2023

EMPLOYEE SAFETY

Fire and Safety Seminar Drill at Hangar (June 30, 2023)

EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.



EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Two- Ecom Center (Headquarters)







EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Hangar

EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Vitas Warehouse & CFS Port Area Warehouse

EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Cargo Exchange






EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Cebu Warehouse





EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Philippine Business Operations: East Metro Manila

EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Philippine Business Operations: South Luzon- Sta. Rosa, San Pedro

EMPLOYEE SAFETY

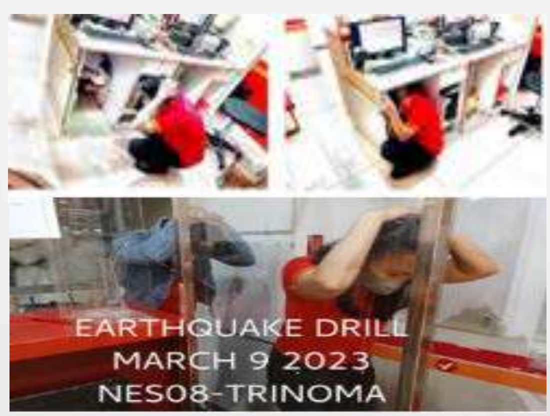
LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Philippine Business Operations: North Metro Manila

EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Philippine Business Operations: South Metro Manila



EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Delivery Hub- NWL Team- La Union, Baguio,







EMPLOYEE SAFETY

LBC participated in this Nationwide Simultaneous Earthquake Drill activity last March 09, 2023.
Led by the Safety Officer/s and Safety Marshals assigned per Team Nationwide.
The drill is conducted to test the readiness of our Ka-LBCs in case of an earthquake.

Philippine Business Operations: Visayas-- Negros






EMPLOYEE TRAINING

CAREER DEVELOPMENT AND SUCCESSION PLANNING PROGRAM

Row Labels	Count of EMP NO.
2017	**58**
Associate	17
Supervisor	41
2018	**109**
Associate	42
Supervisor	67
2019	**164**
Associate	91
Supervisor	73
2020	**73**
Associate	32
Supervisor	41
2021	**149**
Associate	102
Supervisor	47
2022	**129**
Associate	92
Supervisor	37
2023	**118**
Associate	88
Supervisor	30
2024	**78**
Associate	67
Supervisor	11
Grand Total	**878**

POSITIONS OF ENROLLEES AS OF 2023

88 ASSOCIATES
30 SUPERVISORS

POSITIONS OF ENROLLEES AS OF 2023

67 ASSOCIATES
11 SUPERVISORS

Row Labels	EXEMPTED	NOMINEE	PROMOTED	Grand Total
Associate	8	510	13	531
Supervisor	1	84	262	347
Grand Total	9	594	275	878

196 NOMINEES FROM 2023-2024

31%

PROMOTED UNDER CDSP PROGRAM

EMPLOYEE ENGAGEMENT

338

PARTICIPANTS
WEEKLY ENJOY PROGRAMS

214

PARTICIPANTS
MONTHLY ENJOY PROGRAMS

EnJoy Monthly Programs
APRIL 2023
(MONTHLY PROGRAM) TIKTOKERIST SI JOY AT CALOY DANCE CHALLENGE
FEBRUARY 2023
MONTHLY PROGRAM (LBC HUGOT LINES SEASON 2)
MARCH 2023
MONTHLY PROGRAM (LBC WOMEN SNAPS)
MAY 2023
(MONTHLY PROGRAM) FLIGHT OF GRATITUDE
Grand Total

EnJOY Weekly Sessions
February
GUESS THE CLOSE-UP (LBC ASIA PACIFIC EDITION)
GUESS THE CLOSE-UP (LBC MIDDLE EAST EDITION)
THE PRICE IS RIGHT (LBC EUROPE EDITION)
March
CHILL-OUT THURSDAY MUSIC TRIVIA NIGHT (LBC MIDDLE EAST EDITION)
GUESS THE CLOSE-UP (LBC MIDDLE EAST EDITION)
THE PRICE IS RIGHT (LBC NORTH AMERICA EAST COAST EDITION)
April
CHILL-OUT THURSDAY THE PRICE IS RIGHT (LBC ASIA PACIFIC EDITION)
CHILL-OUT THURSDAY WHO'S THAT CELEBRITY (LBC NORTH AMERICA HAWAII EDITION)
May
(MONTHLY PROGRAM) FLIGHT OF GRATITUDE
CHILL-OUT ACTIVITY GUESS THE CLOSE-UP (LBC NORTH AMERICA WEST COAST EDITION)
CHILL-OUT ACTIVITY PICTIONARY AT TWO-ECOM (WITH FINANCE)
CHILL-OUT ACTIVITY PICTIONARY AT TWO-ECOM (WITH OEVP, IT, MARKETING, LBC FOUNDATION)
CHILL-OUT THURSDAY GENERAL KNOWLEDGE TRIVIA GAME (LBC MIDDLE EAST EDITION)
CHILL-OUT THURSDAY GUESS THE CLOSE-UP (LBC NORTH AMERICA EAST COAST EDITION)
CHILL-OUT THURSDAY GUESS THE GIBBERISH (LBC ASIA PACIFIC EDITION)
CHILL-OUT THURSDAY GUESS THE GIBBERISH (LBC MIDDLE EAST EDITION)
CHILL-OUT THURSDAY THE PRICE IS RIGHT (LBC AUSTRALIA AND SAIPAN EDITION)
CHILL-OUT THURSDAY WHO'S THAT CELEBRITY (LBC AUSTRALIA AND SAIPAN EDITION)
June
CHILL-OUT THURSDAY GENERAL KNOWLEDGE TRIVIA GAME (LBC AUSTRALIA AND SAIPAN)
CHILL-OUT THURSDAY GENERAL KNOWLEDGE TRIVIA GAME (LBC NORTH AMERICA HAWAII EDITION)
October
LBC HALLOWEEN COSTUME CONTEST 2023 @KA-LBC MOVERS
LBC HALLOWEEN COSTUME CONTEST 2023 @MAIN OFFICES

EMPLOYEE ENGAGEMENT

EMPLOYEE ENGAGEMENT

Organizational Overall Values Validation Ratings

CORE VALUES	2019	2020	2021	2022
HUMILITY	3.77	3.77	3.80	3.81
INTEGRITY	3.75	3.76	3.79	3.80
COMMITMENT	3.74	3.74	3.77	3.79
CUSTOMER FIRST	3.75	3.75	3.78	3.79
TRUST	3.75	3.75	3.79	3.80
TEAMWORK	3.75	3.75	3.79	3.79
POSITIVE THINKING	3.74	3.75	3.78	3.79
INNOVATIVE	3.72	3.73	3.76	3.77
SOCIAL RESPONSIBILITY	3.74	3.73	3.77	3.78
OVERALL	**3.75**	**3.75**	**3.78**	**3.79**

- Table 4 above shows the overall VV scores in the last four years. 2021 and 2022 yielded the same overall score but saw a very slight increase in 2022.
- Humility remains the top strength of LBC employees receiving the highest score for the last four years. Followed by Integrity and Trust which showed a slight increase from the previous year.
- Innovativeness consistently gets one of the lowest scores for each year.

- For 2022, **Humility** has one of the highest scores. This is where employees:
  - Appreciate the rewards and benefits received and feels grateful for being part of the organization.
  - Believe everyone is unique and shouldn't be judged immediately.
  - See to it that work problems, discrepancies, faults, and real performance issues are reported to his/her immediate leader.
- **Innovative** remains the area where our Ka- LBC needs to improve posting the lowest score in 3 years.
  This is where employees lack:
  - Recommending process improvements whenever existing processes are no longer applicable.
  - Keeping track of his/her work efficiency to identify possible areas for improvement.
  - Suggesting improvements to enhance products and services.

Overall Organizational LPI Ratings

LEADERSHIP PRACTICES	2019	2020	2021	2022
MODEL THE WAY	3.60	3.66	3.74	3.72
INSPIRE A SHARED VISION	3.60	3.65	**3.70**	**3.71**
CHALLENGE THE PROCESS	**3.59**	**3.64**	**3.70**	3.72
ENABLE OTHERS TO ACT	**3.65**	3.71	**3.76**	3.77
ENCOURAGE THE HEART	3.63	**3.77**	3.74	**3.75**
OVERALL	**3.61**	**3.69**	**3.73**	**3.784**

- Table 4 above shows the overall LPI score in the last three years. Org-wide LPI score continue to improve from 3.73 in 2021 to 3.78 in 2022.
- Enable Others to Act is still the top strength of LBC leaders this 2022.
  - This is one strength wherein leaders:
    - Develops cooperative relationships
    - Actively listens to diverse point of view
    - Treat others with dignity and respect
    - Supports decisions other people make
    - and Gives people choice about how to do their work
- Inspire a Shared vision remains the area where LBC leaders need to improve posting the lowest score in the last three years.
  - This is where leaders lack in:
  - Talking about the future trends influencing our work
  - Describing a compelling image of the future
  - Appealing to others to share dreams of the future
  - Showing others how their interests can be realized
  - Painting a “big picture” of group aspirations
  - Speaking with conviction about meaning of work

LBC HARI NG PADALA FOUNDATION
HIGHLIGHTS

20
23

2023 BENEFICIARIES

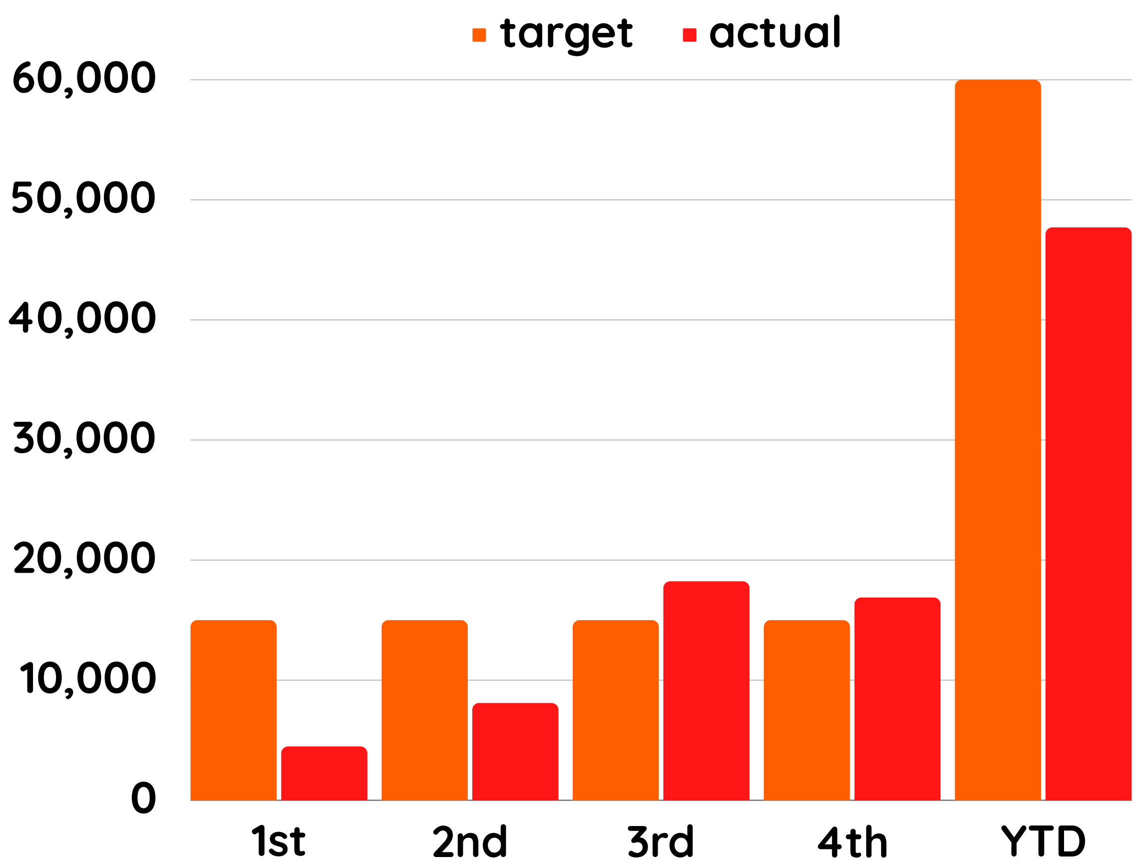


Figure 2: Beneficiaries per quarter. A total of 47,708 beneficiaries for CY 2023

2023 BY THE NUMBERS

47,708
TOTAL BENEFICIARIES

363
TEACHERS TRAINED

225
SCHOLARS

16
MEDICAL ASSISTANCE

8
SHS GRADUATES

11
COLLEGE GRADUATES

2,083
PARENTS TRAINED

300
PREGNANT WOMEN TRAINED

1
DORM DONATED

13
SCHOOLS ASSISTED

11
WATER PUMP SYSTEM DONATED

69
CSR ACTIVITIES

1,472
EMPLOYEE VOLUNTEERS

884
UNIQUE VOLUNTEERS

1,318
VOLUNTEER HOURS

175
BOXES OF DONATIONS

749
SPONSORED BOXES SHIPPED

EDUCATION PROGRAM

178	COMMUNITIES
731	DAYCARE STUDENTS
363	TEACHERS
9,140	ELEMENTARY STUDENTS
88	JUNIOR HIGH SCHOOL
52	SENIOR HIGH SCHOOL
8	SHS GRADUATES
64	COLLEGE STUDENTS
8	COLLEGE GRADUATE
300	PREGNANT WOMEN
2,083	PARENTS

DORM PROJECT

ANGAT PINAS, INC.

"The Dorm Project is an educational empowerment program designed to support and improve students' academic achievement in areas of economic hardship.

Students have complained about finding it difficult to get to school, about having to cross mountains and rivers, and about often having to travel for hours at a time.

40-bed dormitory

Donor and Beneficiaries

During Turn-over ceremony

The LBC Foundation, in collaboration with Angat Pinas, focuses on many important areas to address these issues:

SHELTER - Establishing safe and secure shelters near schools to alleviate the burden of long and treacherous journeys. These shelters provide students a comfortable environment to rest, study, and prepare for their classes.

GADGET AND EQUIPMENT - Providing modern educational tools such as tablets, laptops, and internet access to enhance students' learning experiences. This allows students to access e-learning platforms, engage in online discussions with their peers, and conduct research for their school assignments

SUPPORT & ENCOURAGEMENT - Offering emotional support and encouragement through workshops, mentorship programs, and motivational talks to boost student morale and inspire them to continue pursuing their education

On **April 25, 2023,** Tulay na Lupa National High School, Labo, Camarines Norte, received the first dormitory project from the LBC Foundation. The goal of the LBC Foundation is to ensure that everyone has access to education, and we intend to engage in further projects with Angat Buhay to that end". A total of 40 students and 3 teachers benefitted on this.

Providing access to education through any means necessary is what LBC Foundation aim to do, and for which we hope to continue to work with more project with Angat Pinas.

blessing and Cutting of Ribbon Ceremony

LBC Express SEL Area Team

CHILD SPONSORSHIP

WORLD VISION DEVELOPMENT FOUNDATION INC.

In 2023, LBC Foundation sponsored **32 students** from **seven (7)** World Vision Area Development. See Figure 3 to see the count per area.

Figure 3

Area Development Program	Total
Manila (BASECO)	8
Aklan	2
SMP Negros Occidental	3
Himaya II Dev't Project	9
North Cebu	3
UDP Malabon	4
Leyte 2	3
TOTAL	32

At the end of 2023, **8 sponsored children** graduated from Senior High School, two (2) were removed because the family is already self supporting. Figure 4, breakdown

Figure 4

Reason	Count
Graduated	8
Dropped	0
Self Suppoting	2
TOTAL	10

For School Year 2023-2024, A total of **22 students** remained in the program. See Figure 5 for details of scholars per yea level. 50% of the children are in Grade 12 level.

Figure 5

Year Level	Total	%
Grade 12	11	50%
Grade 11	8	36%
Grade 10	2	9%
Grade 9	1	5%
TOTAL	22	100%

AP North Cebu Staff, Community Volunteers, and Child Facilitators during the Chosen Event last June 3, 2023.

Child Facilitators' Leadership Camp

PROJECT CHOSEN

For the 2nd year implementation, **twenty (20)** of LBC Express employees pledge to support Word Vision Project Chosen.

Project Chosen is part of the Caloy to Serve program of LBC Foundation to encourage employees to sponsor a World Vision Child through salary deduction. Because of the pledge, we will able to sponsor **seven (7)** World Vision child.

COMMUNITY EDUCATION AND MENTORING

UPSKILLS+ FOUNDATION INC.

EDUCATIONAL ASSISTANCE

LBC Foundation provides educational assistance to Upskills+ Foundation scholars that is in Junior and Senior High School and College students.

For **SY 2022-2023**, LBC Foundation has a total of **43 scholars**. See Figure 6 for the list of the Year Level:

Figure 7 show the list of students with the remarks of their overall performance for the entire school year.

Six (6) of the College Scholars graduated on the following courses:

- BS Nursing
- BS Industrial Engineering
- BS Social Work
- BS Criminology
- BS Entrepreneurship Management
- Bachelor in Physical Education

Figure 6

Year Level	Count
Grade 8 & 9	5
Grade 10	7
Grade 11	3
Grade 12	3
1st & 2nd year College	10
3rd & 4th year College	15
TOTAL	**43**

Figure 7

Reason	**Count**
Dean's Lister	4
With Honor	3
Academic Achievers	1
Promoted	27
Dropped	2
Graduated	6
TOTAL	**43**

SUPPORT TO ALS PROGRAM

LBC Foundation supports Upskills+ Foundation ALS Program for **SY 2022-2023.** a total of **37 were enrolled.** See Figure 8 for the year level

Figure 8

Reason	Count
Grade 8, 9 & 10	7
Grade 11 & 12	7
1st & 2nd Year College	9
3rd, 4th & 5th Year College	14
TOTAL	37

Out of **37** enrollees, **17** were ALS completers. From the **17** completers, ALS students continued to pursue their Senior High School and **4** of them enrolled at public schools and **2** enrolled in AMA Computer College.

ALS students were able to attend the following activities for their ALS requirements such as Banana Cake Training conducted by TESDA and Basic English lecture conducted by a UK Volunteer.

To give the ALS students a break from the traditional classroom setting and to allow them to have a fun and interactive way of learning, they had the educational trips to the following places: National Museum and Manila Zoo and went to UFI Bulacan farm for Plant Propagation Training conducted by UFI's farm technician.

BRINGING JOY THROUGH EDUCATION PROGRAM

KALIPAY NEGRENSE FOUNDATION INC.

"**Bringing Joy through Education**" is an LBC Foundation-supported program with Kalipay Negrense Foundation for abandoned, & at-risk children. This grant covers Teacher's Salaries and Allowances and Direct Expenses of Children such as modules, school supplies, school uniforms, and shoes and socks.

RECOVERED TREASURES HOME

In 2022, Recovered Treasures Home welcomed **19** new kids and **1** newborn baby. the home shelter kids who were neglected, Foundling, Sexually abused, physically abused, surrendered and victims of online sexual exploitation.

In the Recovered Treasures there are different home activities. On April 20, children enjoyed their community exposure day in Bago City Police station.

July 13 when kids learn the basics of baking and housekeeping through modules provided by LBC Foundation.

April 20, 2022 - Haven Cluster enjoying their community exposure day in Bago City Police Station.

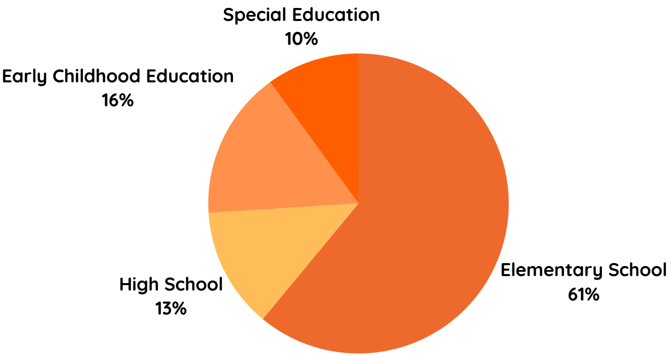
KALIPAY LEARNING CENTER

This 2022, **five (5)** Kalipay children finished Junior High School education and went to UST Angelicum College in Manila to receive their diplomas.

The students at the Kalipay Learning Center joined competitions organized by the provinces.

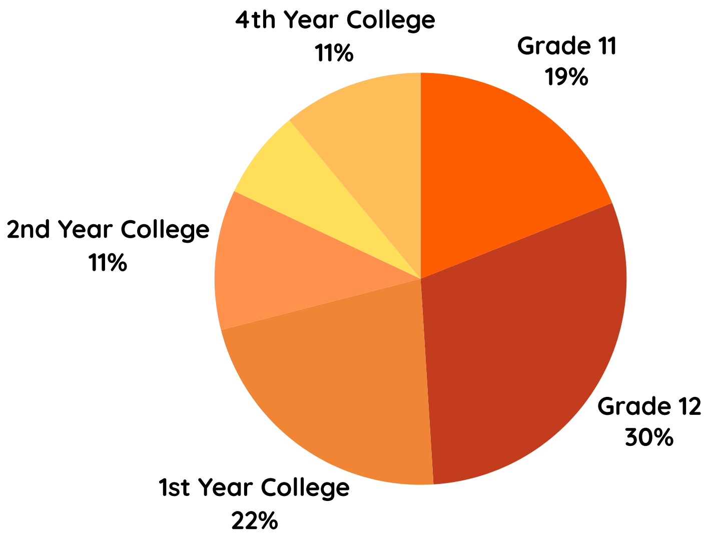
In 2022, there are **73 students** and one new enrollee who was already 14 years old that never learned to read and write. See Figure 9 for details of Year Level of children.

Figure 9



Ten (10) Kalipay children still pursuing their College degrees from different Universities in Bacolod. See Figure 10 for details.

Figure 10



INDEPENDENT LIVING PRORGAM

LBC Foundation also provides Independent Living program of Kalipay to provides quality college education to Kalipay' young adults to get them ready to reintegrate into society as professionals and productive citizens of the country.

In 2022, two Kalipay kids finished their College education and one graduated Magna Cum Laude.

STEP BY STEP PROGRAM

ADARNA GROUP FOUNDATION, INC.

In partnership wih Adarna Group Foundation's (AGFI) continuously implement its **Step by Step** Approach to **Tarlac** (Anao and Ramos), **Bataan** (Samal) and **Bukidnon** (Sta. Teresita of Miarayon Community School).

Step by Step programs includes **Unang Isang Libong Araw (UILA), Unang Aklat (UA), and Handang Magbasa (HM).**

These programs enable health professionals to lead more health and nutrition education sessions with expectant mothers and parents, and encourage parents to engage their children in early stimulation and reading at home. It also exposes young children to reading materials. The table below presents the program reach breakdown per area implementation. In a nutshell, the following summarize Step's by Step's achievement in numbers:

Quantity	Description
3	Municipalities reached
1	Community School reached
2	rural health units supported
10	barangay health stations supported
20	health workers guided
56	pregnant women educated
72	parents educated
56	child development centers assisted
48	child development workers trained
10	teachers trained
10,907	reading and training materials turned-over
40	USBs turned over

On June 2023 started the implementation phase wherein LBC Foundation with AGFI conduct community visits and start the turn-over of reading materials to Anao and Ramos, Tarlac and Samal, Bataan

Sets of Big books (40 titles) were turned over to the Child Development Centers for their respective CDWs.

Kid's sessions were spearheaded by LBC Foundation and LBC Express employees. A total of **5 Learning Steps** activity were conducted.

During Learning Steps activity in Tarlac.

July 2023, AGFI start Unang Isang Libong Araw learning session to pregnant women of Anao, Tarlac. Handang Magbasa program implementation started in Samal, Bataan and Ramos, Tarlac

Handang Magbasa Orientation in Ramos, Tarlac

A learning session on Pregnancy Milestone was conducted during the Nutrition Month celebration in Anao, Tarlac. With the help of the RHU staff, more than 30 pregnant women attended the session and all of them received UILA reading materials.

A series of online meetings was held together with LBCF and STMCS heads and teachers for possible HM implementation in their community school.

On November to December, reading materials for parent's kits were distributed to Anao and Ramos Tarlac, Samal , Bataan and STMCS in Talakag, Bukidnon

The table below presents the program reach breakdown per area implementation.

