CR06231-2026

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

   Jun 30, 2026

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 Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines

   Postal Code

   1709

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

   General Aviation Center, Domestic Airport Compound, Pasay City, Metro Manila

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

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	Jun 30, 2026
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2026	Dec 31, 2025

Current Assets	6,210,505,784	6,549,891,052
Total Assets	13,799,769,729	14,181,554,138
Current Liabilities	5,165,255,830	5,433,985,535
Total Liabilities	11,780,150,852	12,270,295,444
Retained Earnings/(Deficit)	512,420,759	398,777,587
Stockholders' Equity	2,019,618,877	1,911,258,694
Stockholders' Equity - Parent	2,021,591,719	1,908,493,578
Book Value per Share	1.42	1.34

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	3,632,838,266	3,338,018,329	7,220,274,354	6,978,435,899
Gross Expense	3,465,696,814	3,219,473,400	6,816,033,960	6,584,681,369
Non-Operating Income	88,793,129	70,919,790	64,652,461	114,563,265
Non-Operating Expense	127,650,565	141,794,887	256,843,827	284,829,576
Income/(Loss) Before Tax	128,284,016	47,669,832	212,049,028	223,488,219
Income Tax Expense	62,404,273	11,191,960	93,046,689	42,191,006
Net Income/(Loss) After Tax	65,879,743	36,477,872	119,002,339	181,297,213
Net Income Attributable to Parent Equity Holder	68,413,328	31,683,296	113,643,172	172,123,366
Earnings/(Loss) Per Share (Basic)	0.05	0.02	0.08	0.12
Earnings/(Loss) Per Share (Diluted)	0.05	0.02	0.08	0.12

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.13	0.15
Earnings/(Loss) Per Share (Diluted)	0.13	0.15

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

AS93005277

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 CENTRAL EXCHANGE, L-2 C5
EXTENSION, MOONWALK, PARANAQUE
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 8856-8522	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
485	2nd Monday of December	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
Rosalie H. Infantado	rhinfantado@lbcexpress.com	8856-8510	-

CONTACT PERSON's ADDRESS

LBC Central Exchange, L-2 C5 Extension, Moonwalk, Paranaque 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: **June 30, 2026**

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 Central Exchange, L-2 C5 Extension,**
8. **Moonwalk, Paranaque City, Metro Manila**

9. Issuer's telephone number, including area code: **(+632) 8856 8510**

10. Former name, former address and former fiscal year, if changed since last report: **Former Address: General Aviation Center, Domestic Airport Compound, Pasay City, Metro Manila**

11. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

As of June 30, 2026:

Title of each class	Number of Shares of Common Stock Outstanding
Common Shares	1,425,865,471[1]

[1] Inclusive of 1,388,357,471 common shares which are exempt from registration.

12. 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**[2]

13. 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 [ ]

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[2] As of June 30, 2026, 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 June 30, 2026 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

Six months ended June 30, 2026 compared to the six months ended June 30, 2025

Service Revenue

The Company's service revenue is higher by 3% to ₱7,220.27 million for the six months ended June 30, 2026, from ₱6,978.44 million for the six months ended June 30, 2025, mainly from corporate services which improved by 16%. Further, there are sales adjustments and temporary surcharges implemented in the second quarter relative to the geopolitical uncertainty and tensions in Middle East.

Cost of Services

Cost of services increased by 4% to ₱5,576.07 million for the six months ended June 30, 2026, from ₱5,344.76 million for the six months ended June 30, 2025, primarily related to increase in cost of delivery by 12% driven by increasing energy prices, war risk premiums, freight rate spikes and congestion surcharges. Moreover, there are also mandatory wage orders implemented which resulted in higher contracted services by 17%.

These increases were countered by lower facilities cost i.e rent and depreciation cost by 10% which is a factor of consolidation of facilities and rationalization of branches since last year.

Gross Profit

Gross profit slightly improved by 1% to ₱1,644.21 million for the six months ended June 30, 2026, from ₱1,633.68 million for the six months ended June 30, 2025, attributable to the net impact of the movement in sales and cost of services mentioned above.

Operating Expenses

Operating expenses minimally increased to ₱1,239,97 million for the six months ended June 30, 2026 from ₱1,239.92 million for the six months ended June 30, 2025. Significant increases are noted for professional fees, provisions for credit losses, and commission expense which were eased by decreases in manpower cost and advertising expenses.

Operating Income

Operating income is at ₱404.24 million for the six months ended June 30, 2026, improved from ₱393.75 million for the six months ended June 30, 2025, mainly due to improvement in gross profit by 1%.

Other Income (Charges) - Net

Other charges, net increased to ₱192.19 million for the six months ended June 30, 2026, from ₱170.27 million for the six months ended June 30, 2025, mainly from the volatility of foreign exchange rates.

Net Income after tax

Net income after tax is at ₱119.00 million for the six months ended June 30, 2026, from ₱181.30 million for the six months ended June 30, 2025. The movement is primarily attributed to higher non-operating charges. Further, there is higher provision for income tax - net related to reductions of deferred tax asset for the period.

Quarter ended June 30, 2026 compared to the quarter ended June 30, 2025

Service Revenue

The Company's service revenue increased by 9% to ₱3,632.84 million for the quarter ended June 30, 2026, from ₱3,338.02 million for the quarter ended June 30, 2025 due to improvement in corporate and retail segment by 11% and 8%, respectively.