STEP 1: UNANG ISANG LIBONG ARAW

Area	Number of Beneficiary
Anao, Tarlac	46 pregnant women
Ramos, Tarlac	10 pregnant women

STEP 2: UNANG AKLAT

Area	Number of Beneficiary
Anao, Tarlac	52 parents
	52 children
Ramos, Tarlac	20 parents
	20 children

STEP 3: HANDANG MAGBASA

Area	Number of Beneficiary
Anao, Tarlac	19 Child Development Center
	19 Child Development Workers
	99 Daycare Parents
	99 Daycare Students
Ramos, Tarlac	14 Child Development Center
	14 Child Development Workers
	480 Daycare Parents
	480 Daycare Students
Samal, Bataan	23 Child Development Center
	15 Child Development Workers
	716 Daycare Parents
	716 Daycare Students
Sta. Teresita of Miarayon Community School (STMCS)	13 Classroom
	15 Child Development Workers
	716 Daycare Parents
	716 Daycare Students

BRIGADA ESKWELA
DEPARTMENT OF EDUCATION

SAN JOSE SCHOOL DIVISION

LBC Foundation supported **Brigada Eskwela (BE)** this year the giving of the Water Pump system is the primary activity of the LBC Foundation for Brigada Eskwela. A total of **ten (10) units**, (8) electric and (2) manual water pumps were provided by LBC Express through LBC Foundation to **10** San Jose School District nominated schools. This contribution is a part of their **WASH** in Schools program, which encourages good hygiene and sanitation habits by educating people about these topics and setting requirements for a reliable supply of potable water and functional restrooms.

The objectives of the program are to: (1) Reduce the incidence of hygiene and sanitation-related diseases in schools. (2) Improve the health and well-being of students and school staff and (3) Promote a healthy and productive learning environment.

On September 21, 2023, the Kita Kita Elementary School in San Jose hosted a water pump system transition celebration. Mr. Leonardo C. Canlas, the SDO Superintendent, and the school heads of the 10 benefiting schools were present at the celebration. LBC Express was represented by Ms. Laurice Lopez, Regional Senior Manager, Ms. Tina Domingo, Delivery Manager for Central East Luzon, and Heads and Associates from the Sales and Delivery Team. Figure 11 shown the list of schools benefitted in this initiatives.

Figure 11

No.	Schools
1	Kita Kita Elementary School
2	San Agustin Elementary School
3	San Jose West Elementary School
4	Junior Campo Primary School
5	Balacat Elementary School
6	Lomboy Elementary School
7	Porais Elementary School
8	Manicla Elementary School
9	Kaliwanagan Elementary School
10	Sto. Tomas Elementary School

KITA KITA ELEM SCHOOL

BALACAT ELEM SCHOOL


LOMBOY ELEMENTARY SCHOOL


JUNIOR CAMPO PRIMARY SCHOOL


MANICLA ELEM SCHOOL


ABAR 1ST ELEM SCHOOL


PORAIS ELEM SCHOOL


KALIWANAGAN ELEM SCHOOL


STO TOMAS ELEM SCHOOL

SDO SIPALAY - AGRIPINO ALVAREZ ELEM SCHOOL

On May 17, 2023, the LBC Foundation sponsored a Brigada Eskwela activity at the Agripino Alvarez Elementary School in Sipalay, Negros Occidental. The Brigada Eskwela includes painting activities, toy distribution, and the exchange of school supplies. **Twenty-three (23) Ka-LBC** from the Negros area's Sales, Delivery and Solutions team took part in the event. Students in kindergarten through sixth grade received gifts.

The LBC Foundation presented school supplies to the division and head of the school after distributing toys. The LBC Foundation also provided paint and other painting supplies for school refurbishing projects. Ka-LBC painted plant boxes, the school stage, students' desks, and chairs as a part of the Brigada Eskwela. A total of **one hundred (100)** student desks and **sixty (60)** planter boxes were painted. **Five hundred sixty-seven (567)** pupils and **twenty (20)** teachers benefited from this Brigada Eskwela initiative.

SDO SAN JOSE - SAN JOSE WEST CENTRAL ELEM. SCHOOL

On April 13, 2023, the LBC Foundation turned over COVID-19 essential supplies, printing materials, toys, and story books to **three (3)** designated schools under San Jose School Division. The turn-over was held in San Jose West Central Elementary School in San Jose, Nueva Ecija. The school beneficiaries were: (1)Tayobo Elementary School, (2) Sampugu Elementary School, (3) San Raymundo Elementary School.

SDO SAN JOSE - SAN AGUSTIN INTEGRATED SCHOOL

On June 8, 2023, the LBC Foundation gave the San Jose School Division office in San Jose, Nueva Ecija, a water pump system. A clean and sufficient quantity of water is something that all students and teachers in schools need in addition to books, educational materials, and school supplies. This need was met by giving San Agustin Integrated School a water pump system in collaboration with DepEd SDO San Jose.

The donated water pump equipment has been of great assistance to the school, particularly during the dry season when the local water supply is scarce. A total of **29 teachers, 856 students** and **5 school personnel** benefitted.

EARLY CHILD CARE DEVELOPMENT

KAGABAY FOUNDATION

Turn-over of EPSON printer

Day care teachers of **St. Marie Eugenie Learning Centers** were provided by training on Effective Storytelling to enhance their teaching skillls in reading literacy. This training is part of the Step by Step program of LBC Foundation in partnership with Adarna Group Foundation.

During the training, teachers were taught on the importance of Children's Literature and ways how to be an effective storyteller.

Step by step ~ Handang Magbasa program will run until April this year, so Kagabay Foundation will definitely experience more exciting activities.

LBC Foundation took time to turn-over 9 units of Epson printers to Daycare teachers of Quezon City (Bagbag, Oro, Remarville and Commonwealth) , North Caloocan (Bagong Silang), Calauan, Laguna, Del Paz, Antipolo, Rizal

Effective Storytelling training

Kagabay Dycare teachers with LBC Foundation and AGFI

Children Literature workshop

ENVIRONMENTAL SUSTAINABILITY

10 COMMUNITIES
1,025 NATIVE TREES PLANTED
5 FARMERS ASSISTED

NATIONAL GREENING PROGRAM

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR-NCR)

Department of Environment and Natural Resources (DENR) implemented the **National Greening Program (NGP)** as a government priority, under the policy of the State to pursue sustainable development for poverty reduction, food security, biodiversity conservation, and climate change mitigation and adaptation. LBC Foundation recognized the importance of its participation in achieving this goal.

The DENR-NCR provides LBC Foundation a National Greening Program (NGP) site to be adopted and maintained located at La Mesa Watershed Reservation ("La Mesa"). The site will be planted with various indigenous forest tree species. The same will be maintained and protected for a period of **three (3) years**.

On December 5, 2023, DENR-NCR and LBC Hari ng Padala Foundation signed a Memorandum of Agreement for the National Greening Program (NGP) in National Ecology Center, Quezon City.

Part of the agreement is promote activities that help increase awareness and knowledge of the management of different private organization about the environment protection.

On November 6, 2023, the LBC Foundation organized a tree-planting activity in the La Mesa Watershed in Quezon City in celebration of the 73rd Anniversary of LBC Express. A total of **50 LBC employees** from different departments participated in the event, planting **500 native bignay trees**.

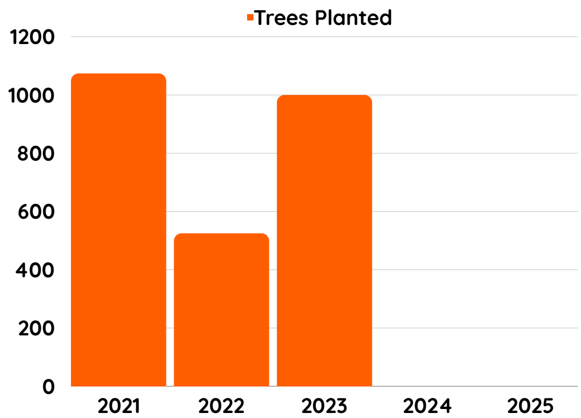
The activity was part of the LBC Foundation's commitment to environmental sustainability and its dedication to making a positive impact on the community. The bignay tree is a fast-growing and drought-resistant species that is native to the Philippines. It is a valuable source of food and medicine for local communities.

The tree planting activity was a success, and the LBC Foundation plans to continue its efforts to reforest the La Mesa Watershed. The watershed is an important source of water for Metro Manila, and it is home to a variety of plants and animals.

The LBC Foundation's tree-planting activity is a great example of how businesses can make a positive impact on the environment. By planting trees, the LBC Foundation is helping to improve air quality, reduce soil erosion, and provide habitat for wildlife.

The LBC Foundation's tree-planting activity is also a great example of how businesses can engage their employees in community service. The activity was a great opportunity for LBC employees to learn about the importance of environmental sustainability and to give back to their community. See below chart of the number of trees planted since 2021. Figure 12 show the number of trees planted per year since 2021.

Figure 12



EMPLOYEE WELFARE PROGRAM

37	COMMUNITIES
16	MEDICAL ASSISTANCE
21	SCHOLARSHP GRANT
5	COLLEGE GRADUATED

SCHOLARSHIP PROGRAM

LBC EXPRESS, INC.

The LBC Foundation provide scholarship assistance to employees dependent incoming college students. The full cost of tuition, up to a maximum of PHP 50,000 per semester, is covered.

A total of **twenty-one (21) dependents** have been approved for scholarship grants for the school year 2022–2023. Figure 13 show the details of scholars year level.

Figure 13

Year Level	Count
First Year	6
Second Year	6
Third Year	2
Fourth Year	6
Fifth Year	1
TOTAL	21

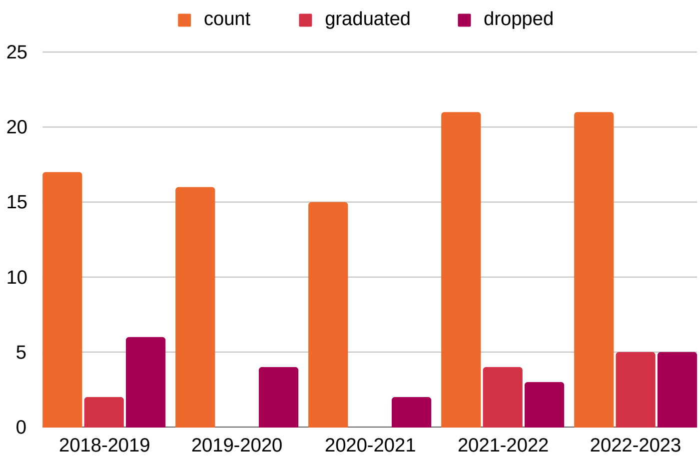
Area	Count
NCR	8
North Luzon	0
South Luzon	1
Visayas	2
Mindanao	10
TOTAL	21

Figure 14: Number of scholar per area

There were **five (5) graduates** for the school year 2022–2023. **Five (5)** scholars, on the other hand, were dropped due to failure on scholarship policy.

Figure 15 shown comparison of the number of dropped and graduated scholars since SY 2018-2019.

Figure 15



MEDICAL ASSISTANCE

LBC EXPRESS, INC.

In order to pay medical costs like confinement, medical procedures, and medical equipment, LBC Foundation offers **medical aid** to its employees and dependents.

The majority of patients receiving medical care from LBC Foundation in 2023 were confined because of a terrifying illness.

LBC Foundation received total of **thirty-six (36)** application within 2023.

Figure 16: Number comparison of approved vs denied

Status	Count
Approved	16
Denied	20
TOTAL	36

In **16 approved** applications, they were **14** that falls under dreaded disease. See Figure 17 to see the number of application per type of sickness.

Figure 17

Type of Sickness	Count
Dreaded Disease	14
Acute Illnesses	2
TOTAL	16

Most of the assisted were employee. See Figure 18 details of application per membership type

Figure 18

Membership Type	Count
Principal	11
Dependent	5
TOTAL	16

Figure 19 displays a comparison of five years' worth of applications for dreaded sickness with applications for acute illness.

Figure 19

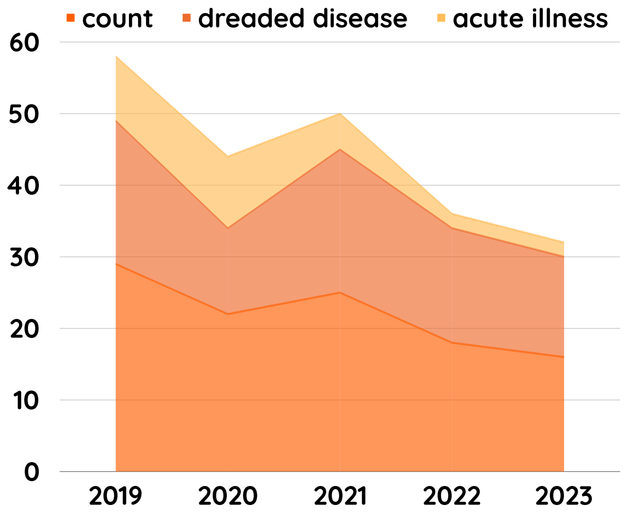
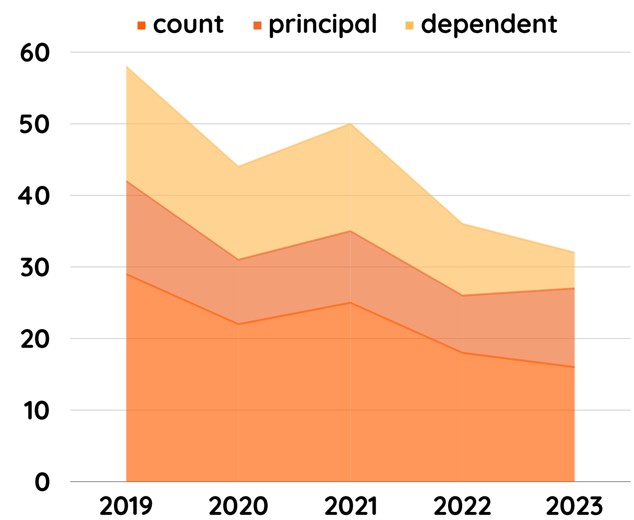


Figure 20 displays a five-year tabulation of all applications from employees vs dependents of employees.

Figure 20



VOLUNTEER PROGRAM

39	COMMUNITIES
69	TOTAL VOLUNTEER ACIVITIES
1,472	TOTAL VOLUNTEERS
384	UNIQUE VOLUNTEERS
1,318	VOLUNTEER HOURS
2,113	ELEMENTARY STUDENTS
948	DAYCARE STUDENTS
86	ELDERS
35	SICK CHLDREN
108	ABUSED CHILDREN
1,000	TREES PLANTED
300	ADULTS

VOLUNTEER PROGRAM

The LBC Foundation offers volunteer opportunities to LBC Express employees. Activities are categorized into the following: (1) Best Effort, (2) Learning Step, (3) Earth Wise, (4) Synergistic Action, and (5) Caloy to Share.

Figure 21 compares the annual total number of volunteers for 5 years to the number of unique volunteers.

Figure 21

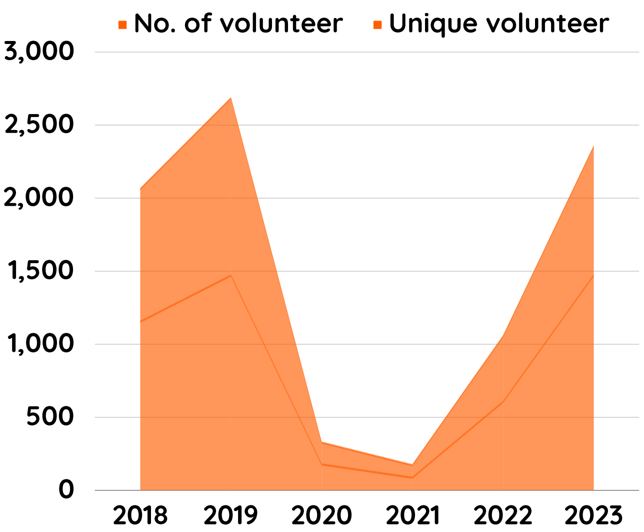
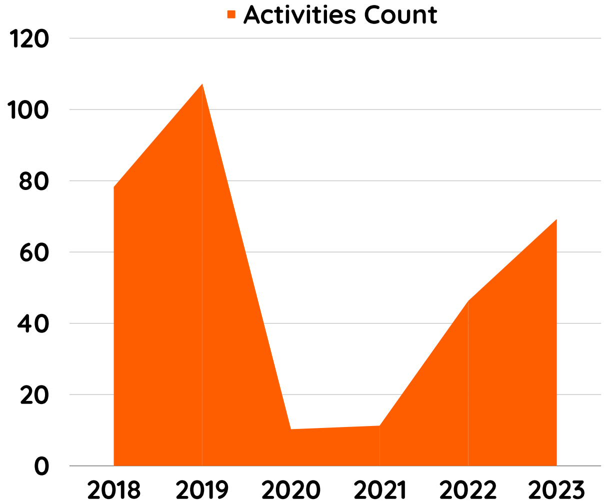


Figure 22 depicts annual total activity numbers from 2018 to 2023.

Figure 22



The graph of distinct volunteers from 2018 to 2023 is shown in Figure 23.

Figure 23

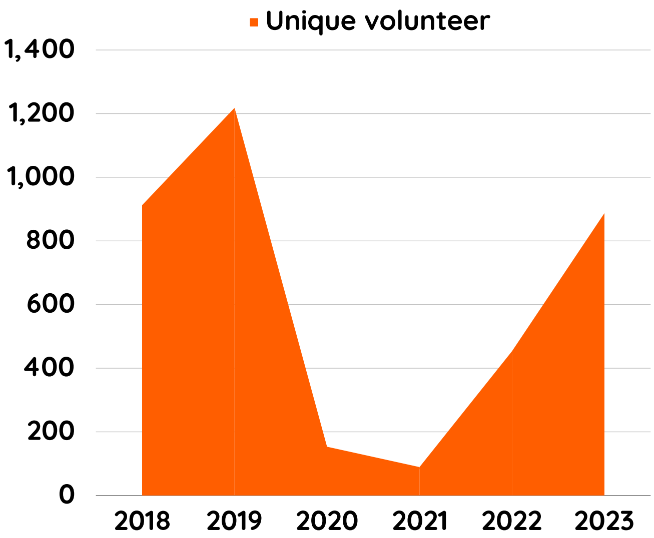
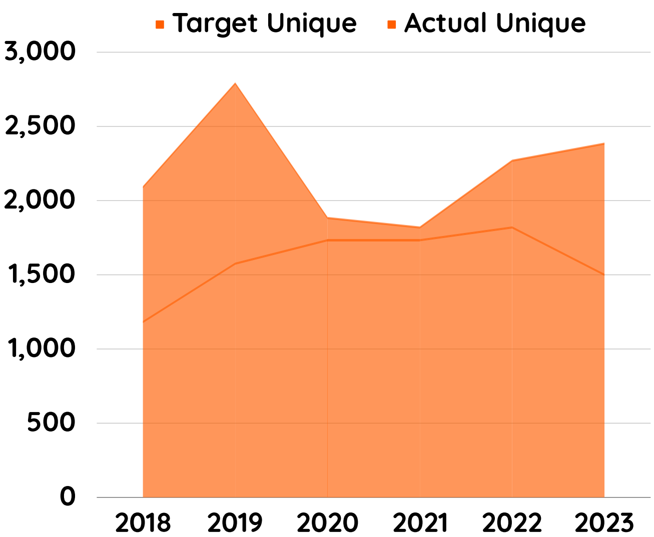


Figure 24 shows expected versus actual unique volunteers from 2018 to 2023.

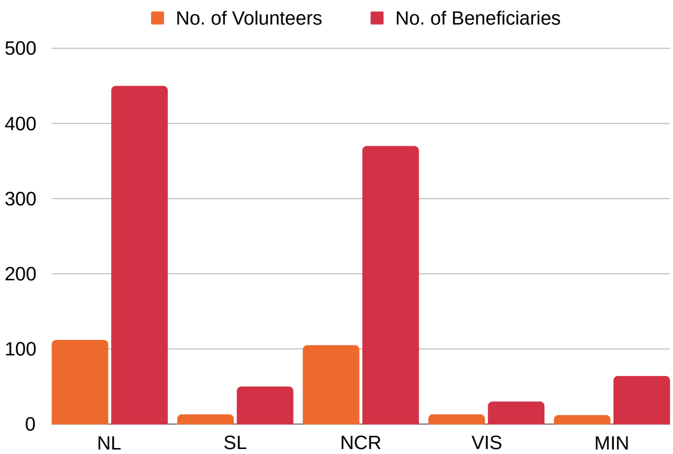
Figure 24



LEARNING STEPS

A total of **255 LBC volunteers** interacted to **948 students** from Qc, Caloocan, Paranaque, Cavite, Bulacan, Bataan, Tarlac, Nueva Ecija, Capiz, and Bukidnon. Figure 25 shown tabulation of number of volunteers and beneficiaries

Figure 25



Learning Steps activities focus on improving the learning and skills of students and children. The activities includes storytelling, games, arts and crafts and feeding.

This activities organized by LBC Foundation to various communities nationwide. By partnering with Department of Education, Non-Government Organization and Local Government Unit, fifteen (15) activities were done this 2023. See Figure 26 for the details of the activities.

Figure 26

Partner	No. of Volunteer	Students Beneficiary
Adarna Group Foundation Bataan, Tarlac	66	250
Kagabay Foundation Caloocan, QC, Paranaque	66	194
Department of Education Nueva Ecija, QC	49	270
Upskills+ Foundation Cavite, Bulacan	34	100
Sta. Teresita of Miarayon Community School Bukidnon	12	64
LGU Capiz & QC	28	70
TOTAL	255	**948**

EARTHWISE

Earthwise activities focus on sustaining the environment and helping address climate change.

In partnership with Ramon Aboitiz Foundation, DENR-NCR and Himamaylan LGU, LBC Foundation organized a total of 3 planting activities wherein one hundred-eight (108) LBC volunteers took part in Quezon City, Negros Occidental and Batangas. A total of **1,025 native trees** were planted.

On May 20, 2023 in partnership with LGU, LBC Foundation poll volunteers to plant **50 cacao seedlings** in Barangay Talaban, Himamaylan City, Negros Occidental.

On August 19, 2023 part of the fundraising program of LBC Foundation - 1Kalikasan, LBC Foundation will able to purchase coffee seedlings from Ramon Aboitiz Foundation and were planted in Barangay Bayudbod, Tuy, Batangas. A total of **30 LBC volunteers** participated and planted **400 coffee seedlings**.

On November 7, 2023, **550 bignay trees** were planted in La Mesa Watershed in QC. **55 LBC employees** volunteer in this Anniversary Tree planting. Figure 27 show list of tree planting activities of: LBC Foundation for 2023.

Figure 27

Partner	No. of Volunteer	No. of Trees Planted
Ramon Aboitiz Foundation Tuy, Batangas	30	400 coffee
DENR- NCR La Mesa Watershed, QC	55	550 bignay
Himamaylan LGU Himamaylan City, Negros Occ.	23	50 cacao
TOTAL	108	1,000

BRIGADA ESKWELA

Brigada Eskwela is a yearly Employee Volunteer event that was being implemented by LBC Foundation since 2011. LBC Express employees are encouraged to participate on this to help Department of Education in preparation of the school in time of the opening of classes.

This year 2023, Brigada Eskwela activities were done in Agripino Alvarez Elementary School in Sipalay, Negros Occidental, Kita-Kita Integrated School and San Agustin Integrated School both in San Jose, Nueva Ecija. **Fifty (50) employees** volunteered to do painting of chairs, tables, plant boxes, pathway, fences, stairs, as well as cleaning and tree planting. This activities impacted to **2,113 students**. See Figure 28 for the details.

Figure 28

Name of School	Activity	No. of Volunteer	No. of Student served
Kita Kita Integrated School	Painting of Stairs and fences,	13	690
San Agustin Integrated School	Painting, Cleaning and Tree planting	14	856
Agripino Alvarez Elementary School	Painting of Chairs, Tables, Plant Boxes	23	567
TOTAL		50	2,113

BEST EFFORT

Best Effort activities focus on developing ability of volunteer to interact with person with disabilities, elders, abused women and children and person deprived of liberty The activities includes games, gift giving and feeding.

In partnership with Non-Government Organization and DSWD SWDA Organization, LBC Foundation organized a total of **6** activities wherein **108** abandoned and abused children, **86** abandoned elders, and 35 sick children benefitted. **Ninety-eight (98)** LBC volunteers took part in **seven (7)** activities various areas.

A total of **98** LBC volunteers took part in **six (6)** activities in various areas. Refer to Figure 29.

Figure 29

Partner	Location	No. of Volunteer	No. of Beneficiaries
Missionaries of Charity	Tacloban, Leyte	15	15 Elders, 12 Abandoned children
Kalipay Negrense Foundation	Bacolod City, Negros Occ	18	96 abused and abandoned children
Kanlungan ni Maria	Antipolo, Rizal	17	21 Elders
Missionaries of the Poor	Sta. Ana, Manila	24	35 sick children
San Lorenzo Ruiz	Pasay, City	24	50 Elders
TOTAL		98	

SYNERGIC ACTION

Synergic Action activities focus on enhancing the community.

In partnership with Non-Government Organization, Local Government Unit and Department of Education. This year LBC Foundation organized one medical mission held in Pasay City attended by **eight (8)** LBC volunteers. Volunteers were able to assists **300 adults** in getting vital signs, dispensing prescribed medicine and blood pressure test.

Figure 30: Details of activity under Synergic Action

Partner	Location	No. of Volunteer	No. of Beneficiaries
Seventh Day Adventist Church – Pasay Chapter	Pasay City	8	300 adults
TOTAL		8	

CALOY TO SHARE

Caloy to Share, a fundraising initiative that enables willing employees to contribute to fund-raising activities and/or to pledge donations thru cash and salary deduction. This practice has become valuable in cultivating PSR or **Personal Social Responsibility** in the hearts of the employees, beyond just CSR.

In 2023, LBC employees participated in the following **4 initiatives**:

PROJECT CHOSEN

From August 2022 up to August 2023 **(16) LBC Express employees** sponsored **7 World Vision children** from Mindanao and Luzon areas. See Figure 28 for the profile of sponsored child.

Figure 31

Grade Level	Total
Grade 2	4
Grade 3	3
TOTAL	7

For August 2023 up to August 2024 **(20) LBC Express employees** sponsored **7 World Vision children** from Mindanao and Luzon areas. See Figure 31 for details of sponsored children.

FUND-RAISING ACTIVITY

LBC Foundation organized **7 fundraising activities** to cover CSR activity related expenses such as food for the feeding activity, supplies for arts and crafts activity, and donations for the gift giving.

For this year 2023, refer to Figure 32 for the details of the Fundraising event.

Figure 32: Fundraising Activities

Date	Fundrasing Event	Location	No. of Employee Participated
1/26/2023	Raffle	Ecom	63
1/31/2023	Raffle	Ecom	56
6/13/2023	Bingo Bonanza	Ecom	32
9/4/2023	Bingo Bonanza	Ecom	40
9/23/2023	1Kalikasan	All	51
10/27/2023	Bingo Bonanza	Ecom	41
10/31/2023	Bingo Bonanza	Ecom	18
TOTAL		7	

1KALIKASAN SIGN-UP EVENT

LBC Foundation also able to generate fund by selling CSR shirts. Employees encourage to sign-up to **1Kalikasan** and pay PHP 700 to donate **7 seedlings** and have a "Make Someone's day shirt. All generated fund were used to purchase seedlings for Tree Planting activities with Ramon Aboitiz Foundation.

Two (2) **Ready, Set, Raffle!** event were held in MOA office participated by **119 employees**. Employee paid PHP 100 for 1 raffle entry and win bazaar items from disposal. Generated fund were used to fund Elders Care activities.

Four (4) **Bingo Bonanza** events were held in the MOA office participated by **131 employees**. Employee paid PHP 50 for 1 bingo cards and win bazaar items from disposal. Generated fund were also used to fund Elders Care activities.

PHOTOS TAKEN DURING BINGO BONANZA

WINNERS OF RAFFLE EVENTS

BAZAAR

Unclaimed shipments that were turned-over to LBC Foundation were all sorted and sell in Bazaar event.

In 2023, a total of **26 bazaar event** held in MOA Ecom, Hangar, and Vitas Warehouse. A total of five hundred five thousand nine hundred ninety-eight **(PHP 505,998.00)** were generated. The generated amount were used to cover other program cost of LBC Foundation. Refer to Figure 33 for the details of Bazaar.

Figure 33

Facility	Amount
ECOM	347,483.00
Hangar	137,425.00
Vitas	21,090.00
TOTAL	**505,998.00**

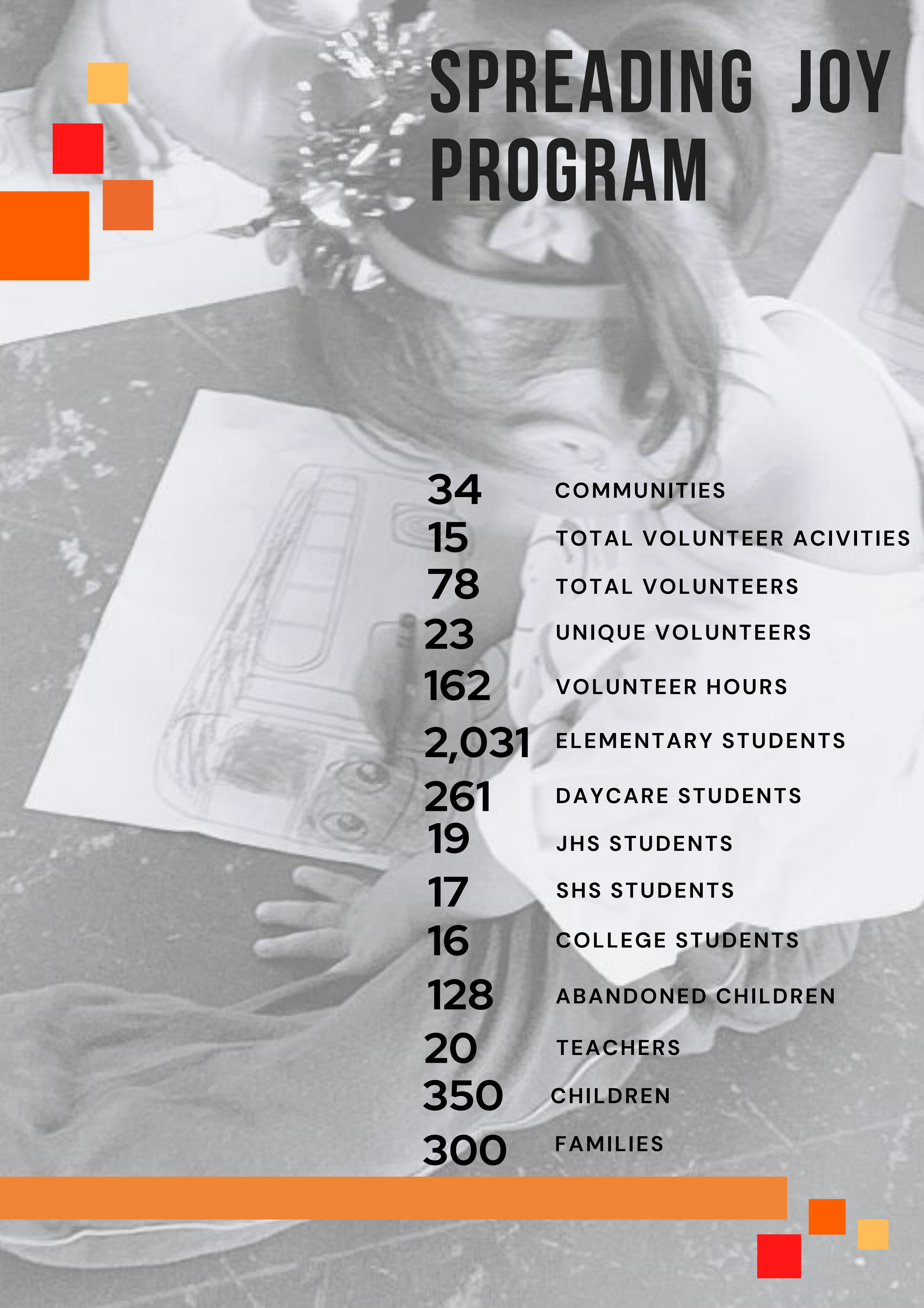
SCRAP DISPOSAL

LBC Foundation also encourages employees to raise funds from their scrap disposal.

In 2023, a total of **fourteen (14) teams** participated and a total of three hundred thirty-seven thousand four hundred seventy-five **(337,475.00)** generated amount. This generated amount were used for Let's Move Christmas event. Refer to Figure 34 for the list of teams participated in Scrap Disposal

Figure 34

Team	Amount
Cubao Delivery Team	1,235.00
Pasig Cargo Delivery Team	250.00
Pasig -Pateros Delivery Team	250.00
Cotabato Branch	5,000.00
Robinson Otis	1,000.00
Cabantian Branch	2,000.00
Marikina-San Mateo Montalban Delivery Team	1,000.00
Ortigas Delivery Team	1,140.00
SEL Shuttling Team	600.00
Recto Branch	3,000.00
Admin (NCR Major Facility)	285,950.00
TOTAL	**337,475.00**



SPREADING JOY PROGRAM

34	COMMUNITIES
15	TOTAL VOLUNTEER ACIVITIES
78	TOTAL VOLUNTEERS
23	UNIQUE VOLUNTEERS
162	VOLUNTEER HOURS
2,031	ELEMENTARY STUDENTS
261	DAYCARE STUDENTS
19	JHS STUDENTS
17	SHS STUDENTS
16	COLLEGE STUDENTS
128	ABANDONED CHILDREN
20	TEACHERS
350	CHILDREN
300	FAMILIES

LET'S MOVE CHRISTMAS

The LBC Foundation distributed toys and school supplies during it's Let's Move Christmas program to students of partner communities. A national gift-giving celebration took place from December 5 to December 27, 2023.

DONUM DEI SOCIETY

On December 12, 2023, **50 children** in the Donum Dei Society adopted Paco, Manila community, including Barangay in **San Roque, Banana 1, Banana 2, Santiangco,** and **Quirino.**

13 volunteers from LBC branch operations participated in the event. Volunteers interacted with children through games, story telling, arts and crafts, gift giving and feeding activity.

A total of **50 children** received toys and meal packs part of LBCF's Let's Move Christmas .




CHILDREN WEARING THEIR SMILE UPON RECEIPT OF TOYS AND MEAL PACKS




DURING PARLOR GAMES




DURING ARTS & CRAFTS ACTIVITY

DURINGGIFT-GIVING AND DISTRIBUTION OF MEAL PACKS

MOVE.ORG

On December 13, 2023, **138 students of MovEd Learning Hub** in Tanza, Navotas experienced the Let's Move Christmas event of LBC Foundation.

12 volunteers from LBC branch operations interacted with students through games, story telling, arts and crafts, gift giving and feeding activity.

Each students received toys, loot bags and meal packs.

DSWD - AMOR VILLAGE

On December 15, 2023, LBC Foundation held a Christmas party as part of Let’s Move Christmas event. A total of **128 abandoned children** and adults participated in the event. Most of the children and adults were abandoned because of their mental disabilities and sickness.

9 volunteers from LBC branch operations in Tarlac patiently interacted with the children and adult through games, arts and crafts, gift giving and feeding activity.

Each children and adult received candies, toys and meal packs.

PASAY CITY JAIL - MALE DORM

On December 18, 2023, LBC Foundation held a Let's Move Christmas event in Pasay City Jail. A total of **90 PDLs** participated in the event.

The event started by inviting PDLs to dance the LBC Foundation unity dance

The event started with LBC Foundation Staff interacting to **30 indigent PDLs** through parlor games. They are happy to received toiletries as game prizes right after the games,

Another batch of PDLs around **30 participated** in the gift giving, each PDLs received yellow t-shirt.

The 3rd part is the feeding activity wherein **30 indigent Seniors Citizen and PWDs PDL** were all fed that day.

STA. TERESITA OF MIARAYON COMMUNITY SCHOOL

LBC Foundation held its Let's Move Christmas event in underprivileged community in Sitio Abel, Miarayon, Talakag, Bukidnon on December 27, 2023

The Let's Move Christmas event is divided in two parts, one is the Brigada Eskwela- painting of classrooms which was held in the morning and second is the Christmas Party for STMCS students that happen in the afternoon.

During the Brigada Eskwela, a total of **16 LBC volunteers** and **25 parents** painted the inner and outer surface of **6 classrooms and 1 library**.

Because of this activity, a total of 10 teacher and **240 students** benefitted.

On the Christmas party, student of STMCS enjoyed participating in the parlor games, "basagang palayok" and the Filipino games "Pasabit". LBC Foundation also provide magic show and balloon making show that the students participate actively. This made LBC Foundation move smile to **240 students**.

After the program, each students received a set of school supplies, happy meal toy, slippers and a meal pack.

After the program, school supplies, happy meal toys, slippers and meal pack were distributed to each students.

On December 29, 2023, in partnership with St. Therese of Miarayon Foundation, Inc. LBC Foundation distributed rice meal packs, vitamins and used clothes to the community of Sitio Abel, Miarayon, Talakag, Bukidon.

SITIO ABEL, MIARAYON, TALAKAG, BUKIDNON COMMUNITY

In partnership with St. Therese of Miarayon Foundation, Inc. LBC Foundation handover to **300 donation packs**. Donation pack includes rice, clothes, toys, rice meal packs and vitamins

LAPOK ELEMENTARY SCHOOL

LBC Foundation handover school supplies, happy meal toys and slippers to Kinde to Grade 2 students of Lapok Elementary School. A total of **242 students** benefitted

MIARAYON CENTRAL ELEMENTARY SCHOOL

LBC Foundation handover school supplies, happy meal toys and slippers to Kinde to Grade 2 students of Miarayon Central Elementary School. A total of **210 students** benefitted

TINAYTAYAN ELEMENTARY SCHOOL

LBC Foundation handover school supplies, happy meal toys and slippers to Kinde to Grade 2 students of Tinaytayan Integrated School. A total of **281 students** benefitted

LIRONGAN ELEMENTARY SCHOOL

LBC Foundation handover school supplies, happy meal toys and slippers to Kinde to Grade 2 students of Lirongan Elementary School. A total of **220 students** benefitted

SAN MIGUEL ELEMENTARY SCHOOL

LBC Foundation handover school supplies, happy meal toys and slippers to Kinde to Grade 2 students of San Miguel Elementary School. A total of **151 students** benefitted.

KALOOB FOUNDATION

In partnership with **Kaloob Foundation** , the LBC Foundation move smiles in Badiang Elementary School and Binaton Elementary School in Digos City. Kaloob Foundation organized outreach program to distribute McDonald's Happy Meal toys from Ronald McDonald House of Charity (RMHC) and provide meal packs to the students. A total of **400 students** benefitted.

KALIPAY NEGRENSE FOUNDATION

In one Giving Tuesday, through Kalipay Negrense Foundation, their children beneficiaries received Happy Meal Toys from Ronald McDonalds. These toys served as symbols of happiness and hope during a time dedicated to giving back.

Through initiatives like these of Kalipay, LBC Foundation able to moved smiles to the abandoned and abused children in Bacold, Negros Occidental.

CHILDREN'S DAY

On November 27, 2023, LBC Foundation hosted Children's Day for **one hundred seven (107) children** aged 5-8 yrs old of St. Marie Eugenie Learning Center in Remarville Subdivision, Bagbag, Quezon City. SMELC is the Day Care Center managed by Kagabay Foundation which was a partner of LBC Foundation since 2011.

The children enjoyed parlor games, magic performances, and bubble show offered by LBC Foundation. Following the program, each student received a **meal pack.**

A total of **19** LBC volunteers participated.

DURING PARLOR GAMES

DURING BUBBLE SHOW

DISTRIBUTION OF MEAL PACK

DISPOSAL DONATION

175	BOXES DONATED
87	COMMUNITIES
2,680	FAMILIES
1,430	ADULTS
985	CHILDREN
2,346	ELEMENTARY STUDENTS
90	PDL

IN-KIND DONATION

UPSKILLS+ FOUNDATION

LBC Foundation delivered forty-one **(41) balikbayan boxes of clothes,shoes and bags, appliamces, food supplement, medicine, medical supplies, beddings and, plastic container** to Upskills+ Foundation. This donations were distributed in their communities in Manila, Bulacan, Cavite, and Baguio. A total of **3,700 person** benefitted.

Distribution of clothes, shoes, bags during UFI " Market Day"

Distribution of medicine and vitamin donations in UFI "Clinic Day"

ONE INDIGO PROJECT

LBC Foundation delivered **seven (7) balikbayan boxes of clothes, shoes and bags** to underserved communities and Indigenous communities in Bukidnon and Cagayan De Oro wherein **60 families, 185 children and adults** benefitted.

Date	Area	No. of Beneficiary
May 25	Brgy 31 Cagayan De Oro City	10 families 25 children 15 adults
June 24	MH Del Pila, Cagayan De Oro City	15 families 30 chiliden 15 adults
August 10	Sitio Balungkot, Dansolihon, Cgayan De Oro	35 famiiles 100 children

ST. PETER THE APOSTLE PARISH

LBC Foundation delivered **five (5) balikbayan boxes of clothes, shoes and bags, school supplies, medicines and vitamins** to underserved communities in Negros Occidental. A total of **800 children and adults** benefitted.

On February 19, LBC Foundation donated to Sister of the Poor of St. Catherine of Siena in Binangonan Rizal where **50 students** and **50 families** benefitted.

On April 11 & April 13, toy donations were distributed in **50 children** in Barangay Menchaca, and **50 children** in Barangay Maaaslob Calatrava, Negros Occidental.

During distribution of the donation in the communities in Sister of the Poor in Binangonan, Rizal

During distribution of the donation in the communities in Bgy Manchaca, Calatrava Neg Occ.

During distribution of the donation in the communities in Brgy Maalob,, Calatrava Neg Occ.

Aside from distribution of toys, on April 11 & April 13, medical mission were also held in Barangay Menchaca, and Barangay Maaaslob Calatrava, Negros Occidental. Medicine donation from LBC Foundation were distributed and used in the "Operation Tuli".

During medical mission and Operation Tuli in Brgy Maalob,, Calatrava Neg Occ.

FUTKALEROS

LBC Foundation delivered ten **(10) balikbayan boxes of football jersey, balls , shoes and bags** to Futkaleros in Bantayan, Cebu. Football supplies were distributed to students of Pangan-an Elementary School. A total of of **300 students** benefitted.

MONASTERY OF THE HOLY SPIRIT

LBC Foundation delivered **seventeen (17) balikbayan boxes of clothes, shoes and bags, medicines and vitamins** to underserved communities in Tagbilaran, Bohol. A total of **1,950 persons** benefitted.

KALIPAY NEGRENSE FOUNDATION

LBC Foundation delivered five **(5) balikbayan boxes of clothes, toys, appliances** bound to Kalipay Negrense home facility in Bacolod, Negros Occidental. A total of of **196 students** benefitted.

Another truck load of donation were delivered that consists of home and bedroom furniture that will definitely benefit the **196 students** of Kalipay Negrense.

DEPED - SAN JOSE DIVISION

LBC Foundation delivered nine **(9) boxes of Covid Essentials, Printing Materials, Toys, Washable masks, and Books** bound to DepEd School Division Office of San Jose Nueva Ecija. A total of   of **750 elementary students** benefitted.

STA. TERESITA OF MIARAYON COMMUNITY SCHOOL

A total of **600 families** benefitted to **21 boxes** of assorted donations that were in Miarayon, Talakag, Bukidnon. Clothes, shoes and bags were distributed to families, medicines were donated to barangay health center.

PROJECT PARABOR

Last October, LBC Foudation in partnership with Project Parabor, a Tarlac based organization who organized outreach program in underserved communities in Tarlac distributed toys in **50 children** in Dueg, Camiling , Tarlac.

ST. MARY MAGDALENE PARISH

LBC Foundation delivered five **(5) balikbayan boxes of medicine, food supplement and religious books** to parishioner. A total of of **1,200 person** benefitted.

KAGABAY FOUNDATION

LBC Foundation delivered **eight (8) balikbayan boxes of clothes, shoes and bags, beauty products and food supplement** to Kagabay communities in QC, Paranaque, Laguna and Caloocan. A total of of **850 person** benefitted.

SEVENTH ADVENTIST CHURCH - PASAY

LBC Foundation donated **7 boxes** of toys, clothes and food supplement. A total of **650 children and adults** benefitted.

MISSIONARIES OF THE POOR

LBC Foundation delivered three **(3) balikbayan boxes of children's clothes, toys and food items** to Missionaries of the Poor in Sta. Ana, Manila A total of **30 children** with cerebral palsy benefitted.

CORROMPIDO GENERAL HOSPITAL, SOGOD

LBC Foundation donated **3 boxes** of disposal facemasks where **600 patients** benefitted.

BJMP PASAY - MALE DORM

LBC Foundation delivered eight **(8) balikbayan boxes of school supplies, books, beddings** to Bureau of Jail Management in Pasay Male Dorm. A tot of **600 PDLs** benefitted.

Delivery of donations to BJMP Pasay Male Dorm

Distribution of donated Tupperware bottles

Doctors and nurses that received face masks donation.

Some of the PDLs who received Tupperware bottles

Some of the PDLs who received bedsheets and linens donation

TYPHOON GORING

During Typhoon Goring, LBC Foundation donated **12 boxes** of used clothes, beddings, assorted food items and food supplement to **300** affected families in Ilocos Region

LIBRARY RENEWAL PARTNERSHIPS

LBC Foundation continue to donate **2 boxes** of books, assorted to Library Renewal Partnerships. From this donations, **100 students** can benefit.

AMOR VILLAGE, ANAO, TARLAC

To help Amor Village beneficiary in their livelihood, LBC Foundation donated **2 boxes** of used beddings to make it rags and doormats. Clothes were distributed to children with disabilities for their daily used.

DEPED - IFUGAO

LBC Foundation delivered two **(2) balikbayan boxes of books for the students of DepEd Ifugao last February 7, 2023** A total of **900 students** benefitted.

CULION SANITARIUM GENERAL HOSPITAL, PALAWAN

LBC Foundation assists underserved hospital in Culion Palawan. Donated **6 boxes** of medical supplies and equipment where **500 patients** benefitted.

MOVE IT FORWARD

749	BOXES SPONSORED SHIPPING
319	COMMUNITIES
308	NGOS SERVED
18	TEACHERS
4,130	ELEMENTARY STUDENTS
400	FAMILIES
480	CHILDREN
300	PATIENTS

WORLD VISION

LBC Foundation provided shipping sponsorship to World Vision Development Foundation last August 23, 2023, for **22 boxes** of School kits donation for Manlagtang Elementary School in Tabogon, Cebu.

These were distributed to **400 students** and **8 teachers**.

STA. TERESITA OF MIARAYON COMMUNITY SCHOOL

LBC Foundation sponsored shipping of **11 boxes** donations of Ateneo University to Sta. Teresita of Miarayon Community School in Talakag, Bukidnon last October 5, 2023.

Donation items will be distributed to **230 students** and **10 teachers** this Christmas.

BOOKS FOR THE BARRIOS

LBC Foundation finances the freight of books from the United States to Books for the Barrios recipients in the Philippines.

This year, **50 boxes** of books were sent and delivered to Bohol and Agusan del Sur wherein **500 students** benefitted.

ADARNA GROUP FOUNDATION

LBC Foundation provide free shipping for Adarna Group Foundation to move **25 boxes** of books for the implementation of Step by Step program in Tarlac, Bataan and Bukidnon communities.

MANILA WATER FOUNDATION

LBC Foundation provide free shipping for Manila Water Foundation to move **4 boxes** of medicine donation bound to Provincial Health office of Agusan del Sur. A total of **300 patients** benefitted.

LIBRARY RENEWAL PARTNERSHIPS

LBC Foundation provide free shipping for Library Renewal Partnerships to move **2 boxes** of books donation from Hongkong donors bound to Manila. A total of **300 students** benefitted.

DEPARTMENT OF EDUCATION

LBC Foundation provide shipping sponsorship to Department of Education in sending their donations to different School Division Office A total of **79 boxes** were sent for FY 2023. A total of **1,000 students** benefitted

CHILD PROTECTION NETWORK

LBC Foundation provide shipping sponsorship for Child Protection Network to send their **180 transactions** of documents and cargoes bound to their client and beneficiaries all over the Philippines.

MONASTERY OF THE HOLY SPIRIT

LBC Foundation provide free shipping for Monastery of the Holy Spirit to send their **4 balikbayan boxes** of supplies from Italy bound to Bohol, Philippines. A total of 300 families benefitted.

ASSOCIATION OF FOUNDATIONS

LBC Foundation provide shipping sponsorship to our network Foundation Association of Foundations to move documents and cargo bound to different member organizations nationwide. A total of **272 transactions** shipped out.

PHILCV

LBC Foundation provide shipping sponsorship to Philippine Coalition of Volunteerism to move toy donations bound to 7 NGO partner. A total of **100 boxes** shipped out.

Across the whole customer journey, LBC has implemented various procedures to ensure the best possible experience.

At branches, a queueing system with a target of 10 minutes waiting time, and 5 minutes transaction time;

With our Customer Care, we monitor answer levels across all channels and have a 24hr closure rate for all complaints that are ticketed;

For Customer Relations Management, various touchpoints are monitored and addressed, including social listening. Regular Customer Satisfaction Rating Surveys are also conducted, as well as "Mystery Shopping."

LBC utilizes an "omnichannel" approach for customer touchpoints, which include on-premise, online (e-mail, website, social media, mobile app), telephone, SMS.

In order to do its part in ensuring Customer Safety:

To date, LBC has been continuously releasing communications to customers, on the following topics:

- Updated (SLAs) Delivery Lead Times
- Updates of Open Branches, via Branch Lookup
- Updated Delivery areas (in case of calamity)
- Advisories for Customer safety
- Availability of Online Bookings, Pickup Services, Online Money Transfer
- Safety protocols


Advisory


Advisory


Advisory
NAGA CITY
CAMALIGAN
CANAMAN
MILAOR
SAN FERNANDO
SIPOCOT
PASACAO
CARAMOAN
SANGAY
GOA
BOMBON
CALABANGA
TINAMBAC


Advisory


Advisory


Advisory


Advisory


How to Track Your Package
Download niyo na ang LBC App!


Save time and effort with LBC's FREE rider pick-up!


We are open to serve you during the
Long-weekend
Apr 6
Apr 7
Apr 8
Apr 9
Apr 10


LBC accepts ePhilID for all transactions.


You worked hard to get to this point and we're here to cheer you on as you face a bright future ahead
LBC is cheering you on!


Book online para hindi na kailangan pumila!


Every padala, handled with utmost care.


asenso HUB
Join ka na sa bago mong All-In-One Business Hub
Sulit pricing
Promotional support
Tips, tricks and best practices from fellow sellers
And so much more!

The Customer Care Team handles all voice and non-voice customer-facing channels, and since 2020 these have been the primary conduit for interaction with customers.

Aside from customer concerns re transactions already completed, LBC's online/ digital assets are also utilized for bookings/sales, and marketing of LBC e-commerce services. Customer interactions are faster, easily accessible, more personalized, convenient and cost-effective.

The CCM team always "goes the extra mile" for the customer. Our people are encouraged to take stock and accountability of all their customer interactions. CCM is evolving beyond customer servicing alongside the digital transformation program of the company. It is slowly opening more digital channels for better access and customer convenience given the commitment to serve customers to the best of our ability and availability.

The Customer Care Management Team is 100% operational 24/7

Achieved a 98% answer level & 100% closure rate across all touchpoints in 2023

Being the virtual frontliners, our touchpoints are open 24/7 to assist/ help customers with all their concerns across all origins. We are one of the few units that has weathered the current situation and adjusted fully.

By living and breathing the LBC brand personality of being helpful; clear, certain & providing convenience for our customers. Given every opportunity or interaction we offer possible solutions to all our customers needs. We strive to accord them the best form of customer service.

	Target	*2023*	*2022*	*2021*	*2020*
Customer Care Answer level	95%	**98%**	**98%**	98%	72%
Customer Care Average handling time (minutes)	4.5	**4.19**	**4.06**	3.5	4.44
Customer Care Total response time (minutes)	5	**3.31**	**3.02**	3.5	9
Customer Care Complaint management					
• **closure rate**	95%	**100%**	**100%**	100%	100%
• **closure rate w/in 24 hours**	95%	**100%**	**100%**	93%	100%

AML Compliance & Customer Data Privacy

As we embark on another year of progress and reflection, it is with great pleasure that I present the Year-End Report for 2023 of the LBC Compliance Department, particularly its integral role in supporting the group's Anti-Money Laundering (AML) efforts.

AML News of 2023:

The year 2023 saw significant developments in the AML landscape, with regulatory bodies issuing updated guidelines and directives to combat financial crime. The continued inclusion of the Philippines in the "grey list" acted as a driving force for many of these changes, including the implementation of stringent AML/CFT measures within our organization and across the Philippine financial sector. The consequences of being on the grey list are significant, impacting not just how we operate but also our reputation and relationships worldwide.

Enhanced Regulatory Oversight: Regulatory authorities intensified their supervision of financial institutions, placing a heightened emphasis on compliance with AML regulations. Increased scrutiny was observed in key jurisdictions, necessitating robust compliance frameworks.

Technological Innovations: The adoption of advanced technologies such as artificial intelligence and machine learning continued to reshape AML compliance efforts. Due to this innovations, financial and non-financial institutions are now faced with different risks employed by criminals and scammers. There is an increased sophistication on financial crimes and this presented new challenges for AML practitioners. Emerging threats, including the proliferation of cryptocurrencies and the rise of illicit finance networks, underscored the need for adaptive and forward-thinking compliance strategies

AML Compliance & Customer Data Privacy

In this context, the Annual Report shows our dedication to regulatory compliance and integrity. It highlights the efforts of our team in creating strong compliance programs, improving checks on customers, and adapting to changes in rules. Plus, it gives a detailed look at what we've achieved, the obstacles we've faced, and what we hope to do next in terms of compliance.

Forward-Looking Statement for 2024:

Looking ahead to 2024, we remain committed to strengthening our AML compliance framework and proactively addressing emerging risks.

Enhanced Training and Awareness:
We recognize the importance of fostering a culture of compliance across our organization. In 2024, we will prioritize comprehensive training programs and awareness initiatives to empower employees with the knowledge and tools needed to fulfill their AML responsibilities effectively.

Strengthened Partnerships:
Collaboration with regulatory authorities, industry peers, and technology partners will remain a cornerstone of our AML strategy. By fostering strong partnerships, we can exchange best practices, share insights, and collectively address the challenges posed by financial crime.

Continuous Improvement:
We are committed to a process of continuous improvement, regularly evaluating and enhancing our AML compliance program in response to evolving threats and regulatory developments. Through rigorous risk assessments, internal audits, and feedback mechanisms, we will strive to maintain the highest standards of integrity and accountability.

COMPLIANCE

2023

YEAR END REPORT

A WORD FROM THE COMPLIANCE OFFICER

As we embark on another year of progress and reflection, it is with great pleasure that I present the Year-End Report for 2023 of the LBC Compliance Department, particularly its integral role in supporting the group's Anti-Money Laundering (AML) efforts.

AML News of 2023:

The year 2023 saw significant developments in the AML landscape, with regulatory bodies issuing updated guidelines and directives to combat financial crime. The continued inclusion of the Philippines in the "grey list" acted as a driving force for many of these changes, including the implementation of stringent AML/CFT measures within our organization and across the Philippine financial sector. The consequences of being on the grey list are significant, impacting not just how we operate but also our reputation and relationships worldwide.

Enhanced Regulatory Oversight: Regulatory authorities intensified their supervision of financial institutions, placing a heightened emphasis on compliance with AML regulations. Increased scrutiny was observed in key jurisdictions, necessitating robust compliance frameworks.

Technological Innovations: The adoption of advanced technologies such as artificial intelligence and machine learning continued to reshape AML compliance efforts. Due to this innovations, financial and non-financial institutions are now faced with different risks employed by criminals and scammers. There is an increased sophistication on financial crimes and this presented new challenges for AML practitioners. Emerging threats, including the proliferation of cryptocurrencies and the rise of illicit finance networks, underscored the need for adaptive and forward-thinking compliance strategies

In this context, the Annual Report shows our dedication to regulatory compliance and integrity. It highlights the efforts of our team in creating strong compliance programs, improving checks on customers, and adapting to changes in rules. Plus, it gives a detailed look at what we've achieved, the obstacles we've faced, and what we hope to do next in terms of compliance.

Forward-Looking Statement for 2024:

Looking ahead to 2024, we remain committed to strengthening our AML compliance framework and proactively addressing emerging risks.

Enhanced Training and Awareness:
We recognize the importance of fostering a culture of compliance across our organization. In 2024, we will prioritize comprehensive training programs and awareness initiatives to empower employees with the knowledge and tools needed to fulfill their AML responsibilities effectively.

Strengthened Partnerships:

Collaboration with regulatory authorities, industry peers, and technology partners will remain a cornerstone of our AML strategy. By fostering strong partnerships, we can exchange best practices, share insights, and collectively address the challenges posed by financial crime.

Continuous Improvement:
We are committed to a process of continuous improvement, regularly evaluating and enhancing our AML compliance program in response to evolving threats and regulatory developments. Through rigorous risk assessments, internal audits, and feedback mechanisms, we will strive to maintain the highest standards of integrity and accountability.

Thank you for your unwavering support and commitment to our shared vision of integrity and transparency.

Irene Isidoro-Torres
LBC Compliance Officer

THE COMPLIANCE TEAM

The dedicated Compliance Team serves as the cornerstone of our organization's commitment to upholding regulatory standards and fostering a culture of compliance. Led by a Vice President for Compliance, the team comprises of: Compliance Manager, Compliance Researcher, and Compliance Analysts, each bringing a wealth of expertise and experience to their respective roles.

“Compliance does not foster innovation, trust does. You can't sustain long-term innovation, in a climate of distrust”. - Stephen Covey

At the helm, is VP for Compliance who provides strategic direction and guidance, ensuring that compliance initiatives align with industry best practices and regulatory requirements. Working alongside the VP for Compliance is the Compliance Manager who oversees day-to-day operations, ensuring the seamless implementation of our compliance programs across all levels of the organization.

CARLOS SUMILI, Compliance Manager
IRENE ISIDORO-TORRES, VP for COMPLIANCE ,
MARY JANE MONTEBON, Compliance Researcher

THE ANALYSTS

Supporting these efforts are our diligent Compliance Researcher and Compliance Analyst, who play integral roles in conducting thorough research, analyzing data, and identifying emerging trends and risks in the regulatory landscape

Together, our Compliance Team works tirelessly to implement and support all the LBC Group's AML compliance efforts, contributing to the success of our group-wide compliance program.

Their dedication and expertise are vital in safeguarding the integrity of our operations and mitigating risks associated with financial crime.

CARLOS SUMILI
Compliance Manager
Tenure 12 Years

MARY JANE MONTEBON
Compliance Researcher
Tenure 15 Years

SARAH MAY GODOY
Compliance Analyst
Tenure 9 Years

MARK ANTHONY SALAZAR
Compliance Analyst
Tenure 10 Years

MARVIN LAROYA
Compliance Analyst
Tenure 8 Years

MARJORIE REYES
Compliance Analyst
Tenure 7 Years

LEA JIELEEN ESTONILO
Compliance Analyst
Tenure 4 Years

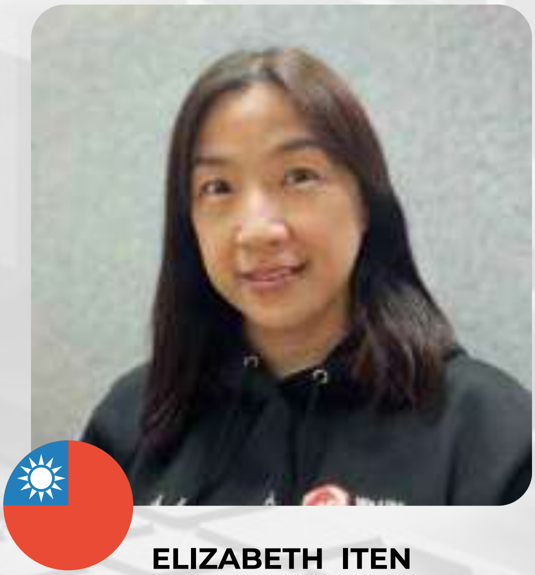
RAUL DIAZ
Compliance Analyst
Tenure 2 Years

MARFIE ESPEJON
Compliance Analyst
Tenure 1 Year

THE COMPLIANCE OFFICERS

Mylene Larsen brings over 20 years of invaluable experience as LBC's USA BSA/AML compliance officer. Armed with a Bachelor of Science in Mathematics from the University of San Carlos and a Master's Degree in Public Administration from the University of Illinois-Chicago, she has been a certified member of the Association of Certified Anti-Money Laundering Specialists (ACAMS™) since May 2005. Beyond her professional acumen, Mylene finds joy in exploring the world through travel, embracing the great outdoors through camping, and seeking adventure on motorcycle rides.

MYLENE LARSEN
Compliance Officer, USA



ELIZABETH ITEN
Country Manager &
Compliance Officer, Taiwan

Elizabeth Iten is a seasoned professional with over a decade of experience in compliance and management. Joining LBC Taiwan in 2008, she quickly rose to the role of Country Manager in 2012. With a background in the remittance and cargo industry, as well as experience in inbound management for a leading travel agency in Manila, Elizabeth brings a wealth of expertise to her current role. Holding a degree in AB Mass Communication from St. Scholastica's College Manila, she is dedicated to excellence in both her professional and personal pursuits, including reading, baking, and traveling. Elizabeth's strategic leadership and commitment to compliance make her an invaluable asset to LBC Taiwan.

THE COMPLIANCE OFFICERS

Kai holds a Bachelor of Science in Nursing from Centro Escolar University and boasts 15 years of experience at LBC Australia Pty Ltd, where she served as a Compliance Officer for a decade. She also held roles at LBC, eventually becoming the Team Head of the Sydney branch. Prior to her time at LBC, Kai worked at a clothing store in Sydney. Beyond work, she is a gym enthusiast, foodie, and plant lover, reflecting her diverse interests and dynamic personality.

MARICAR ARAULLO
Compliance Officer, Australia

NORHAYATI TAJUDIN
Compliance Officer, Brunei

Norhayati, a dynamic professional, embarked on her career journey as a customer associate and compliance officer at LBC Brunei in October 2020, leveraging her National Diploma in Office Administration. With a brief stint as a Food Service Cashier at Jollibee Brunei, she adeptly manages diverse tasks with finesse. Beyond her professional pursuits, she finds solace in brisk walks, sunset vistas, and immersing herself in the captivating world of fiction literature.

THE AML COMMITTEE

LBC's AML Committee plays a pivotal role in promoting a culture of compliance and integrity within the organization, safeguarding its reputation and financial stability, and mitigating the risks associated with money laundering and terrorist financing

The committee is comprised of senior executives and key stakeholders from various departments within LBC:

Mr. Enrique V. Rey, Jr.
Mr. Rene V. Fuentes
Mr. Oliver Valentin
Mr. Alexander Francis D. Deato
Mr. Hermogenes Mercado
Atty. John Paul Louis D. Misa

The committee oversees the organization's AML compliance program, ensuring adherence to regulatory requirements and effectiveness. This involves reviewing compliance reports, audit findings, and regulatory examinations to pinpoint areas for enhancement and remediation.

Additionally, the committee develops, reviews, and updates AML policies, procedures, and controls in alignment with regulatory standards and industry best practices. Collaborating with the Compliance office, it devises strategies to mitigate risks effectively.

Furthermore, the committee establishes robust communication and reporting channels to promptly escalate significant AML matters to senior management and the board of directors. This encompasses reporting on program performance, regulatory updates, and emerging risks.

ATTENDANCE TO AML COMMITTEE MEETING

	Q1	Q2	Q3	Q4
Enrique V. Rey, Jr	✓	✓	✓	✓
Rene E. Fuentes	✓	X	X	X
Oliver Valentin	✓	X	✓	✓
Alfie Deato	✓	✓	✓	X
Hermogenes Mercado	✓	✓	✓	✓
John Paul Misa	✓	✓	X	✓

LBC REMITTANCE NETWORK

In order to facilitate the transfer of money or funds from one location to another, LBC has built a remittance network composed of its local branches, overseas affiliates and partners. LBC's remittance network plays a crucial role in facilitating transactions to send and receive and enabling individuals to send and receive money domestically and globally.

REMITTANCE PARTNERS

Remittance partners play a crucial role in extending LBC's services to regions or remittance corridors where we lack physical presence or offices. Acting as their payout agent enables us to facilitate seamless transactions and expand our reach, ultimately enhancing our ability to serve a broader customer base.

In recent years, the number of our remittance partners has decreased by 20% since 2020. Despite this decline, these partnerships remain vital as we gain access to markets that would otherwise be inaccessible. Collaborating with these partners not only facilitates seamless transactions but also enhances our ability to serve a broader customer base, thereby strengthening our market presence and impact.

YEAR	NO OF PARTNER
2020	52 partners
2021	48 partners
2022	50 partners
2023	41 partners

REMITTANCE PARTNERS

LOCAL PARTNERS

1. ASIA UNITED BANK CORPORATION
2. BANK OF COMMERCE
3. CHINA BANKING CORPORATION
4. METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
5. RIZAL COMMERCIAL BANKING CORPORATION
6. BANK OF THE PHILIPPINE ISLANDS
7. LAND BANK OF THE PHILIPPINES
8. EIGHT UNDER PAR (PAWNSHOP OPERATOR), INC. DOING BUSINESS UNDER THE NAME AND STYLE OF PALAWAN PAWNSHOP
9. PETNET, INC. (FOR WESTERN UNION)
10. .PINOY EXPRESS HATID PADALA SERVICES, INC.
11. NEW YORK BAY PHILIPPINES, INC. (TRANSFAST)
12. FILREMIT CORP.
13. CEBUANA LHUILLIER SERVICES CORPORATION
14. OPTIMUM EXCHANGE REMIT INC.
15. P. J. LHUILLIER, INC.
16. MICHAEL J. LHUILLIER FINANCIAL SERVICES (PAWNSHOPS), INC.
17. UNITELLER FILIPINO INC.

INTERNATIONAL PARTNERS

1. PACIFIC ACE FOREX H.K. LIMITED
2. AL ANSARI EXCHANGE L.L.C.
3. PLACID NK CORPORATION, D/B/A PLACID EXPRESS
4. SMJ TERATAI SDN. BHD.
5. TML REMITTANCE CENTER SDN. BHD.
6. MONEY EXCHANGE S.A.
7. INSTANT CASH FZE
8. PHILIPPINES REMITTANCES LIMITED
9. XOOM CORPORATION (PayPal)
10. ATIN ITO VARIETY BAKERY & REMITTANCE LTD.
11. WIC WORLDCOM FINANCE LTD.
12. TRANSREMITTANCE CO. LTD.
13. JAPAN REMIT FINANCE CO. LTD.
14. INTEL EXPRESS GEORGIA
15. TRANGLO
16. REMITLY, INC.
17. MERCHANTRADE ASIA SDN. BHD.
18. INTERMEX WIRE TRANSFER, LLC
19. ENVIOS DE VALORES LA NACIONAL
20. SIGUE CORPORATION
21. WORLDREMIT CASH EXPRESS LIMITED
22. SMALL WORLD FINANCIAL SPAIN
23. CONTINENTAL EXCHANGE SOLUTIONS, INC. dba RIA FINANCIAL SERVICES
24. AT SERVICES LIMITED

LBC BRANCHES

A key strength of LBC lies in its extensive network of branches across the Philippines. Each of these branches is integrated into our company's network, enabling them to efficiently handle both the acceptance and payout of remittances. This widespread presence ensures accessibility for our customers throughout the country, enhancing convenience and reliability in their remittance transactions.

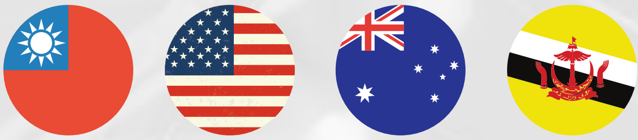
1,532 Branches

BRANCHES REGISTERED UNDER LBC NETWORK AS OF DECEMBER 31, 2023

2021	2022	2023
1,628 Branches	1,607 Branches	1,532 Branches

Branches of Origins

Country	No. of BRANCHES
LBC Australia	4
LBC Brunei	1
LBC Taiwan	3
USA Mundial	20
North America	3
Hawaii	3
Nevada	3
Saipan	1



A key strength of LBC lies in its extensive network of branches across the Philippines. Each of these branches is integrated into our company's network, enabling them to efficiently handle both the acceptance and payout of remittances. This widespread presence ensures accessibility for our customers throughout the country, enhancing convenience and reliability in their remittance transactions.

2023 HIGHLIGHTS

MTPP REVISED

LBC's policy requires the review of its Money Laundering Terrorist Financing Program (MTPP) every two (2) years. This requirement ensures that it remains up-to-date with changing regulations, evolving risks, and industry best practices. This regular assessment helps LBC adapt its AML measures to emerging threats, maintain compliance, and enhance effectiveness in combating money laundering activities. It also reflects the LBC's commitment to proactive risk management and regulatory compliance.

In line with this commitment, LBC's MTPP underwent a review, and changes were approved by the Board of Directors on June 6, 2023, affirming its commitment to maintaining a robust AML framework.

2023 HIGHLIGHTS

AMLA REFRESHER TRAINING

As a Covered Person, LBC is mandated to maintain an effective and ongoing anti-money laundering (AML) and countering terrorist financing (CTF) training program for all employees involved in its remittance business. The primary aim of our training initiative is not simply to disseminate information but to foster a culture of compliance.

This year, we have streamlined our AML Refresher Training for our frontliners to enhance efficiency and engagement. Unlike previous editions, which comprised of (3) three modules, this year's training has been condensed to (2) two modules. This adjustment is aimed at optimizing the learning experience and ensuring participants receive crucial information effectively. Our objective is to deliver a more focused and concise training session.

We have carefully curated the training content to cover essential AML concepts, regulations, and best practices pertinent to our organization. By concentrating on the most critical topics, we aim to equip participants with the knowledge and skills necessary to actively contribute to our AML compliance endeavors.

96% ON TIME AMLA REFRESHER TRAINING CONDUCTED FOR LBC'S FRONTLINERS

2023 HIGHLIGHTS

LBC AML ADVOCACY EXCELLENCE AWARD:

RECOGNIZING OUTSTANDING LBC CERTIFIED TRAINERS IN ANTI-MONEY LAUNDERING

Aimed at recognizing and celebrating the exceptional contributions of Certified Trainers in promoting a culture of compliance within the organization through training. The project seeks to spotlight the efforts of trainers who have demonstrated exemplary commitment, garnered positive feedback, and achieved tangible impacts through their training endeavors.

Criteria for the AML Advocacy Excellence Award: LBC Certified Trainers who are eligible for consideration must have:

1. Finished the LBC T3 Training
2. Successfully completed and cascaded the LBC AML training to identified participants with outstanding results.
3. Received positive feedback and testimonials from participants, peers, and organizations they have trained.
4. Demonstrated an unwavering commitment to raising awareness about anti-money laundering practices and regulations.

2023 HIGHLIGHTS

THEMATIC REVIEW OF AMLC

In January 2023, the Anti-Money Laundering Council (AMLC) included LBC Express in in its thematic review. The review aimed to establish a baseline audit of Covered Persons' screening capabilities in implementing TFS (Terrorist Financing Sanctions). It sought to provide an initial assessment of the Philippines' ability across sectors to identify accounts owned or held by designated individuals and organizations under the TFS Thematic

Based on the thematic review, LBC's screening tool performed well compared to the "Global Benchmark" and the "AMLC Group Average". In the Control test using names directly from UNSCL and OFAC lists, LBC's score showed a slight deviation of only 1.97% to 2.52% below the "Global Benchmark". Additionally, in the Manipulated Test evaluating fuzzy matching capabilities, our tool performed even better, exceeding the Global Average by up to 2.23%. These results demonstrate the reliability and proficiency of our screening tool, meeting benchmark and average performance standards

SYSTEM TESTED	CONTROL TEST	MANIPULATED TEST
Clients Screening	**93.67%** -2.52% below the Global Benchmark 96.27% +26.48% above the AMLC Group of 67.27%	**91.13%** +2.23% above the Global Average +34.27% above the AMLC Group Average
Transaction Screening	**93.73%** -1.97% below the Global Benchmark 95.70% +43.27% above the AMLC Group Average of 50.46%	**91.20%** +.31% above the Global average 90.89% +52.27% above the AMLC Group Average of 38.94%

2023 HIGHLIGHTS

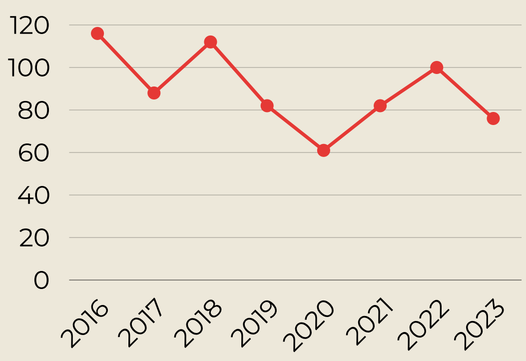
NEWSLETTERS & REVIEWERS ISSUED

In the face of a dynamic regulatory landscape, staying informed is paramount. Recognizing this, we made it a priority to share relevant news articles and updates with the organization. By doing so, we ensured that each member of our team was equipped with the knowledge and awareness necessary to uphold our compliance standards effectively.

In addition to providing regular updates, we have also taken proactive steps to enhance the knowledge and expertise of our employees. We have published comprehensive reviewers tailored to our specific business operations. These reviewers serve as valuable resources to help reinforce key concepts and best practices related to AML compliance.

COVERED TRANSACTION REPORT

76 CTR FILED WITH AMLC



Covered Transaction Reports filed with AMLC from 2015-2023

Under the Anti-Money Laundering Act (AMLA), financial institutions are obligated to file Covered Transaction Reports (CTRs) for certain transactions that meet specific criteria. These reports serve as a crucial tool in combating money laundering and other financial crimes by monitoring large or suspicious transactions.

Part of LBC obligation is to identify transactions that meet or exceed the designated threshold amount. Once identified, LBC must promptly report these transactions to the AMLC through the submission of Covered Transaction Reports (CTRs). LBC also ensures that there are internal controls to ensure the timely and accurate filing of CTR.

For 2023

- LBC filed a total of 76 Currency Transaction Reports (CTRs) with the AMLC.
- Out of these 76 CTRs, 69 were for international inward remittances.
- There was a 24% decrease in CTR filings compared to the previous year, which totaled to 100.
- There was an increase in domestic CTR filings with the company filing 7 reports compared to 4 in the previous year, marking a 43% increase.

The decrease in CTR filings from the previous year (100 in total) to the current year (76 in total) may be attributed to the closure of the Hong Kong office in August. This closure resulted to a fewer international inward transaction which is the source of most of the CTRs.

COVERED TRANSACTION REPORT

Majority of the CTRs filed in 2023 were for international inward remittances (69 out of 76). This indicates a strong reliance on international remittances as a source of LBC's overall CTR reporting,

Despite the decrease of CTR reporting domestically, there was an increase in CTR reporting with Robinsons Manila having the highest number of reports which were all for pay collect transactions.

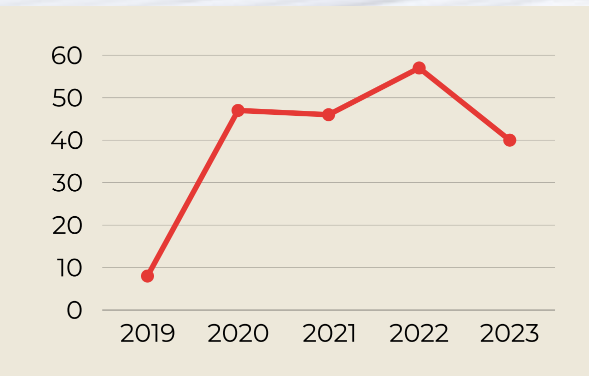
BRUNEI	51
HONG KONG	14
TAIWAN	3
PARTNERS (LIMICA & NATIONAL)	1

Robinsons Manila	3
Sablayan Mindoro	2
Gaisao San Jose Occidental	1
Mindoro Mamburao	1

BRUNEI CTR

40 CTR

FILED WITH BRUNEI DARUSSALAM CENTRAL BANK



In Brunei, Currency Transaction Reports (CTRs) play a vital role in monitoring and regulating financial transactions to prevent money laundering and other illicit activities. The guidelines for CTR reporting in Brunei specify that a CTR must be submitted under the following circumstances:

1. Single Cash Transactions: Any single cash transaction amounting to B$15,000 or above, or its equivalent in foreign currency, requires the submission of a CTR.

2. Linked Cash Transactions: If multiple cash transactions, totaling B$15,000 or above within a 24-hour period, appear to be linked or connected in some way, a CTR must be filed.

In the year 2023, a total of 40 Currency Transaction Reports (CTRs) were filed with the Brunei Darussalam Central Bank. This figure reflects a notable 30% decrease from the previous year's filings. Interestingly, this decrease occurred despite a slight 15% increase in the number of units being sent from Brunei. This may suggest that LBC customers in Brunei, tend to conduct transactions involving lower amounts but with higher frequency.

SUSPICIOUS TRANSACTION REPORT

1255
STR filed with AMLC

17.49%
Percentage DECREASE of STR compared to last year

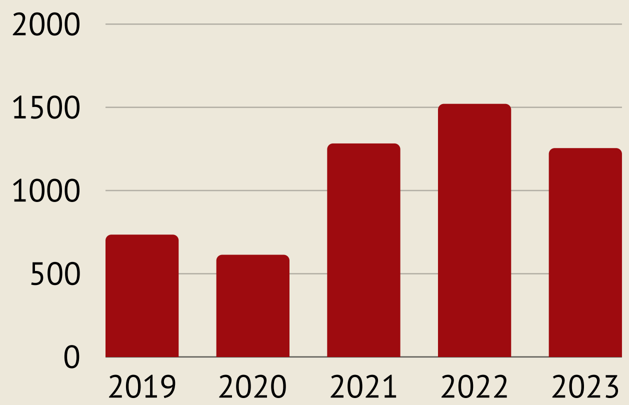
LBC is required to file suspicious transaction reports if it has reasonable grounds to suspect that the transaction may be related to illegal activities.

The Compliance Department, with the aid of its AML software, flags transactions and files suspicious transaction reports whenever necessary.

Suspicious transactions are triggered if we think that:

- There appears to be no underlying trade or legal obligation
- Customer is not properly identified
- The transaction amount do not appear to be commensurate with the financail capacity of the customer
- Transaction deviates from an established pattern of transactions of the customer
- Transaction appears to be related to a predicate crime.

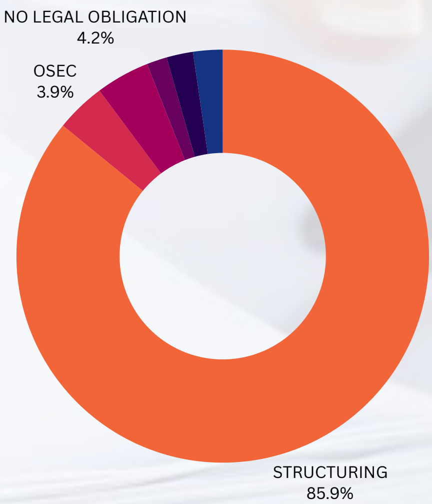
- There was a decrease in the filing of Suspicious Transaction Reports (STRs) by 17% compared to the previous reporting period.
- This decrease may be attributed to various factors, with one significant factor being a 31% decrease in the volume of transactions during the same period.



STRs filed with AMLC from 2019-2023

TOP REASONS FOR STR FILED WITH AMLC

Structuring	85%
No underlying trade or obligation	4.2%
Online Sexual exploitation of Children	3.9%
Terrorist Financing	2.1%
Swindling	1.6%
Others	2.1%



Despite the decrease in the number of STRs filed relating to “Online Sexual Exploitation of Children”, it still remains the top predicate-related STRs filed for 2023.

SUSPICIOUS TRANSACTION REPORT ORIGINS

1,924
Suspicious Activity Reports filed with FINCEN US TRANSACTIONS

8
Suspicious Transaction filed with Brunei Darussalam Central Bank (BDCB)

5
Suspicious Matter Report filed with AUSTRAC (Australia)

Origin	2019	2020	2021	2022	2023
USA	1,371	1,414	2,970	2,725	1,924
HK	0	1	0	14	0
TWN	0	0	0	0	0
BRU	0	3	1	14	8
AUS	3	4	3	1	5
	1,374	**1,422**	**2,974**	**2,754**	**1,937**

BY THE NUMBERS

1532
Registered Branches under our Network

74
Branches reported closed

5
Memo Advisories Issued

54
Special Trainings for Branches

87
Replied to Enhanced Due Diligence Request by Partners

199
Request for list of transaction from customers

9
Resolved BSP endorsed complaint

27
Completed Due Diligence of Partners

3,406 AMLA
Refresher Training Conducted

REPORTS FILED WITH BSP

Quarterly Reports on total value of foreign and domestic remittance transactions

	2023	2022	2021	2020
Q 1	ON TIME	LATE	LATE	LATE
Q2	ON TIME	LATE	ON TIME	ON TIME
Q3	*LATE	ON TIME	ON TIME	ON TIME
Q4	**LATE	ON TIME	ON TIME	ON TIME

*Report filed 3 Days late
**Report filed 1 Day late

REQUIREMENT: Based on Section 4511N.6 of MORNBFI - Money Service Business are required to file **Quarterly Reports** on the **total value of foreign and domestic remittance transactions** which shall be submitted within ten (10) business days from the end of the reference quarter.

18

BSP ENDORSED COMPLAINTS

We have received nine (9) complaints endorsed to BSP.

Complaint about the late delivery of credit cards (cargo)	8	Undeposited or delayed crediting of remittance	4
Non-acceptance of the new P1,000 Bill	1	COD/COP Payments	4
Non-acceptance of the ePhil ID	1		

All remaining complaints were promptly addressed and responses were provided to BSP within 3 to 4 days of receipts.

While some customers utilized BSP's consumer complaint process for issues related to the delivery process of credit cards, we have observed persisting complaints regarding delays in the payment of our COD-COP product.

COMPLIANCE SELF-TESTING (CST)

KYE TEST

NAO TEST

RECORD KEEPING TEST

KYC TEST

To uphold LBC's commitment to a robust AML Compliance Program, the Compliance Department has devised a strategy aimed at quantitatively assessing the compliance of business units with specific Compliance Policies and Procedures. Through this approach, resources can be allocated to areas where adherence to regulatory procedures falls below satisfactory levels.

The Compliance Self-Testing Program (CST) entails the execution of standardized tests consistently, intended to gauge compliance with regulatory requirements. While these procedures are not exhaustive in identifying all errors, they are designed to uncover statistically significant deviations from compliance within the organization.

Results of the testing, along with any corrective actions required from the business units, are promptly reported to the AML Committee, ensuring transparency and accountability throughout the compliance process.

SUMMARY

Based on the results of our compliance self-testing program, we are pleased to report a notable improvement in error rates across various tests, with reductions ranging from 4% to 10%.

Notably, the most significant improvement was observed in the Recordkeeping Test, which exhibited a noteworthy decline in error rates by 10%.

The declining error rates signify a positive trend towards enhanced compliance within our company. These results reflect the effectiveness of our proactive approach to compliance monitoring and underscore the dedication of our team to upholding regulatory standards.

CST RESULTS

KNOW YOUR EMPLOYEE

Section 16.0 of LBC's MTPP provides that "LBC's hiring and recruitment policies are in place to assure that employees hired handling customer transactions have no criminal records and that appropriate background checks have been conducted."

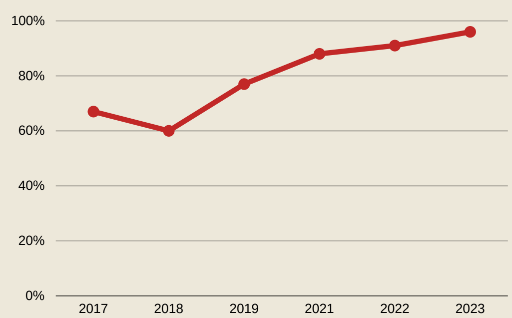
This is a test to check if new hires have been vetted properly and NBI clearance was submitted.

ERROR RATE	4%
PERCENTAGE OF COMPLIANCE	96%

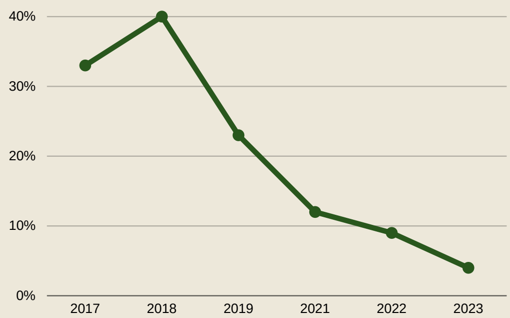
Improved results for the 2023 showing that of the 228 samples, there were only 8 errors or 4% error rate. This is a decrease of errors by 2 prcent from 2022.

QUARTER	SAMPLE SIZE	ERROR RATE	PERCENTAGE OF COMPLIANCE
Q1	50	4%	96%
Q2	76	8%	92%
Q3	52	0%	100%
Q4	50	0%	100%

Percentage of Compliance



Error Rate



CST RESULTS

NEW ORIENTATION HIRE TEST

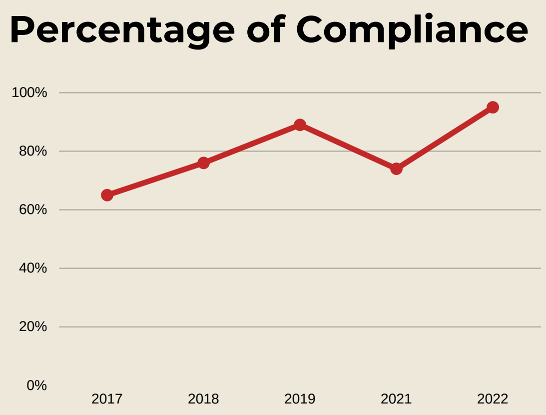
It is the policy of LBC to provide its employees with AMLA induction training within 30 days from hire.

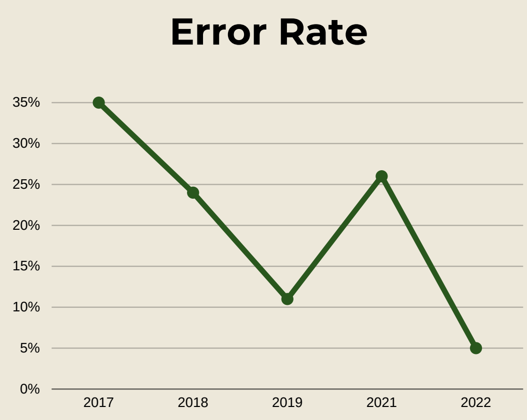
Section 16.1.3. states that all new hires must have AML Training within thirty days after being hired. In order to implement this, one of the modules of the online New Hire Orientation Training (NAO) includes an AMLA module. This test is then conducted to assess if new hires are given the requisite NAO training within 30 days of being hired.

QUARTER	SAMPLE SIZE	ERROR RATE	PERCENTAGE OF COMPLIANCE
Q1	43	7%	93%
Q2	49	6%	94%
Q3	56	5%	95%
Q4	29	0%	100%

Improved results for the 2023 showing that of the 491 samples, there were only 18 errors or 4% error rate.

ERROR RATE	**4%**
PERCENTAGE OF COMPLIANCE	**86%**





CST RESULTS

RECORD KEEPING TEST

As a covered person, LBC is required to keep transaction and KYC records. The obligation to keep records also means the ability to retrieve these documents upon request.

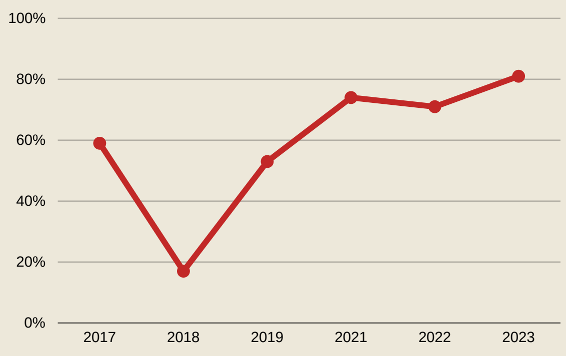
Compliance conducts this test to gauge the compliance on record keeping obligations.

QUARTER	SAMPLE SIZE	ERROR RATE	PERCENTAGE OF COMPLIANCE
Q1	123	17%	83%
Q2	109	29%	71%
Q3	97	11%	89%
Q4	93	17%	83%

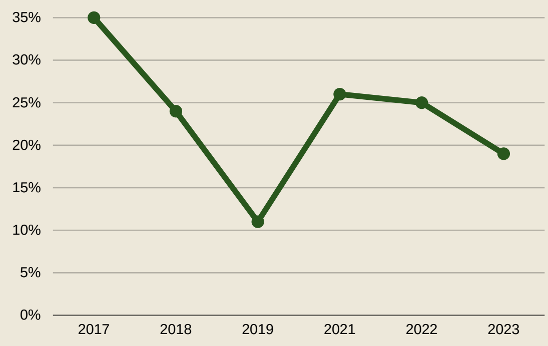
ERROR RATE	19%
PERCENTAGE OF COMPLIANCE	81%

Improved results for the 2023 with 81% over-all percentage of compliance. Out of 422 samples, the error is 19% a 10% decrease from errors in 2022.

Percentage of Compliance

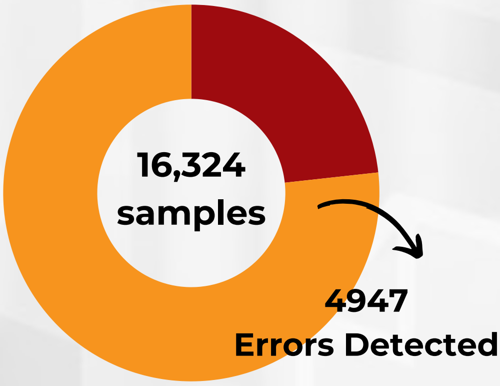


Error Rate



KYC TEST

DECREASE IN ERROR RATE FROM 33.5% TO 23.3%



Results were a product of the monitoring done by the Card Department of Money Backroom.
Using the remittance form (Send or Receive Form), the team takes samples from different branches and compares the form with the *I-Card Profile* created in the system.

1. Blurred ID Image
2. No Customer Signature on the POP / Discrepandy in Signature
3. Mobile Number is Different on the form
4. Improper Capturing of ID / Unreadble ID / No ID Captured
5. Incomplete ID No. / Incorrect ID No.
6. Expired ID
7. Improper Tagging of ID
8. Incomplete Address / No Address Encoded
9. No Information in Receivers Form
10. Invalid ID Presented

AREAS WITH LOWEST NUMBER OF ERRORS

SMCCI 36 ERRORS	NEL 49 ERRORS	CMM 65 ERRORS	CCEB 72 ERRORS
CARAGA 73 ERRORS	WV-PANAY 74 ERRORS	NWL 79 ERRORS	SCEB 80 ERRORS

ERROR RATES IN AREAS

NL 341 ERRORS	CL 339 ERRORS	NEMM 318 ERRORS	SLCS 265 ERRORS
EVIS 253 ERRORS	NWMM 224 ERRORS	SLCN 217 ERRORS	EMM 212 ERRORS
EMIN 199 ERRORS	SL 173 ERRORS	CEL 170 ERRORS	WV 166 ERRORS

Other areas have between 150 to 81 errors

UN Sustainable Development Goals

LBC Express Holdings, Inc.
Sustainability Report 2023

LBC is committed to supporting the following UN Sustainable Development Goals:

1	**No Poverty**
3	**Good Health and Well-Being**
4	**Quality Education**
5	**Gender Equality**
8	**Decent Work and Economic Growth**
9	**Industry, Innovation, and Infrastructure**
12	**Responsible Consumption and Production**
13	**Climate Action**
16	**Peace, Justice and Strong Institutions**
17	**Partnerships for the Goals**

ANNEX F

CR07518-2024

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
   Sep 30, 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?
    (selected) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange
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

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	Sep 30, 2024
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2024	Dec 31, 2023
Current Assets	6,923,529,066	6,640,044,406
Total Assets	14,948,478,099	15,374,768,418
Current Liabilities	10,476,028,503	10,230,993,031
Total Liabilities	13,253,620,434	13,448,688,558
Retained Earnings/(Deficit)	176,742,430	304,563,778
Stockholders' Equity	1,694,857,665	1,926,079,860
Stockholders' Equity - Parent	1,704,860,838	1,945,716,341
Book Value per Share	1.2	1.36

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	3,450,341,506	3,509,802,163	10,582,635,183	10,882,486,461
Gross Expense	3,291,038,307	3,342,859,527	10,092,232,807	10,424,600,767

Non-Operating Income	113,084,711	169,929,731	86,811,838	156,350,701
Non-Operating Expense	134,826,166	181,426,121	617,934,130	388,446,859
Income/(Loss) Before Tax	137,561,744	155,446,246	-40,719,916	225,789,536
Income Tax Expense	68,340,515	31,814,593	81,004,046	20,033,591
Net Income/(Loss) After Tax	69,221,229	123,631,653	-121,723,962	205,755,945
Net Income Attributable to Parent Equity Holder	65,612,304	130,914,699	-127,821,352	215,225,527
Earnings/(Loss) Per Share (Basic)	0.05	0.09	-0.09	0.15
Earnings/(Loss) Per Share (Diluted)	0.05	0.07	-0.09	0.15

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.12	-0.23
Earnings/(Loss) Per Share (Diluted)	-0.12	-0.23

Other Relevant Information
None.

Filed on behalf by:

Name	Ernesto III Naval
Designation	Alternate Corporate Information Officer

C O V E R   S H E E T

SEC Registration Number

	A	S	9	3	0	0	5	2	7	7

C O M P A N Y   N A M E

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

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

LBC HANGAR, GENERAL AVIATION
CENTRE, DOMESTIC AIRPORT
ROAD, PASAY CITY, METRO MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	**+632 8856-8510**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
485	**2nd Monday of June**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Enrique V. Rey, Jr.	**evrey@lbcexpress.com**	**+632 8856-8510**	**-**

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: **September 30, 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 September 30, 2024:

Title of each class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,425,865,471[1]
Bond payable	2,179,788,000[2]
Derivative Liability	2,227,742,223[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 September 30, 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 period ended September 30, 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

Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023

Service Revenue

The Company’s service revenue decreased by 3% to ₱10,582.64 million for the nine months period ended September 30, 2024, from ₱10,882.49 million for the nine months ended September 30, 2023, mainly from retail segment by 6%. This is countered by the growth in revenue from the corporate segment by 10%.

Cost of Services

Cost of services decreased by 4% to ₱8,300.87 million for the nine months ended September 30, 2024, from ₱8,604.60 million for the nine months ended September 30, 2023, pertaining to improvement in cost of delivery and remittance by 5% and facilities costs (rental, utilities, depreciation) by 8%. There were reductions in direct cost as management continues to engage in cost rationalization programs which also include consolidation of facilities, rightsizing of workforce and improving operational touchpoints.

Gross Profit

Gross profit slightly increased to ₱2,281.76 million for the nine months ended September 30, 2024, from ₱2,277.89 million for the nine months ended September 30, 2023, primarily related to improved efficiency and cost rationalization.

Operating Expenses

Operating expenses came down to ₱1,791.36 million for the nine months ended September 30, 2024, from ₱1,820.00 million for the nine months ended September 30, 2023, mainly driven by decreases in manpower cost, utilities and supplies, depreciation cost, software maintenance cost and other dues and subscriptions. These movements were countered by increases in professional fees, provision in credit losses, and taxes and licenses.

Operating Income

Operating income is higher by 7% to ₱490.40 million for the nine months ended September 30, 2024, from ₱457.89 million for the nine months ended September 30, 2023, mainly due to improvement in gross profit and decrease in operating expenses.

Other Charges, Net

Other charges, net increased to ₱531.12 million for the nine months ended September 30, 2024, from ₱232.10 million for the nine months ended September 30, 2023, mainly from loss on derivative and interest expense.

Net Income (Loss) after tax

Net loss after tax amounted to ₱121.72 million for the nine months ended September 30, 2024, from income of ₱205.76 million for the nine months ended September 30, 2023, which is mostly from higher Non-operating losses mainly from loss on valuation of convertible bond and interest expense.

This is countered by the uplift in operating income by 7% as the result of rationalization in direct and facilities costs.

Quarter ended September 30, 2024 compared to the quarter ended September 30, 2023

Service Revenue

The Company's service revenue decreased by 2% to ₱3,450.34 million for the quarter ended September 30, 2024, from ₱3,509.16 million for the quarter ended September 30, 2023, mainly from overseas by 6% while improvement can be observed in domestic revenue from the corporate segment by 8%.

Cost of Services

Cost of services went down by 1% to ₱2,707.75 million for the three months ended September 30, 2024, from ₱2,729.64 million for the three months ended September 30, 2023, pertaining to improvement in cost of delivery and remittance cost and decrease in rent, depreciation cost, and utilities and supplies expense, in aligned to the decline in current sales volume and improvement from rationalization program. This was countered by increase in manpower and transportation cost.

Gross Profit

Gross profit amounted to ₱742.92 million for the three months ended September 30, 2024, which is a decrease from ₱780.16 million for the three months ended September 30, 2023, primarily related to movement in sales volume.

Operating Expenses

Operating expenses decreased by 5% to ₱583.62 million for the three months ended September 30, 2024, from ₱613.22 million for the three months ended September 30, 2023, mainly due to decrease in manpower and depreciation cost, despite the increase in professional fees and taxes and licenses.

Operating Income

Operating income amounted to ₱159.30 million for the three months ended September 30, 2024, from ₱166.94 million for the three months ended September 30, 2023, mostly driven by decline in gross profit, countered by lower operating expenses.

Other Charges, Net

Other charges, net increased to ₱21.74 million for the three months ended September 30, 2024, from ₱11.50 million for the three months ended September 30, 2023, because of losses incurred in the valuation of derivative liability in 2024 as compared to gains in 2023. This was offset by gains in foreign exchange and lower interest expense due to extension of maturity of convertible instrument.

Net Income after tax

Net income after tax resulted to ₱69.22 million for the three months ended September 30, 2024, a decline from ₱123.63 million for the three months ended September 30, 2023, mainly due to the following:

- Increase in other charges - net due to losses in incurred in the valuation of derivative, as offset by gains in foreign exchange and lower interest expense.
- Increase in income tax expense to ₱68.30 million in 2024 as compared to ₱31.81 million in 2023.
- Decrease in operating income by 5%.

FINANCIAL CONDITION

As of September 30, 2024 compared to as of December 31, 2023

Assets

Current Asset
Cash and cash equivalents increased by 5% to ₱2,403.15 million as of September 30, 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 ₱2,098.03 million as of September 30, 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 9% and 10%, respectively, offset by the higher allowance for expected credit losses as a factor of the additional provisions this period.

Due from related parties has minimal movement as compared to last reporting period, to ₱1,134.46 million as of September 30, 2024, from ₱1,139.86 million as of December 31, 2023 mainly from settlement of advances and notes receivable, offset by the recognized dividend receivables from an associate.

Investments at fair value through profit and loss increased to ₱2.33 million as of September 30, 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 increased by 2% to ₱1,285.55 million as of September 30, 2024, from ₱1,265.92 million as of December 31, 2023, primarily attributable to additional insurance payments, creditable withholding taxes, reclassification of input VAT on capital goods, which were countered by amortization of prepaid employee benefits, taxes and the reduced level of restricted cash in bank and short-term investments. Notes receivable from a related party was also fully settled during the period.

Noncurrent Assets
Property and equipment, net decreased by 5% to ₱2,507.81 million as of September 30, 2024, from ₱2,644.17 million as of December 31, 2023, mostly due to depreciation expense recognized during the period and retirement of leasehold, office furniture and equipment, and computer hardware related to closed branches.

Right-of-use assets, net is lower by 20% to ₱1,580.18 million as of September 30, 2024, from ₱1,980.48 million as of December 31, 2023, mainly attributable to amortization amounting to ₱646.61 million as of the period, offset by the net effect of additions and end of contracts at ₱246.31 million.

Intangible assets decreased by 4% to ₱228.54 million as of September 30, 2024, from ₱236.89 million as of December 31, 2023, mainly attributable to amortization amounting to ₱56.36 million as of the period, as countered by the additions in one of the subsidiaries amounting to ₱48.25 million.

Investment at fair value through other comprehensive income went down by 40% to ₱115.09 million as of September 30, 2024, from ₱191.16 million as of December 31, 2023, relative to movement in market price from ₱0.98/share to ₱0.59/share.

Investment in associates increased to ₱362.97 million as of September 30, 2024, from ₱355.57 million as of December 31, 2023, due to share in earnings, offset by dividends declaration by one of the associates.

Deferred tax assets - net slightly decreased by 1% to ₱519.72 million as of September 30, 2024, from ₱525.94 million as of December 31, 2023, due to application of net operating loss carry over (NOLCO), as countered by increase in minimum corporate income tax recognized and higher deferred taxes from retirement liability.

Security deposit decreased by 9% to ₱380.64 million as of September 30, 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 ₱2,042.98 million as of September 30, 2024, from ₱2,094.31 million as of December 31, 2023, because of settlements of loan and note receivables as well as reclassification of input VAT on capital goods to current assets.

Liabilities

Accounts and other payable increased by 5% to ₱3,539.08 million as of September 30, 2024, from ₱3,380.08 million as of December 31, 2023, due to increase in trade payables, contracted services, and taxes payable, offset by the lower contractual liabilities and settlement of trade payables to a related party.

Due to related parties increased to ₱18.09 million as of September 30, 2024, from ₱11.48 million as of December 31, 2023, due to additional advances from an affiliate.

Notes payable (current and noncurrent) decreased to ₱1,884.70 million as of September 30, 2024, from ₱2,322.66 million as of December 31, 2023, driven by the settlement of loans amounting to ₱1,482.83 million, offset by total availment during the period amounting to ₱1,044.86 million.

Transmissions liability slightly increased to ₱617.78 million as of September 30, 2024, from ₱606.73 million as of December 31, 2023, mainly attributable to additional transactions.

Income taxes payable declined to ₱3.19 million as of September 30, 2024, from ₱19.44 million as of December 31, 2023, mainly attributable to lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 12% to ₱1,795.41 million as of September 30, 2024, from ₱2,197.83 million as of December 31, 2023, primarily pertaining to lease payments during the period.

Bond payable increased by 10% to ₱2,179.79 million as of September 30, 2024, from ₱1,979.74 million as of December 31, 2023, mainly from the accretion of interest amounting to ₱188.27 million and the foreign exchange losses recognized amounting to ₱10.72 million.

Derivative liability increased to ₱2,227.74 million as of September 30, 2024, from ₱2,030.07 million as of December 31, 2023, related to the loss on valuation incurred for the period amounting to ₱197.67 million.

Retirement benefit obligation increased to ₱987.81 million as of September 30, 2024, from ₱900.66 million as of December 31, 2023, primarily due to accrual of expense recognized in current period.

LIQUIDITY

Cash Flows

Nine months ended September 30, 2024 compared to the nine months ended September 30, 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 and losses, gain and loss on derivative, equity in net earnings of associates and changes in working capital. The Company's net cash inflows from these activities amounted to ₱1,494.85 million and ₱727.77 million for the nine months ended September 30, 2024 and 2023, respectively.

Cash flows from investing activities

Cash used in investing activities for the nine months ended September 30, 2024 and 2023 amounted to ₱53.21 million and ₱552.48 million, respectively. For the nine months ended September 30, 2024, the Company spent ₱129.78 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the nine months ended September 30, 2024 and 2023 amounted to ₱1,290.39 million and ₱1,879.87 million, respectively. 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.

ENRIQUE V. REY, JR.
Chief Finance Officer

November 13, 2024

LBC Express Holdings, Inc.
and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at September 30, 2024 and
for the Nine Months Ended
September 30, 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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 23 and 24)	**₱2,403,148,887**	₱2,281,855,470
Trade and other receivables (Notes 5, 17, 23 and 24)	**2,098,034,739**	1,950,150,885
Due from related parties (Notes 17, 23 and 24)	**1,134,461,634**	1,139,856,145
Investments at fair value through profit or loss (Notes 9, 23 and 24)	**2,332,286**	2,263,568
Prepayments and other current assets (Notes 6, 11, 17, 23 and 24)	**1,285,551,520**	1,265,918,338
Total Current Assets	**6,923,529,066**	6,640,044,406
Noncurrent Assets		
Property and equipment (Note 7)	**2,507,810,155**	2,644,165,028
Right-of-use assets (Note 21)	**1,580,181,115**	1,980,477,828
Intangible assets (Note 8)	**228,538,590**	236,885,271
Investment at fair value through other comprehensive income (Notes 9, 23 and 24)	**115,085,443**	191,158,872
Deferred tax assets - net (Note 20)	**519,724,190**	525,938,028
Security deposits (Note 21)	**380,641,002**	419,197,007
Investment in associates (Note 10)	**362,961,911**	355,569,615
Goodwill (Note 3)	**287,024,985**	287,024,985
Other noncurrent assets (Notes 6, 11 and 17)	**2,042,981,642**	2,094,307,378
Total Noncurrent Assets	**8,024,949,033**	8,734,724,012
	₱14,948,478,099	₱15,374,768,418
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 17, 23 and 24)	**₱3,539,102,431**	₱3,380,083,841
Due to related parties (Notes 17, 23 and 24)	**18,091,496**	11,480,610
Current portion of notes payable (Notes 14, 23 and 24)	**1,137,625,566**	1,375,261,115
Transmissions liability (Notes 13, 17, 23 and 24)	**617,783,522**	606,733,574
Income tax payable	**3,193,165**	19,436,300
Current portion of lease liabilities (Notes 21, 23 and 24)	**752,702,100**	828,187,402
Derivative liability (Notes 15, 23 and 24)	**2,227,742,223**	2,030,069,446
Bond payable (Notes 15, 23 and 24)	**2,179,788,000**	1,979,740,743
Total Current Liabilities	**10,476,028,503**	10,230,993,031
Noncurrent Liabilities		
Retirement benefit liability - net (Note 22)	**987,810,773**	900,655,996
Notes payable - net of current portion (Notes 14, 23 and 24)	**747,071,775**	947,400,258
Lease liabilities - net of current portion (Notes 21, 23 and 24)	**1,042,709,383**	1,369,639,273
Total Noncurrent Liabilities	**2,777,591,931**	3,217,695,527
	13,253,620,434	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	**176,742,430**	304,563,778
Accumulated comprehensive gain	**102,252,937**	215,287,092
	1,704,860,838	1,945,716,341
Non-controlling interests	**(10,003,173)**	(19,636,481)
Total Equity	**1,694,857,665**	1,926,079,860
	₱14,948,478,099	₱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

	Nine Months Ended September 30		Three Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
SERVICE REVENUE (Note 25)	**₱10,582,635,183**	₱10,882,486,461	**₱3,450,341,506**	₱3,509,802,163
COST OF SERVICES (Note 18)	**8,300,870,698**	8,604,597,790	**2,707,419,804**	2,729,643,362
GROSS PROFIT	**2,281,764,485**	2,277,888,671	**742,921,702**	780,158,801
OPERATING EXPENSES (Note 19)	**1,791,362,109**	1,820,002,977	**583,618,503**	613,216,165
OPERATING INCOME	**490,402,376**	457,885,694	**159,303,199**	166,942,636
OTHER INCOME (CHARGES)				
Equity in net earnings of associates (Note 10)	**38,404,788**	6,318,349	**7,925,719**	5,127,770
Foreign exchange gains (losses) - net (Notes 19 and 23)	**33,072,615**	10,886,111	**96,985,932**	(45,591,578)
Interest income (Notes 4, 11 and 17)	**10,549,496**	11,172,127	**3,018,680**	4,149,862
Fair value gain on investment at fair value through profit or loss (Note 9)	**68,718**	70,338	**26,260**	26,495
Gain on bargain purchase (Note 3)	–	18,233,464	–	18,233,464
Gain (loss) on derivative (Note 15)	**(197,672,777)**	98,259,057	**(65,229,966)**	134,602,742
Interest expense (Notes 14, 15, 17 and 21)	**(420,261,353)**	(388,446,859)	**(69,596,200)**	(135,834,543)
Others - net	**4,716,221**	11,411,255	**5,128,120**	7,789,398
	(531,122,292)	(232,096,158)	**(21,741,455)**	(11,496,390)
INCOME (LOSS) BEFORE INCOME TAX	**(40,719,916)**	225,789,536	**137,561,744**	155,446,246
PROVISION FOR INCOME TAX (Note 20)	**81,004,046**	20,033,591	**68,340,515**	31,814,593
NET INCOME (LOSS) FOR THE PERIOD	**(121,723,962)**	205,755,945	**69,221,229**	123,631,653
OTHER COMPREHENSIVE INCOME (LOSS)				
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement losses on retirement benefit plan - net of tax	–	(5,919,583)	–	(161,097)
Share in other comprehensive income (loss) of an associate (Note 10)	**(1,012,493)**	7,341,546	–	–
Fair value gain (loss) on investments in at fair value through other comprehensive income (Note 9)	**(76,073,428)**	7,802,403	**(31,209,612)**	39,012,015
Currency translation gains (loss) - net	**(32,412,311)**	18,967,547	**(21,529,208)**	23,625,006
	(109,498,232)	28,191,913	**(52,738,820)**	62,475,924
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱231,222,194)**	₱233,947,858	**₱16,482,409**	₱186,107,577
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent Company	**(₱127,821,348)**	₱215,225,527	**₱65,612,304**	₱130,914,699
Non-controlling interests	**6,097,386**	(9,469,582)	**3,608,925**	(7,283,046)
NET INCOME (LOSS) FOR THE PERIOD	**(₱121,723,962)**	₱205,755,945	**₱69,221,229**	₱123,631,653
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent Company	**(₱240,855,502)**	₱242,380,980	**₱10,801,847**	₱192,237,622
Non-controlling interests	**9,633,308**	(8,433,122)	**5,680,562**	(6,130,045)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**(₱231,222,194)**	₱233,947,858	**₱16,482,409**	₱186,107,577
EARNINGS (LOSSES) PER SHARE (Note 26)				
Basic	**(₱0.09)**	₱0.15	**₱0.05**	₱0.09
Diluted	**(₱0.09)**	₱0.15	**₱0.05**	₱0.07

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Nine Months Ended September 30, 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 income (loss):						
Net income (loss)	**–**	**(127,821,348)**	**–**	**(127,821,348)**	**6,097,386**	**(121,723,962)**
Other comprehensive income (loss)	**–**	**–**	**(113,034,154)**	**(113,034,154)**	**3,535,922**	**(109,498,232)**
Total comprehensive income (loss)	**–**	**(127,821,348)**	**(113,034,154)**	**(240,855,502)**	**9,633,308**	**(231,222,194)**
Balances at end of the period	**₱1,425,865,471**	**₱176,742,430**	**₱102,252,937**	**₱1,704,860,838**	**(₱10,003,173)**	**₱1,694,857,665**

	For the Nine Months Ended September 30, 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 (loss)	–	215,225,527	–	215,225,527	(9,469,582)	205,755,945
Other comprehensive income (loss)	–	–	27,155,453	27,155,453	1,036,460	28,191,913
Total comprehensive income (loss)	–	215,225,527	27,155,453	242,380,980	(8,433,122)	233,947,858
Dividends declared (Note 16)	–	–	–	–	(1,913,243)	(1,913,243)
Balances at end of the period	₱1,425,865,471	₱343,498,817	₱265,293,193	₱2,034,657,481	(₱20,648,115)	₱2,014,009,366

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**(₱40,719,916)**	₱225,789,536
Adjustments for:		
Depreciation and amortization (Notes 7, 8, 18, 19, 21)	**872,746,842**	993,273,600
Interest expense (Notes 14, 15, 17 and 21)	**420,261,353**	388,446,859
Loss (gain) on derivative (Note 15)	**197,672,777**	(98,259,057)
Retirement expense, net of benefits paid and contribution to retirement plan	**87,154,777**	117,514,660
Gain on bargain purchase (Note 4)	**–**	(18,233,464)
Fair value gain on investment at fair value through profit or loss (Note 9)	**(68,718)**	(70,338)
Gain on disposal of property and equipment	**(2,965,415)**	(11,864,404)
Unrealized foreign exchange loss (gain)	**(5,152,723)**	45,585,506
Interest income (Notes 4, 11 and 17)	**(10,549,496)**	(11,172,127)
Equity in net earnings of associates (Note 10)	**(38,404,788)**	(6,318,349)
Operating income before changes in working capital	**1,479,974,693**	1,624,692,422
Changes in working capital:		
Decrease (increase) in:		
Trade and other receivables	**(147,883,854)**	33,503,864
Prepayments and other current assets	**(19,633,182)**	148,724,627
Security deposits	**38,556,005**	7,654,164
Other noncurrent assets	**51,325,736**	28,640,117
Increase (decrease) in:		
Accounts and other payables	**166,145,529**	(852,197,891)
Transmissions liability	**11,049,948**	(208,908,871)
Net cash generated from operations	**1,579,534,875**	782,108,432
Interest received	**10,549,496**	11,172,127
Income tax paid	**(95,231,657)**	(65,505,860)
Net cash provided by operating activities	**1,494,852,714**	727,774,699
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Disposal of property and equipment	**41,184,328**	21,814,706
Payments for acquisitions of:		
Intangible assets (Note 27)	**(48,249,656)**	(37,163,617)
Property and equipment (Note 27)	**(81,534,498)**	(581,798,908)
Cash acquired from subsidiary; net of cash paid (Note 4)		501,874
Dividend received	**15,000,000**	19,800,000
Decrease in due from related parties	**20,394,511**	24,363,265
Net cash used in investing activities	**(53,205,315)**	(552,482,680)

(Forward)

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable (Notes 14 and 27)	**₱1,044,864,072**	629,596,498
Increase (decrease) in due to related parties (Note 27)	**6,610,886**	(16,172,269)
Dividends paid (Note 27)	**–**	(1,913,243)
Redemption of convertible instrument	**–**	(997,458,943)
Interest paid (Note 27)	**(125,060,406)**	(85,109,787)
Payments of principal amount of lease liabilities (Note 27)	**(733,977,280)**	(840,905,835)
Payments of notes payable (Notes 14 and 27)	**(1,482,828,104)**	(567,902,763)
Net cash used in financing activities	**(1,290,390,832)**	(1,879,866,342)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**151,256,567**	(1,704,574,323)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(29,963,150)**	(16,283,182)
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)	**₱2,403,148,887**	₱1,796,766,666

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 ₱4.41 billion as of September 30, 2024. On August 2, 2024, CP Briks Pte. Ltd (CP Briks) agreed to extend the maturity date from August 4, 2024 to such time CP Briks opts to terminate the instrument upon thirty (30) days prior notice (“Extended Stated Maturity Date”) (see Note 15). 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. 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 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 nine months ended September 30 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 September 1 to 30 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 September 1, 2024 and 2023 and the date of the Parent Company's financial statements which is September 30, 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 September 2024 amounting to ₱166.47 million and ₱271.53million, respectively, adjustment to reflect the decrease in fair value of equity investment at FVOCI by ₱5.85 million.

The interim condensed consolidated financial statements were adjusted to reflect LBCE's availment and settlement of bank loans in September 2023 amounting to ₱163.87 million and ₱119.59 million, respectively, adjustment to reflect equity share in net earnings of TBAI amounting to ₱5.88 million and adjustment to reflect the decrease in fair value of equity investment at FVOCI by ₱35.11 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 September 1, 2024 to September 30, 2024, December 1, 2023 to December 31, 2023 and September 1, 2023 to September 30, 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.

<u>Changes in Accounting Policies and Disclosures</u>
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.

<u>Significant Accounting Judgments Estimates and Assumptions</u>
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 September 30, 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 nine months ended September 30, 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 nine months ended September 30, 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 September 30, 2024.

4. Cash and Cash Equivalents

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Cash on hand	**₱150,660,144**	₱223,151,164	₱186,834,668
Cash in banks	**2,210,756,424**	2,054,014,046	1,601,675,129
Cash equivalents	**41,732,319**	4,690,260	8,256,869
	₱2,403,148,887	₱2,281,855,470	₱1,796,766,666

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 0.0625% to 2.75% per annum in 2024 and from 0.06% to 0.38% per annum in 2023. Interest income earned from cash and cash equivalents amounted to ₱0.39 million and ₱0.60 million for the nine months ended September 30, 2024, and 2023, respectively.

5. Trade and Other Receivables

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables - outside parties	**₱1,915,353,043**	₱1,749,643,222
Trade receivables - related parties (Note 17)	**359,006,003**	324,947,167
	2,274,359,046	2,074,590,389
Less allowance for expected credit losses	**307,153,657**	257,482,114
	1,967,205,389	1,817,108,275
Other receivables:		
Advances to officers and employees	**93,629,841**	105,919,811
Others	**37,199,509**	27,122,799
	₱2,098,034,739	₱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 security deposits of recently closed branches.

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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**₱257,482,114**	₱211,457,118
Provision for impairment losses (Note 19)	**49,671,543**	48,855,410
Accounts written-off	−	(2,830,414)
Balance at the end of period	**₱307,153,657**	₱257,482,114

6. Prepayments and Other Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepayments:		
Taxes	**₱2,104,428,642**	₱2,122,601,701
Insurance	**70,561,093**	33,410,660
Rent	**22,934,513**	16,342,011
Software maintenance	**10,454,143**	4,937,874
Employee benefits	**6,546,358**	19,103,184
Transportation supplies	**6,012,631**	5,521,206
Dues and subscriptions	**2,890,519**	2,886,905
Advertising	**23,475**	62,828
Others	**29,273,097**	37,563,532
Creditable withholding taxes (CWTs)	**416,782,682**	388,682,410
Materials and supplies	**198,098,099**	184,789,127
Restricted cash in bank	**182,905,561**	261,646,547
Input value-added tax (VAT)	**139,783,375**	110,769,025
Loans receivable (Note 11)	**75,421,397**	78,859,834
Short-term cash investments	**28,144,500**	30,287,335
Electronic wallet	**22,411,299**	23,738,876
Advance payment to supplier	**9,000,000**	9,000,000
Notes receivable (Note 17)	−	10,454,332
Others	**2,861,778**	19,568,329
	3,328,533,162	3,360,225,716
Less: noncurrent portion	**2,042,981,642**	2,094,307,378
	₱1,285,551,520	₱1,265,918,338

Details of noncurrent portion follows:

	September 30, 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)	**61,208,955**	66,227,013
Prepaid rent	**1,664,282**	640,454
VAT on capital goods	**–**	20,009,214
Notes receivable (Note 17)	**–**	10,454,332
Other assets	**409,270**	17,277,230
Total noncurrent portion	**₱2,042,981,642**	₱2,094,307,378

The interest income earned from the short-term cash investments and restricted cash in bank amounted to ₱8.62 million and ₱2.87 million for the nine months ended September 30, 2024 and 2023, respectively.

7. Property and Equipment

The rollforward analysis of this account follows:

	For the Nine Months ended September 30, 2024 (Unaudited)							
	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of period	**₱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	**3,415,310**	**10,997,174**	**12,783,390**	**33,405,183**	**–**	**–**	**15,067,078**	**75,668,135**
Reclassification	**–**	**8,276,510**	**–**	**–**	**–**	**–**	**(8,276,510)**	**–**
Disposals	**(22,860,301)**	**(478,537,625)**	**(142,782,904)**	**(285,925,659)**	**(3,490,462)**	**–**	**–**	**(933,596,951)**
Effect of changes in foreign currency exchange rates	**1,161,965**	**995,932**	**587,011**	**280,529**	**–**	**–**	**–**	**3,025,437**
Balances at end of period	**526,563,528**	**1,254,676,333**	**351,162,566**	**659,643,397**	**1,137,890,150**	**1,031,257,734**	**16,606,002**	**4,977,799,710**
Accumulated depreciation and amortization								
Balances at beginning of period	**439,408,024**	**1,507,917,188**	**380,602,992**	**860,609,857**	**–**	**–**	**–**	**3,188,538,061**
Depreciation (Notes 18 and 19)	**33,684,645**	**56,219,061**	**34,618,459**	**33,099,160**	**17,068,352**	**–**	**–**	**174,689,677**
Disposals	**(19,852,936)**	**(464,113,091)**	**(128,397,849)**	**(283,014,162)**	**–**	**–**	**–**	**(895,378,038)**
Effect of changes in foreign currency exchange rates	**1,078,492**	**688,427**	**86,100**	**286,836**	**–**	**–**	**–**	**2,139,855**
Balances at end of period	**454,318,225**	**1,100,711,585**	**286,909,702**	**610,981,691**	**17,068,352**	**–**	**–**	**2,469,989,555**
Net book value	**₱72,245,303**	**₱153,964,748**	**₱64,252,864**	**₱48,661,706**	**₱1,120,821,798**	**₱1,031,257,734**	**₱16,606,002**	**₱2,507,810,155**

	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 18 and 19)	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 Nine Months ended September 30, 2024 (Unaudited)		
	Software	**Development in Progress**	**Total**
Costs			
Balances at beginning of period	**₱663,927,585**	**₱26,761,878**	**₱690,689,463**
Additions	**30,318,843**	**17,930,813**	**48,249,656**
Reclassification	**102,500**	**(102,500)**	**–**
Disposal	**(91,123,776)**	**–**	**(91,123,776)**
Effect of changes in foreign currency exchange rates	**1,049,093**	**(103,410)**	**945,683**
Balances at end of period	**604,274,245**	**44,486,781**	**648,761,026**
Accumulated Amortization			
Balances at beginning of period	**453,804,192**	**–**	**453,804,192**
Amortization (Notes 18 and 19)	**56,361,983**	**–**	**56,361,983**
Disposal	**(90,621,612)**	**–**	**(90,621,612)**
Effect of changes in foreign currency exchange rates	**677,873**	**–**	**677,873**
Balances at end of period	**420,222,436**	**–**	**420,222,436**
Net Book Value	**₱184,051,809**	**₱44,486,781**	**₱228,538,590**

	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 18 and 19)	73,804,466	–	73,804,466
Disposal	(66,453,693)	–	(66,453,693)
Effect of changes in foreign currency exchange rates	(1,113,341)	–	(1,113,341)
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:

FVOCI	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Balance at beginning of period	**₱191,158,872**	₱198,961,275
Unrealized fair value gain during the period	**(76,073,429)**	(7,802,403)
	₱115,085,443	₱191,158,872

FVPL	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Balance at beginning of period	**₱2,263,568**	₱2,167,063
Unrealized fair value gain during the period	**68,718**	96,505
Withdrawal	**–**	–
	₱2,332,286	₱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:

	September 30, 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:	**(76,073,429)**	(7,802,403)
Balance at end of period (Note 16)	**(₱149,026,319)**	(₱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 September 30, 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:

	September 30, 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 income (loss)	**11,098,452**	(4,968,944)
	13,507,165	2,408,713
Carrying Value	**₱93,316,187**	₱82,217,735

The summarized statements of financial position of TBAI follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current assets	**₱103,003,935**	₱84,244,965
Noncurrent assets	**414,986,583**	489,878,185
Current liabilities	**(13,427,647)**	(16,772,600)
Noncurrent liabilities	**(39,373,432)**	(136,981,609)
Equity	**465,189,439**	420,368,941
Proportion of Group's ownership	**24.762%**	24.762%
Group's share in identifiable asset	**115,190,209**	**104,091,757**
Other adjustments	**(21,874,022)**	(21,874,022)
Carrying amount of the investment	**₱93,316,187**	₱82,217,735

The summarized statement of comprehensive income of TBAI follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Revenue	**₱92,316,588**	₱54,810,811
Cost and expenses	**47,496,089**	74,877,622
Net income (loss)	**44,820,499**	(20,066,811)
Group’s share in total comprehensive income	**₱11,098,452**	(₱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 ₱100.00 million and ₱132.00 million in 2024 and 2023, respectively. No impairment loss was recognized for the investment in associate in 2024 and 2023.

Movement in the investment in OFII is as follows:

	September 30, 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	**27,306,337**	21,133,308
Less: Dividend income	**(30,000,000)**	(39,600,000)
	38,115,939	40,809,602
Other Comprehensive Income		
Balance at beginning of period	**4,625,826**	(2,715,720)
Equity share in other comprehensive income	**(1,012,493)**	7,341,546
	3,613,333	4,625,826
Carrying Value	**₱269,645,724**	₱273,351,880

The summarized statements of financial position of OFII follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current assets	**₱660,158,146**	₱593,167,912
Noncurrent assets	**190,977,704**	222,745,406
Current liabilities	**(288,713,984)**	(283,453,429)
Noncurrent liabilities	**(104,801,121)**	(62,485,288)
Equity	**457,620,745**	469,974,601
Proportion of Group's ownership	**30.00%**	30.00%
Group's share in identifiable asset	**137,286,224**	140,992,380
Implied goodwill	**132,359,500**	132,359,500
Carrying amount of the investment	**₱269,645,724**	₱273,351,880

The summarized statement of comprehensive income of OFII follows:

	For the Nine Months ended September 30, 2024 (Unaudited)	For the year ended December 31, 2023 (Audited)
Revenue	**₱678,290,835**	₱919,592,166
Cost and expenses	**587,269,714**	849,147,805
Net income	**91,021,121**	70,444,361
Other comprehensive income	**(3,374,977)**	24,471,820
Total comprehensive income	**87,646,144**	94,916,181
Group's share in total comprehensive income	**₱26,293,843**	₱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 nine months ended September 30, 2024 and 2023, LBCH incurred royalty fee amounting to ₱5.36 million and ₱5.23 million, respectively. The related payable was offset to LBCH's interest receivable from Transtech amounting to ₱1.24 million and ₱1.37 million for the nine months ended September 30, 2024 and 2023, respectively, and to loans receivable amounting to ₱4.12 million and ₱3.80 million for the nine months ended September 30, 2024 and 2023, respectively.

Current and noncurrent portion as at September 30, 2024 and December 31, 2023 is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion*	**₱14,212,442**	₱12,632,821
Noncurrent portion**	**61,208,955**	66,227,013
	₱75,421,397	₱78,859,834

**Presented under 'prepayment and other current assets'*
***Presented under 'Other noncurrent assets'*

Interest income earned amounted to ₱1.24 million and ₱1.37 million for the nine months ended September 30, 2024 and 2023, respectively.

12. Accounts and Other Payables and Other Noncurrent Liabilities

Accounts and other payables account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payable - outside parties	**₱1,436,250,725**	₱1,319,378,902
Trade payable - related parties (Note 17)	**15,320,801**	44,963,610
Accruals:		
Salaries and wages	**347,757,603**	343,882,812
Claims and losses	**205,433,191**	212,471,061
Rent and utilities	**139,343,501**	134,348,393
Contracted jobs	**97,128,773**	58,138,833
Taxes	**93,244,480**	89,374,349
Professional fees	**40,673,708**	18,670,905
Software maintenance	**36,894,720**	47,385,919
Outside services	**21,947,044**	9,724,371
Advertising	**19,466,472**	20,923,128
Others	**51,598,427**	59,085,128
Taxes payable	**690,890,014**	535,484,351
Contract liabilities	**255,205,615**	393,347,165
Government agencies contributions payables	**39,868,431**	36,245,075
Others	**48,078,926**	56,659,839
	₱3,539,102,431	₱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 ₱617.78 million and ₱606.73 million as at September 30, 2024 and December 31, 2023, respectively, of which liability amounting ₱4.53 million and ₱5.91 million as at September 30, 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 September 30, 2024 and December 31, 2023 are described below:

September 30, 2024						
Bank		**Date of Availment**	**Outstanding Balance**	**Maturity**	**Interest Rate**	**Terms**
a.	**Rizal Commercial Banking Corporation**	**May 2024**	**10,600,000**	**May 2025**	**7.75%, fixed rate**	**Clean; interest and principal payable every quarter**
b.	**Unionbank of the Philippines**	**Feb 2024**	**11,600,000**	**Aug 2024**	**9.00%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**

			September 30, 2024			
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
c.	Unionbank of the Philippines	Aug 2021	221,026,345	Aug 2026	7.12%, subject to repricing	With mortgage; Interest and principal to be paid quarterly
	Unionbank of the Philippines	Dec 2021	12,947,340	Dec 2031	8.21%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Feb 2022	14,416,123	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Mar 2022	22,698,523	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2022	19,009,846	Dec 2031	7.15%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2022	20,030,769	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	July 2022	14,150,769	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2022	4,587,692	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Oct 2022	9,085,263	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Nov 2022	5,902,105	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jan 2023	53,601,081	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jan 2023	38,208,649	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Mar 2023	49,560,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2023	31,290,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2023	25,200,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jun 2023	44,496,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2023	66,600,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter

Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
			September 30, 2024			
	Unionbank of the Philippines	**Jul 2023**	**5,479,980**	**Dec 2031**	**8.37%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
	Unionbank of the Philippines	**Jul 2023**	**4,194,279**	**Dec 2031**	**8.37%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
	Unionbank of the Philippines	**Aug 2023**	**48,887,928**	**Dec 2031**	**8.37%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
	Unionbank of the Philippines	**Sep 2023**	**62,532,306**	**Dec 2031**	**8.37%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
	Unionbank of the Philippines	**Dec 2023**	**45,416,369**	**Dec 2031**	**8.37%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
	Unionbank of the Philippines	**Dec 2023**	**50,258,164**	**Dec 2031**	**8.27%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
	Unionbank of the Philippines	**Apr 2024**	**4,935,938**	**Dec 2031**	**8.37%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
	Unionbank of the Philippines	**May 2024**	**7,925,806**	**Dec 2031**	**8.42%, subject to repricing**	**With mortgage; Interest and principal payable every quarter**
d.	**Rizal Commercial Banking Corporation**	**Apr 2024**	**115,304,000**	**Apr 2025**	**7.75%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**
e.	**Banco de Oro**	**Sep 2024**	**90,000,000**	**Mar 2025**	**6.63%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**
g.	**Banco de Oro**	**Apr 2024**	**20,000,000**	**Oct 2024**	**6.63%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**
h.	**Banco de Oro**	**Oct 2021**	**148,312,500**	**May 2026**	**6.63%, subject to repricing**	**With mortgage; Interest payable every month, principal payable quarterly**
i.	**Rizal Commercial Banking Corporation**	**May 2024**	**64,996,000**	**May 2025**	**7.75%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**
j.	**Banco de Oro**	**May 2024**	**45,000,000**	**Oct 2024**	**6.63%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
k.	**Banco de Oro**	**May 2024**	**125,000,000**	**Nov 2024**	**6.63%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
l.	**Rizal Commercial Banking Corporation**	**Sep 2024**	**184,870,702**	**Oct 2024**	**7.75% fixed rate**	**Clean; Interest payable every month, principal to be paid on maturity date**
m.	**Rizal Commercial Banking Corporation**	**Mar 2024**	**24,300,000**	**Mar 2025**	**7.75%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**

September 30, 2024						
Bank		**Date of Availment**	**Outstanding Balance**	**Maturity**	**Interest Rate**	**Terms**
n.	**Rizal Commercial Banking Corporation**	**Jun 2023**	**21,800,000**	**Jun 2024**	**7.75%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
o.	**Banco de Oro**	**May 2024**	**10,000,000**	**Nov 2024**	**6.63%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
p.	**Rizal Commercial Banking Corporation**	**Jun 2024**	**7,290,000**	**Jun 2025**	**7.75%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**
s.	**Rizal Commercial Banking Corporation**	**Jun 2024**	**22,000,000**	**Jun 2025**	**7.75%, subject to repricing**	**Clean; Interest payable every month, principal payable upon maturity**
v.	**Rizal Commercial Banking Corporation**	**May 2024**	**19,000,000**	**May 2025**	**7.75%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
w.	**Rizal Commercial Banking Corporation**	**Aug 2024**	**45,709,376**	**Oct 2024**	**8.00%, subject to repricing**	**AR Assignment, Interest deducted in full, Principal payable upon maturity**
z.	**Rizal Commercial Banking Corporation**	**Sep 2024**	**26,473,488**	**May 2025**	**8.00%, subject to repricing**	**AR Assignment, Interest deducted in full, Principal payable upon maturity**
aa.	**Banco de Oro**	**Sep 2024**	**10,000,000**	**Mar 2025**	**6.63%, subject to repricing**	**Clean; Interest payable every month, principal to be paid on maturity date**
Total			**₱1,884,697,341**			
Current portion			**₱1,137,625,566**			
Noncurrent portion			**₱747,071,775**			

December 31, 2023						
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
a.	Rizal Commercial Banking Corporation	Nov 2023	11,800,000	May 2024	7.75%, fixed rate	Clean; interest and principal payable every quarter
b.	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
c.	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

December 31, 2023					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
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
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

		December 31, 2023				
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
	Unionbank of the Philippines	Dec 2023	55,283,980	Dec 2031	7.84%, subject to repricing	With mortgage; Interest and principal payable every quarter
d.	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
e.	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
f.	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
g.	Banco de Oro	Oct 2023	20,000,000	Apr 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
h.	Banco de Oro	Oct 2021	211,875,000	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
i.	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
j.	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
k.	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
l.	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
m.	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
n.	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
o.	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
p.	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
q.	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

Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
		December 31, 2023				
r.	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
s.	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
t.	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
u.	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
x.	Unionbank of the Philippines	Apr 2019	7,800,000	Apr 2024	7.826%, fixed rate	Clean; Interest and principal payable every quarter
y.	Unionbank of the Philippines	Jun 2019	2,200,000	Apr 2024	7.053%, fixed rate	Clean; Interest and principal payable every quarter
Total			₱2,322,676,374			
Current portion			₱1,375,261,115			
Noncurrent portion			₱947,400,258			

a. 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. ₱10.60 million was rolled over in May 2024 with settlement date of May 2025. Settlement made in 2024 amounted to ₱1.2 million.

b. A short-term loan availed with UBP in July 2023 which was rolled over in February 2024 amounting to ₱25.00 million and settled in August 2024. It was rolled over in August 2024 amounting to ₱11.60 million with maturity date of February 2025.

c. 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 ₱82.88 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 ₱10.96 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 million, respectively. Settlement made in 2024 and 2023 amounted to ₱1.50 million and ₱2.00 million, respectively.

   In 2023, additional availments were made in an aggregate amount of ₱614.54 million. LBCE settled ₱52.57 million and ₱36.24 million in 2024 and 2023.

On April 5 and May 23, 2024, additional availments were made with maturity date of December 2031 amounting to ₱5.23 million and ₱8.19 million, respectively. LBCE settled ₱0.59 million in 2024.

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.

d. 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 in April 2023 and April 2024 at the amount of ₱128.30 million with maturity date of April 2025. Settlement made in 2024 and 2023 amounted to ₱13.00 million and ₱14.26 million, respectively.

e. 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, March 2024 and September 2024, the loan was rolled over at the amount of ₱90.00 million which will mature in March 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 in April 2024. This was fully settled in 2024.

f. 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, November 2023 and May 2024 and was fully settled in 2024.

g. 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 and October of each year with maturity date in October 2024.

h. 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 ₱63.56 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 September 30, 2024, the balance of time deposit amounted to ₱162.80 million (see Note 6). Such guarantee shall substitute the existing real estate mortgage on LBCE's real estate properties as security.

i. 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, November 2023 and May 2024 with a maturity in May 2025. Total amount paid in 2024 and 2023 amounted to ₱7.30 million and ₱18.10 million, respectively.

j. 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. It was further rolled over with a new maturity date in October 2024.

k. 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. It was further rolled over with a new maturity date in November 2024.

l. 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 Oct 2024.

m. 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

n. 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 and June 2024 with maturity in June 2025. In 2024 and 2023, LBCE settled amount to ₱2.50 million and ₱2.70 million, respectively.

o. 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, November 2023 and May 2024 with maturity date of November 2024.

p. 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 with maturity of June 2025. Settlement made in 2024 and 2023 amounted to ₱0.80 million and ₱1.90 million, respectively.

q. 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.

r. 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.

s. 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. Settlement made in 2024 amounted to ₱2.50 million.

t. On November 7, 2023, LBCE availed a six-month loan interest bearing with UBP amounting to ₱18.50 million to finance working capital. This was fully settled in 2024.

u. On December 27, 2023, LBCE availed a short-term loan interest bearing with BDO amounting to ₱150.00 million to finance working capital. This was fully settled in 2024.

v. On May 22, 2024, LBCE availed a one-year loan interest bearing with RCBC amounting to ₱19.00 million to finance working capital.

w. In August 2024, LBCE availed a short-term loan from RCBC amounting to ₱45.71 million for working capital requirements with maturity date of October 2024. The loan is secured by the Group's trade receivables.

x. 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 ₱7.98 million and ₱15.60 million in 2024 and 2023.

y. 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 ₱2.20 million and ₱4.40 million, respectively.

z. In September 2024, LBCE availed a short-term loan from RCBC amounting to ₱26.47 million for working capital requirements with maturity date of May 2025. The loan is secured by the Group's trade receivables.

aa. In September 2024, LBCE availed a short-term loan from BDO amounting to ₱10 million for working capital requirements with maturity date of March 2025.

Interest expense amounted to ₱122.78 million and ₱83.72 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 the exception to the matters discussed above. As of September 30, 2024 and December 31, 2023, the Group is compliant with its debt covenants.

Movements in the notes payable account follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**₱2,322,661,373**	₱2,103,390,608
Availments	**1,044,864,072**	999,122,465
Payments	**(1,482,828,104)**	(779,851,700)
	₱1,884,697,341	₱2,322,661,373

15. Convertible Instrument

This account consists of:

	September 30, 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	**197,672,777**	(150,810,960)
	₱2,227,742,223	₱2,030,069,446
Bond payable		
Balance at beginning of period	**₱1,979,740,743**	₱1,715,380,624
Accretion of interest	**188,274,665**	283,247,791
Amortization of issuance cost	**1,049,271**	1,798,750
Unrealized foreign exchange loss (Note 19)	**10,723,321**	(20,686,422)
	₱2,179,788,000	₱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.

On August 2, 2024, CP Briks Pte. Ltd (CP Briks) agreed to extend the maturity date from August 4, 2024 to such time CP Briks opts to terminate the instrument upon thirty (30) days prior notice (“Extended Stated Maturity Date”). LBCH acknowledges and agrees that the interest in the instrument shall continue to accrue from the original stated maturity date until the extended maturity date, at the relevant IRR pursuant to Sections 4 and 5 of the instrument. Any reference in the purchase agreement and in the instrument to “due 2024” or “maturity date” or similar terms whether any such term is capitalized or not shall hereafter mean extended stated maturity date.

In order for CP Briks to exercise its right to terminate the instrument, it shall notify LBCH at least thirty (30) days prior to the day CP Briks opts to terminate and LBCH shall pay all outstanding principal and any accrued interest on such extended stated maturity date.

16. Equity

Capital stock
As of September 30, 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		
Add: Additional issuance	1,384,966,471	₱1/share	July 22, October 16 and October 21, 2015	
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	–			–
September 30, 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 ₱1,148.08 million and ₱850.51 million as of September 30, 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 September 30, 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:

	September 30, 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)	**(149,026,319)**	(72,952,890)
Share in other comprehensive gain of an associate (Note 10)	**3,613,333**	4,625,826
Currency translation gain	**612,416**	31,126,524
	₱103,864,228	₱213,362,462
Accumulated comprehensive income (loss) attributable to:		
Controlling interest	**₱102,252,935**	₱215,287,092
Non-controlling interest	**1,611,293**	(1,924,630)
	₱103,864,228	₱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 nine months ended September 30, 2024 and for the year ended December 31, 2023 are as follows:

	Transaction amounts for the Nine Months ended September 30, 2024 (Unaudited)	Outstanding receivable (payable) balance as at September 30, 2024 (Unaudited)	Terms	Conditions
Due from related parties (Trade receivables)				
Affiliates				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 5 and 25)	**₱93,205,666**	**₱359,006,003**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Due from related parties (Non-trade receivables)				
Ultimate parent company				
b.) Advances	**₱393,092**	**₱1,018,701,200**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Affiliates - under common control				
b.) Advances	**19,995,425**	**63,051,357**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Beneficial Owners				
b.) Advances	**–**	**37,709,077**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
		₱1,119,461,634		
Dividend receivable				
f.) Associate (Note 10)	**₱30,000,000**	**₱15,000,000**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Due to related parties (Trade payables)				
Ultimate Parent Company				
c.) Royalty fee (Note 12)	**₱–**	**(₱123,709)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Associate				
d.) Sea freight and brokerage (Note 12)	**378,148,838**	**(15,197,092)**	**Noninterest-bearing; due and demandable**	**Unsecured**
		(₱15,320,801)		
Due to related parties (Non-trade payables)				
Affiliate - under common control				
b.) Advances	**₱31,107,677**	**(₱17,589,583)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Officer				
b.) Advances	**–**	**(501,913)**	**Noninterest-bearing; due and demandable**	**Unsecured**

	Transaction amounts for the Nine Months ended September 30, 2024 (Unaudited)	Outstanding receivable (payable) balance as at September 30, 2024 (Unaudited)	Terms	Conditions
		₱18,091,496		
Due to a related party (Transmission liability)				
Affiliate - under common control				
a.) Money remittance payable (Note 13)	**₱390,278,142**	**(₱4,533,540)**	**Noninterest-bearing; due and demandable**	**Unsecured**

	2023			
	Transaction amounts for the Nine Months ended September 30, 2023 (Unaudited)	Receivable (Payable) as at December 31, 2023 (Audited)	Terms	Conditions
Due from related parties (Trade receivables)				
Entities under common control				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 6 and 26)	₱70,369,169	₱324,947,167	Noninterest-bearing; due and demandable	Unsecured, no impairment
Due from related parties (Non-trade receivables)				
Ultimate parent company				
b.) Advances	₱–	₱1,018,252,361	Noninterest-bearing; due and demandable	Unsecured, no impairment
Entities under common control				
b.) Advances	41,520,701	79,039,495	Noninterest-bearing; due and demandable	Unsecured, no impairment
Beneficial Owners				
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
		₱1,139,856,145		
Due from related parties (Other noncurrent assets)				
Entities under common control				
e.) Other noncurrent assets	₱–	₱10,454,332	Interest-bearing; fixed monthly payment	Unsecured, no impairment
Dividend receivable				
f.) Associate (Note 10)	₱39,600,000	₱–	Noninterest-bearing; due and demandable	Unsecured, no impairment
Due to related parties (Trade payables)				
Ultimate Parent Company				
c.) Royalty fee (Note 13)	₱–	(₱151,164)	Noninterest-bearing; due and demandable	Unsecured
Associate				
d.) Sea freight and brokerage (Note 13)	566,772,911	(44,812,446)	Noninterest-bearing; due and demandable	Unsecured
		(₱44,963,610)		
Due to a related party (Non-trade payables)				
Entities under common control				
b.) Advances	₱36,790,593	(₱10,996,650)	Noninterest-bearing; due and demandable	Unsecured
Officer				

	2023			
	Transaction amounts for the Nine Months ended September 30, 2023 (Unaudited)	Receivable (Payable) as at December 31, 2023 (Audited)	Terms	Conditions
b.) Advances	–	(483,960)	Noninterest-bearing; due and demandable	Unsecured
		(₱11,480,610)		
Due to a related party (Transmissions liability)				
Subsidiaries– under common control				
a.) Money remittance payable (Note 14)	₱374,256,792	(₱5,906,309)	Noninterest-bearing; due and demandable	Unsecured

Compensation of Key Management Personnel:

	For the Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and wages	**₱87,287,057**	₱92,813,163
Retirement benefits	**12,043,365**	11,673,935
Other short-term employee benefits	**4,636,089**	7,674,988
	₱103,966,511	₱112,162,086

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. This was fully settled in May 2024. Interest income earned from notes receivable amounted to ₱0.29 million and ₱0.38 million for the nine months ended September 30, 2024 and 2023, respectively.

f. In June 2024 and August 2023, the BOD of OFII declared cash dividends amounting to ₱100.00 million and ₱132.00 million of which the 30% share of LBCH is equivalent to ₱30.00 million and ₱39.60 million, respectively.

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 Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Cost of delivery and remittance	**₱3,377,993,265**	₱3,538,973,930
Salaries wages and employee benefits	**2,492,777,372**	2,485,443,780
Utilities and supplies	**871,464,186**	923,035,955
Depreciation and amortization (Notes 7, 8 and 21)	**758,779,210**	856,944,702
Rent (Note 21)	**345,531,976**	375,401,701
Repairs and maintenance	**134,760,136**	130,932,851
Transportation and travel	**107,472,561**	106,624,387
Insurance	**84,076,492**	70,750,814
Retirement benefit expense	**77,952,892**	76,785,763
Others	**50,062,608**	39,703,907
	₱8,300,870,698	₱8,604,597,790

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 Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Salaries wages and employee benefits	**₱468,614,211**	₱495,258,219
Professional fees	**244,290,498**	171,175,845
Taxes and licenses	**175,860,495**	127,678,970
Commission expense	**169,290,901**	175,940,566
Utilities and supplies	**124,107,073**	161,877,137
Advertising and promotion	**121,626,464**	134,044,041
Depreciation and amortization (Notes 7, 8 and 21)	**113,967,632**	136,328,898
Dues and subscriptions	**87,840,743**	114,020,376
Travel and representation	**82,508,005**	84,659,541
Software maintenance costs	**50,880,952**	83,262,122
Retirement benefit expense	**30,432,192**	32,602,168
Provision for expected credit losses (Note 5)	**49,671,543**	22,305,033
Insurance	**18,108,779**	17,511,227
Rent (Note 21)	**8,104,399**	9,038,005
Royalty	**5,363,164**	5,209,320
Repairs and maintenance	**4,575,261**	4,584,695
Losses	**3,670,538**	17,251,088
Donations	**3,608,863**	6,500,250
Others	**28,840,396**	20,755,476
	₱1,791,362,109	₱1,820,002,977

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

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

	For the Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Cash and cash equivalents	**₱134,012,463**	₱12,624,416
Advances to affiliate - net	**27,503,824**	9,647,374
Trade payables	**(2,991,987)**	1,997,139
Trade receivable	**(247,031)**	213,424
Bond payable	**(125,204,654)**	(30,720,089)
Loans receivable	**–**	(162,226)
Redemption Payable	**–**	17,286,073
	₱33,072,615	₱10,886,111

20. Income Taxes

Provision (benefit) from income tax consists of:

	For the Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Current	**₱78,988,523**	₱60,163,744
Deferred	**2,015,523**	(40,130,153)
	₱81,004,046	₱20,033,591

Details of the Group's deferred income tax assets - net as of September 30, 2024 and December 31, 2023 follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax assets arising from:		
Lease liabilities	**₱435,728,448**	₱549,456,669
Retirement benefit liability	**219,680,200**	202,933,206
MCIT	**111,184,691**	74,709,167
Allowance for impairment losses	**67,814,899**	62,172,576
Accrued employee benefits	**26,694,629**	28,737,405
Unrealized foreign exchange losses	**12,983,204**	15,071,584
Contract liabilities	**21,252,078**	23,531,220
NOLCO	**–**	60,747,343
Others	**19,431,320**	3,698,315
	₱914,769,469	1,021,057,485
Deferred tax liability on right of use assets	**(395,045,279)**	(495,119,457)
	₱519,724,190	₱525,938,028

As of September 30, 2024, the Group has MCIT amounting to ₱111.18 million that can be claimed as deduction from 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 September 30, 2024 and December 31, 2023:

	For the period ended September 30, 2024 (Unaudited)			
	Right-of-use assets			
	Office and Warehouses	**Vehicles**	**Computer Equipment**	**Total**
Costs				
Balances at beginning of period	**₱3,664,388,730**	**₱170,172,744**	**₱74,528,480**	**₱3,909,089,954**
Additions	**275,156,461**	**22,730,483**	**–**	**297,886,944**
Lease modification	**(79,060,745)**	**–**	**–**	**(79,060,745)**
End of contracts	**(548,542,497)**	**(37,002,944)**	**–**	**(585,545,441)**
Effect of changes in foreign currency exchange rates	**19,866,916**	**620,632**	**1,040,011**	**21,527,559**
Balances at end of period	**3,331,808,865**	**156,520,915**	**75,568,491**	**3,563,898,271**
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)	**613,698,979**	**26,180,029**	**6,730,887**	**646,609,895**
End of contracts	**(548,068,848)**	**(37,456,615)**	**–**	**(585,525,463)**
Effect of changes in foreign currency exchange rates	**(6,680,027)**	**48,395**	**652,230**	**(5,979,402)**
Balances at end of period	**1,837,385,063**	**96,891,938**	**49,440,155**	**1,983,717,156**
Net book value	**₱1,494,423,802**	**₱59,628,977**	**₱26,128,336**	**₱1,580,181,115**

	For the year ended December 31, 2023 (Audited)			
	Right-of-use assets			
	Office and Warehouses	Vehicles	Computer Equipment	Total
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 rent concessions amounting to ₱4.91 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	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**₱2,197,826,675**	₱2,262,939,874
Additions	**297,886,944**	1,083,835,889
Lease modification	**(79,060,745)**	(125,531,472)
Rent concessions	**(4,914,715)**	(6,234,328)
Payments of principal	**(787,668,794)**	(1,153,240,832)
Accretion of interest	**160,567,928**	147,686,326
Effect of changes in foreign currency exchange rates	**10,774,190**	(11,628,782)
Balance at end of period	**1,795,411,483**	2,197,826,675
Less: current portion	**752,702,100**	828,187,402
Noncurrent portion	**₱1,042,709,383**	₱1,369,639,273

The Group recognized rent expense from short-term leases of ₱353.64 million and ₱384.44 million for the nine months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024, the amortization expense recognized under cost of services and operating expenses in the statement of comprehensive income amounted to ₱641.70 million and ₱656.32 million, respectively.

Interest expense arising from the accretion of lease liability amounted to ₱160.91 million and ₱96.76 million for the nine months ended September 30, 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:

	September 30 2024 (Unaudited)	December 31 2023 (Audited)
Less than 1 year	**₱752,702,100**	₱828,187,402
More than 1 year to 2 years	**618,539,757**	675,160,857
More than 2 years to 3 years	**364,307,308**	382,265,584
More than 3 years to 4 years	**159,251,650**	144,527,145
More than 5 years	**390,264,135**	372,049,828
	₱2,285,064,950	₱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 Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Cost of services (Note 18)	**₱345,531,976**	₱375,401,701
Operating expenses (Note 19)	**8,104,399**	9,038,005
	₱353,636,375	₱384,439,706

The Group has security deposits arising from the lease agreements amounting to ₱380.64 million and ₱419.20 million as at September 30, 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of defined benefit obligation	**₱1,126,082,716**	₱1,016,075,225
Fair value of plan assets	**(138,271,943)**	(115,419,229)
	₱987,810,773	₱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 September 30, 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 September 30, 2024 and 2023 with all other variables held constant.

	Effect on comprehensive income	
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Change in share price		
Increase by 5%	**₱5,754,272**	₱10,338,184
Decrease by 5%	**(5,754,272)**	(10,338,184)
Change in NAV		
Increase by 5%	**116,614**	₱111,870
Decrease by 5%	**(116,614)**	(111,870)

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	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Credit spread		
+1%	**₱5,439,666**	₱11,540,380
-1%	**(5,453,888)**	(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 it's 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:

	September 30, 2024 (Unaudited)	
	Foreign currency	**Peso equivalent**
Assets:		
Euro	**3,962,924**	**247,138,244**
Hongkong Dollar	**8,504,828**	**61,394,652**
US Dollars	**13,456,492**	**752,110,278**
Japanese yen	**26,010**	**10,144**
Liabilities:		
US Dollars	**(39,000,000)**	**(2,179,788,000)**

The translation exchange rates used were ₱62.36 to EUR 1, ₱7.22 to HKD 1, ₱55.89 to USD 1, ₱0.39 to JPY 1 in 2024

	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 1in 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 September 30, 2024 and December 31, 2023.

	Increase (decrease) in income before tax	
Reasonably possible change in foreign exchange rate for every two units of Philippine Peso	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
₱2	**₱26,099,491**	₱41,037,128
(2)	**(26,099,491)**	(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 ₱33.07 million loss and ₱10.89 million foreign exchange gain - net, for the nine months ended September 30, 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 September 30, 2024 and as of December 31, 2023 follow:

	September 30, 2024 (Unaudited)				
		Past Due			
	Current	**1-30 days**	**31-90 days**	**Over 90 days**	**Total**
Trade receivables -					
Estimated total gross carrying amount at default	**₱1,587,215,649**	**₱269,754,049**	**₱52,538,810**	**₱364,850,538**	**₱2,274,359,046**
Expected credit loss	**21,655,168**	**68,436,024**	**9,899,480**	**207,162,984**	**307,153,656**

	December 31, 2023 (Audited)				
		Past Due			
	Current	1-30 days	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 September 30, 2024 and December 31, 2023 amounting to ₱1,867.12 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 September 30, 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 14.93% 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 September 30, 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 16.85% 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 September 30, 2024 and December 31, 2023 is based on the discounted value of future cash flow using applicable interest rates ranging from 5.50% to 5.57% and from 2.12% to 5.45%, respectively.

The estimated fair value of long-term portion of notes payable as at September 30, 2024 and December 31, 2023 is based on the discounted value of future cash flow using applicable rates ranging from 5.50% to 5.64% 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 September 30, 2024 and December 31, 2023 follow:

	September 30, 2024 (Unaudited)				
		Fair value measurements using			
	Carrying values	**Total**	**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	**₱115,085,443**	**₱115,085,443**	**₱115,085,443**	**₱–**	**₱–**
FVPL	**2,332,286**	**2,332,286**	**–**	**–**	**2,332,286**
Liability measured at fair value					
Derivative liability	**2,227,742,223**	**2,227,742,223**	**–**	**–**	**2,227,742,223**
Liabilities for which fair value are disclosed					
Bond payable	**2,179,788,000**	**2,179,788,000**	**–**	**–**	**2,085,997,384**
Noncurrent lease liabilities	**1,042,709,383**	**1,288,699,049**	**–**	**–**	**1,288,699,049**
Long-term notes payable	**747,071,775**	**807,635,258**	**–**	**–**	**807,635,258**

	December 31, 2023 (Audited)				
		Fair value measurements using			
	Carrying values	Total	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 nine months ended September 30, 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 Nine Months ended September 30, 2024		
Segments	**Logistics**	**Money transfer services**	**Total**
Type of Customer			
Retail	**₱7,625,322,658**	**₱346,124,735**	**₱7,971,447,393**
Corporate	**2,603,177,959**	**8,009,832**	**2,611,187,791**
Total revenue from contracts with customer	**₱10,228,500,617**	**₱354,134,567**	**₱10,582,635,184**
Geographic Markets			
Domestic	**₱6,346,680,897**	**₱120,729,206**	**₱6,467,410,103**
Overseas	**3,881,819,719**	**233,405,361**	**4,115,225,080**
Total revenue from contracts with customer	**₱10,228,500,616**	**₱354,134,567**	**₱10,582,635,183**

	For the Nine Months ended September 30, 2023		
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱8,061,652,187	₱441,518,162	₱8,503,170,349
Corporate	2,371,025,432	8,290,680	2,379,316,112
Total revenue from contracts with customer	₱10,432,677,619	₱449,808,842	₱ 10,882,486,461
Geographic Markets			
Domestic	₱6,192,031,535	₱200,775,832	₱6,392,807,367
Overseas	4,240,646,084	249,033,010	4,489,679,094
Total revenue from contracts with customer	₱10,432,677,619	₱449,808,842	₱10,882,486,461

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 ₱93.21 million and ₱70.37 million for the nine months ended September 30, 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 (Losses) Per Share

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

Basic/Diluted Earnings (Losses) per Share:

	For the Nine Months Ended September 30,	
	2024 (Unaudited)	2023 (Unaudited)
Net income (loss) attributable to shareholder of the Parent Company	**(₱127,821,348)**	₱215,225,527
Weighted average number of common shares outstanding	**1,425,865,471**	1,425,865,471
Basic earnings (losses) per share	**(₱0.09)**	₱0.15

In 2024 and 2023, the Parent Company did not consider the effect of the assumed conversion of convertible debt since these are anti-dilutive. As such, for the nine months ended September 30, 2024, the diluted EPS presented in the interim condensed consolidated statements of comprehensive income is the same value as basic EPS.

27. Notes to Consolidated Statement of Cash Flows

For the nine months ended September 30, 2024, the Group has the following non-cash transaction under:

<u>Investing Activities</u>

a. Unpaid acquisition of property and equipment amounting to ₱44.10 million.
b. Offsetting of loans receivable and interest receivable against royalty fee recorded under 'accounts and other payables' (see Note 11) amounting to ₱5.34 million.

<u>Financing Activities</u>

	December 31, 2023 (Audited)	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	September 30, 2024 (Unaudited)
Notes payable	₱2,322,661,373	(437,964,032)	₱–	₱–	₱–	₱–	₱1,884,697,341
Lease liabilities and other noncurrent liabilities	2,197,826,675	(733,977,280)	213,891,515	107,137,587	10,532,986	–	1,795,411,483
Convertible bond (bond and derivative liability)	4,009,810,189	–	–	189,323,936	10,723,321	197,672,777	4,407,530,223
Interest payable	9,214,002	(125,060,406)		123,799,830		–	7,953,426
Due to related parties	11,480,610	6,610,886	–	–	–	–	18,091,496
Total liabilities from financing activities	**₱8,550,992,849**	**(₱1,290,390,832)**	**₱213,891,515**	**₱420,261,353**	**₱21,256,307**	**₱197,672,777**	**₱8,113,683,969**

For the nine months ended September 30, 2023, the Group has the following non-cash transaction under:

Investing Activities

b. Unpaid acquisition of property and equipment amounting to ₱7.78 million.
c. Offsetting of loans receivable and interest receivable against royalty fee recorded under 'accounts and other payables' (see Note 11) amounting to ₱3.43 million.

Financing Activities

	December 31, 2022 (Audited)	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividends declared	September 30, 2023 (Unaudited)
Notes payable	₱2,103,390,608	₱61,693,735	₱–	₱–	₱–	₱–	₱–	₱2,165,084,343
Lease liabilities and other noncurrent liabilities	2,262,977,920	(840,905,835)	242,856,669	96,759,751	(4,899,709)	–	–	1,756,788,796
Convertible bond (bond and derivative liability)	3,896,261,030	–	–	206,440,292	30,720,088	(98,259,057)	–	4,035,162,353
Bond redemption payable	1,014,743,085	(997,458,943)	–	–	(17,284,142)	–	–	–
Dividends payable	–	(1,913,243)	–	–	–	–	1,913,243	–
Interest payable	7,729,636	(85,109,787)		83,849,211	–	–	–	6,469,060
Due to related parties	30,648,739	(16,172,269)	–	1,397,605	–	–	–	15,874,075
Total liabilities from financing activities	₱9,315,751,018	₱(1,879,866,342)	₱242,856,669	₱388,446,859	₱8,536,237	₱(98,259,057)	₱1,913,243	₱7,979,378,627

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 on 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 Berenguer's Demurrer to Evidence. Upon its request, PDIC was given 30 days from receipt of Berenguer's Reply to file a Consolidated Rejoinder to Berenguer'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 filed their respective Motions for Reconsideration dated 31 May 2024. Defendant Berenguer also filed a Motion for Reconsideration dated 3 June 2024. The PDIC filed its oppositions to the three Motions for Reconsideration.

At the hearing last 19 July 2024, the court stated that it needed more time to resolve the pending motions. Hence, the presentation of Defendants’ evidence were rescheduled to 2 August 2024 and 23 August 2024.

The court later issued a Resolution dated 1 August 2024, denying all the Motions for Reconsideration. The hearings for presentation of Defendants’ evidence were rescheduled to 20 September 2024 and 15 November 2024.

LBCE and the other defendants presented their first witness, Ms. Janet Tayag-Ong, on 20 September 2024. Due to lack of time to complete her cross-examination, her presentation was continued to 15 November 2024. LBCE and the other defendants have at least five more witnesses to present. Hence, the trial of the civil case is still on-going.

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

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

SEPTEMBER 30, 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	₱115,085,443	₱–	N/A
Financial assets at fair value through profit or loss	–	2,332,286	–	N/A
		₱117,417,729	₱–	
Financial assets at amortized costs:				
Cash in bank and cash equivalents	–	₱2,252,488,743	₱394,233	N/A
Short term investments	–	28,144,500	–	N/A
Restricted cash in bank	–	182,905,561	8,616,344	N/A
Trade and other receivables	–	2,004,404,898	–	N/A
Due from related parties	–	1,134,461,634	–	N/A
Notes receivable (noncurrent)	–	–	294,633	N/A
Loans receivable (current and noncurrent)	–	75,421,397	1,244,286	N/A
		₱5,677,826,733	₱10,549,496	
		₱5,795,244,462	₱10,549,496	

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

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

SEPTEMBER 30, 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

SEPTEMBER 30, 2024

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	(₱2,216,802,334)	₱1,983,413,306	₱–	₱107,364,843	₱–	₱107,364,843
LBC Express, Inc. - MM	42,610,772	183,389,135	(165,062,507)	–	60,937,400	–	60,937,400
LBC Express, Inc. - SCC	(2,814,114)	30,648,279	(30,066,317)	–	(2,232,152)	–	(2,232,152)
LBC Express, Inc. - NEMM	(28,049,976)	97,890,945	(93,305,184)	–	(23,464,215)	–	(23,464,215)
LBC Express, Inc. - NWMM	-	72,460,803	(71,966,891)	–	493,911	–	493,911
LBC Express, Inc. - EMM	6,757,032	79,705,521	(75,732,222)	–	10,730,331	–	10,730,331
LBC Express, Inc. - SMM	(29,479,808)	68,616,496	(65,400,266)	–	(26,263,578)	–	(26,263,578)
LBC Express, Inc. - CMM	(19,059,985)	75,823,840	(75,793,864)	–	(19,030,009)	–	(19,030,009)
LBC Express, Inc. - SL	-	147,865,548	(144,604,442)	–	3,261,106	–	3,261,106
LBC Express, Inc. - SEL	(21,372,184)	91,966,469	(89,239,354)	–	(18,645,070)	–	(18,645,070)
LBC Express, Inc. - CL	(4,635,049)	119,812,846	(116,595,664)	–	(1,417,867)	–	(1,417,867)
LBC Express, Inc. - NL	(22,158,162)	119,001,788	(113,870,115)	–	(17,026,489)	–	(17,026,489)
LBC Express, Inc. - VIS	(1,015,802)	146,724,141	(145,111,166)	–	597,173	–	597,173
LBC Express, Inc. - WVIS	(8,042,581)	119,389,075	(114,481,164)	–	(3,134,671)	–	(3,134,671)
LBC Express, Inc. - MIN	(13,259,773)	128,620,080	(123,714,265)	–	(8,353,958)	–	(8,353,958)
LBC Express, Inc. - SEM	(1,630,396)	79,259,588	(74,158,236)	–	3,470,956	–	3,470,956
LBC Express, Inc. - SMCC	1,511,825	21,755,130	(22,675,516)	–	591,439	–	591,439
LBC Express, Inc. - ESI	(7,297,657)	-	(686,650)	–	(7,984,307)	–	(7,984,307)
LBC Express, Inc. - SCS	(19,520,153)	122,455,366	(115,684,989)	–	(12,749,776)	–	(12,749,776)
LBC Systems, Inc.	(56,943,981)	11,957,007	(11,200,057)	–	(56,187,032)	–	(56,187,032)
LBC Express WLL	(10,024,106)	(43,363,701)	59,557,168	–	6,169,362	–	6,169,362
LBC Express Bahrain WLL	(58,460,113)	(6,184,504)	(3,856,032)	–	(68,500,649)	–	(68,500,649)
LBC Express LLC	(106,364,115)	(14,807,469)	22,929,663	–	(98,241,921)	–	(98,241,921)
LBC Mabuhay Saipan, Inc.	(9,862,255)	(4,280,475)	7,634,100	–	(6,508,630)	–	(6,508,630)
LBC Aircargo (S) Pte. Ltd	(140,491,666)	(1,822,847)	(11,818,117)	–	(154,132,631)	–	(154,132,631)
Blue Eagle and LBC Service Ltd.	(17,205,603)	(2,391,019)	22,149,950	–	2,553,328	–	2,553,328
LBC Money Transfer PTY Limited	(61,895,120)	(5,266,701)	23,830,183	–	(43,331,639)	–	(43,331,639)
LBC Airfreight (S) Pte. Ltd	83,377,999	(47,155,430)	9,124,620	–	45,347,189	–	45,347,189
LBC Australia PTY Limited	(4,764,182)	(43,742,255)	47,651,038	–	(855,399)	–	(855,399)
LBC Mabuhay (Malaysia) SDN BHD	(2,237,707)	(15,800,071)	16,130,712	–	(1,907,066)	–	(1,907,066)
LBC Mabuhay (B) SDN BHD	8,116,333	(4,270,900)	(2,370,412)	–	1,475,021	–	1,475,021
LBC Mabuhay Remittance SDN BHD	34,360,742	(5,217,901)	(9,648,086)	–	19,494,755	–	19,494,755
LBC Mundial Corporation	48,857,566	(396,157,659)	409,390,448	–	62,090,354	–	62,090,354
LBC Mabuhay North America Corporation	449,495	-	208,501	–	657,996	–	657,996
LBC Mabuhay Hawaii Corporation	987,712	-	(5,440,233)	–	(4,452,521)	–	(4,452,521)
LBC Business Solutions North America Corp.	17,883,723	99,367,592	(105,501,330)	–	11,749,985	–	11,749,985
QuadX Pte Ltd.	61,270,653	45,583,268	(146,287,787)	–	(39,433,866)	–	(39,433,866)
Mermaid Co., Ltd.	(37,876,346)	(9,051,567)	8,363,692	–	(38,564,222)	–	(38,564,222)
	(₱37,523,111)	(₱954,021,916)	₱676,112,515	₱–	(₱315,432,519)	₱–	(₱315,432,519)

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT
SEPTEMBER 30, 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	₱1,884,697,343	₱1,137,625,566	₱747,071,775
Lease liabilities	1,795,411,483	752,702,100	1,042,709,383
Bond payable	2,179,788,000	2,179,788,000	–
Derivative liability	2,227,742,223	2,227,742,22	–
	₱8,087,639,049	₱4,072,343,430	₱1,789,781,158

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

SEPTEMBER 30, 2024

	Balance at Beginning of Period	**Balance at End of Period**
Fernando G. Araneta, *Beneficial owner*	₱43,927	₱43,927
LBC Insurance Agency, Inc.	3,483,369	3,895,967
QUADX Inc.	7,505,009	13,685,008
Others	448,305	466,594
	₱11,480,610	₱18,091,496

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

SEPTEMBER 30, 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

NOT APPLICABLE

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

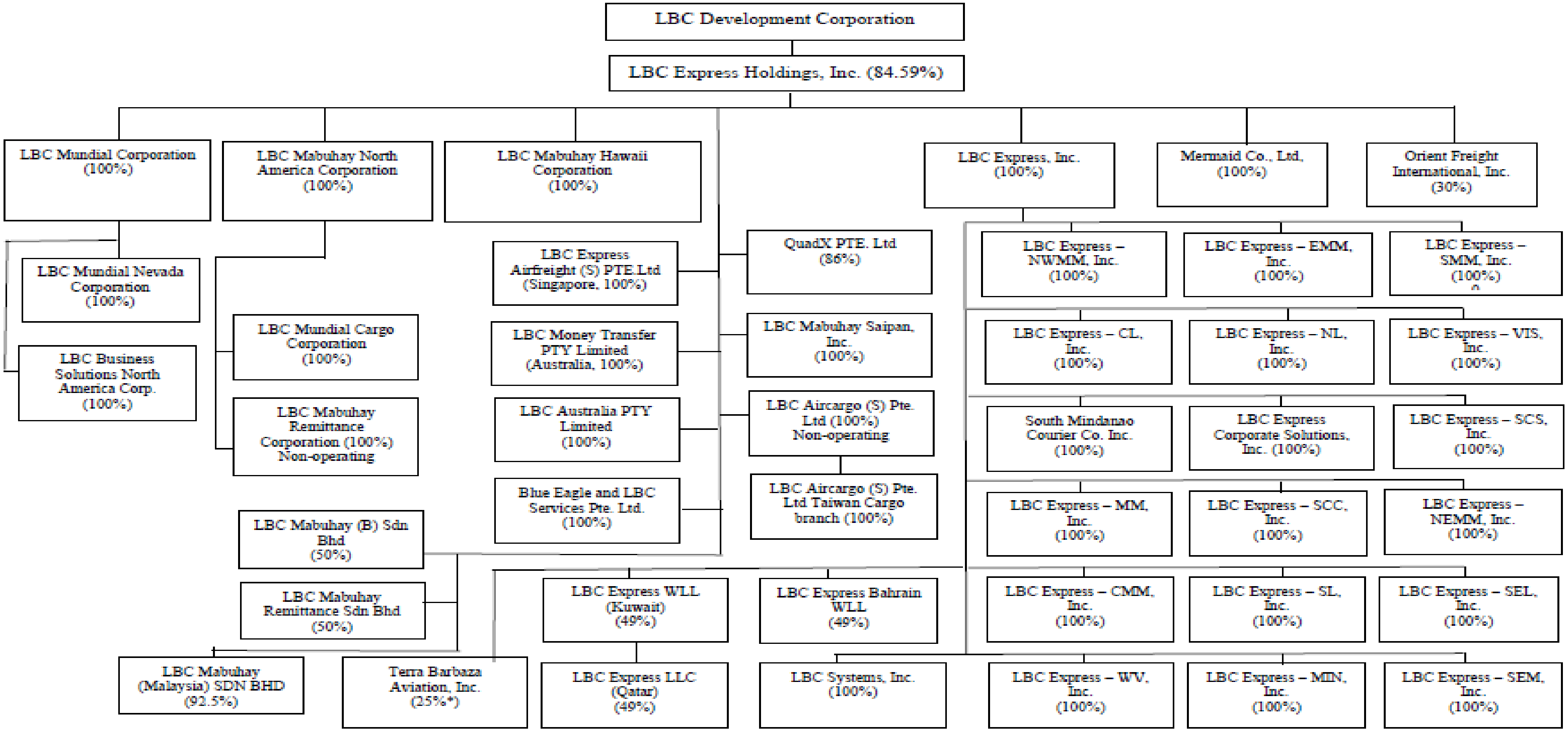
SEPTEMBER 30, 2024

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 SUBSIDIARIESs

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

SEPTEMBER 30, 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

For the period ended September 30, 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)	
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		(346,849,852)
Net loss for the current year		(415,909,546)
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		(415,909,546)
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		**(₱762,759,398)**

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

Below are the financial ratios that are relevant to the Group for the nine months ended September 30:

Financial ratios	Formula	September 30, 2024		September 30, 2023	
Current ratio	Total Current Assets	6,923,529,066	0.66	6,316,382,021	0.65
	Total Current Liabilities	10,476,028,503		9,666,649,115	
Acid Test Ratio	Total Current Assets - Prepayments and other current assets	5,637,977,546	0.54	4,984,265,499	0.52
	Current Liabilities	10,476,028,503		9,666,649,115	
Solvency Ratio	Net Income After Tax - Non-Cash Expenses	1,273,796,641	0.10	1,472,963,114	0.12
	Total Liabilities	13,253,620,434		12,533,067,512	
Debt-to-equity ratio	Total liabilities	13,253,620,434	7.77	12,533,067,512	6.16
	Stockholder's equity attributable to Parent Company	1,704,860,838		2,034,657,481	
Asset-to-equity ratio	Total Assets	14,948,478,098	8.77	14,547,076,878	7.15
	Stockholder's equity attributable to Parent Company	1,704,860,838		2,034,657,481	
Interest rate coverage ratio	Income before interest and tax expense	368,991,941	0.88	603,064,268	1.55
	Interest Expense	420,261,353		388,446,859	
Return on equity	Net income (loss) attributable to Parent Company	(127,821,348)	(0.07)	215,225,527	0.11
	Stockholder's equity attributable to Parent Company	1,704,860,838		2,034,657,481	
Debt to total assets ratio	Total liabilities	13,253,620,434	0.89	12,533,067,512	0.86
	Total assets	14,948,478,098		14,547,076,878	
Return on average assets	Net income (loss) attributable to Parent Company	(127,821,348)	(0.01)	215,225,527	0.01
	Average assets	15,161,623,259		15,568,469,871	
Net profit margin	Net income (loss) attributable to Parent Company	(127,821,348)	(0.01)	215,225,527	0.02
	Service fee	10,582,635,183		10,882,486,461	
Book value per share	Stockholder's equity attributable to Parent Company	1,704,860,838	1.20	2,034,657,481	1.43
	Total number of shares	1,425,865,471		1,425,865,471	
Basic earnings (loss) per share	Net income (loss) attributable to Parent Company	(127,821,348)	(0.09)	215,225,527	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	267,217,852	(0.09)	215,225,527	0.15
	Adjusted weighted average number of common shares for diluted EPS	1,593,541,471		1,425,865,471	