Cost of Services

Cost of services went up by 10% to ₱2,856.75 million for the quarter ended June 30, 2026, from ₱2,595.91 million for the quarter ended June 30, 2025, mainly from higher cost of delivery as an impact of geopolitical tensions and increase in contracted services due to mandatory wage order increases.

Gross Profit

Gross profit increased by 5% to ₱776.09 million for the quarter ended June 30, 2026, from ₱742.11 million for the quarter ended June 30, 2025, mainly driven by increase in service revenue.

Operating Expenses

Operating expenses decreased by 2% to ₱608.95 million for the quarter ended June 30, 2026, from ₱623.57 million for the six months ended June 30, 2025, mainly driven by advertising and administrative manpower costs. These movements were countered by increases in provision for credit losses during the period.

Operating Income

Operating income increased to ₱167.14 million for the quarter ended June 30, 2026, from ₱118.54 million for the quarter ended June 30, 2025, mainly due to higher gross profit and lower overhead costs.

Other Charges, Net

Other charges, net decreased to ₱38.86 million for the quarter ended June 30, 2026, from ₱70.86 million for the quarter ended June 30, 2025, mainly due to gains from foreign exchange.

Net Income (Loss) after tax

Net income after tax amounted to ₱65.88 million for the quarter ended June 30, 2026, from ₱36.48 million for the quarter ended June 30, 2026, due to the improvement in operating income by 41% and the reduction in non-operating charges.

FINANCIAL CONDITION

As of June 30, 2026 compared to as of December 31, 2025

Assets

Current Asset
Cash and cash equivalents decreased by 24% to ₱1,562.68 million as of June 30, 2026, from ₱2,064.31 million as of December 31, 2025. Refer to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net increased by 3% to ₱2,221.53 million as of June 30, 2026, from ₱2,148.57 million as of December 31, 2025, driven by the increase in trade receivable from related parties by 8% and business as usual advances subject to liquidation.

Due from related parties increased to ₱1,221.37 million as of June 30, 2026, from ₱1,165.65 million as of December 31, 2025 mostly from regular trade transactions with related parties and dividend receivable from an associate.

Investments at fair value through profit and loss increased to ₱2.52 million as of June 30, 2026, from ₱2.47 million as of December 31, 2025, due to minimal amount of fair value gain recognized during the period.

Prepayments and other current assets increased by 3% to ₱1,202.42 million as of June 30, 2026, from ₱1,168.89 million as of December 31, 2025, primarily attributable to advance payments for materials and supplies, taxes, software maintenance, guarantee fee and additional withheld taxes by customers. These increases were countered by the reduced level of restricted cash in bank.

Noncurrent Assets
Property and equipment, slightly decreased to ₱2,411.93 million as of June 30, 2026, from ₱2,416.71 million as of December 31, 2025, mostly due to depreciation expense recognized during the period amounting to ₱61.86 million, countered by additions amounting to ₱57.08 million.

Right-of-use assets, net is lower by 3% to ₱1,228.35 million as of June 30, 2026, from ₱1,266.34 million as of December 31, 2025, mainly attributable to amortization amounting to ₱365.81 million as of the period, offset by the net effect of additions, modifications, and end of contracts at ₱327.82 million.

Intangible assets decreased by 21% to ₱131.83 million as of June 30, 2026, from ₱167.70 million as of December 31, 2025, mainly attributable to amortization amounting to ₱39.19 million as of the period, offset by the net effect of additions and foreign currency translation amounting to at ₱3.32 million.

Investment at fair value through other comprehensive income decreased by 33% to ₱52.67 million as of June 30, 2026, from ₱78.02 million as of December 31, 2025, relative to movement in market price from ₱0.40/share to ₱0.27/share.

Investment in associates decreased to ₱353.93 million as of June 30, 2026, from ₱368.60 million as of December 31, 2025, mainly due to declaration of dividends, offset by share in net earnings in associate.

Deferred tax assets - net decreased by 5% to ₱599.22 million as of June 30, 2026, from ₱630.67 million as of December 31, 2025, due to reduction of allowance for impairment, net-operating loss carry over, right-of-use assets and lease liabilities.

Security deposit slightly decreased to ₱349.17 million as of June 30, 2026, from ₱352.08 million as of December 31, 2025 attributable to closed branches and warehouses.

Other noncurrent assets increased to ₱2,209.46 million as of June 30, 2026, from ₱2,098.82 million as of December 31, 2025, because of prepayment of guarantee fee.

Liabilities

Accounts and other payable decreased by 3% to ₱3,090.94 million as of June 30, 2026, from ₱3,170.46 million as of December 31, 2025, due to net settlements of trade payable.

Due to related parties increased to ₱45.27 million as of June 30, 2026, from ₱20.95 million as of December 31, 2025, relative to accruals of guarantee fee.

Notes payable (current and noncurrent) decreased to ₱5,486.94 million as of June 30, 2026, from ₱5,969.16 million as of December 31, 2025, driven by the settlement of loans amounting to ₱629.96 million, offset by total availment during the period amounting to ₱147.74 million.

Transmissions liability increased to ₱569.45 million as of June 30, 2026, from ₱521.83 million as of December 31, 2025, mainly attributable to additional unclaimed transactions.

Income taxes payable increased to ₱22.05 million as of June 30, 2026, from ₱20.59 million as of December 31, 2025, relatd to higher taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 4% to ₱1,388.85 million as of June 30, 2026, from ₱1,447,05 million as of December 31, 2026, primarily pertaining to lease payments during the period.

Retirement benefit obligation increased to ₱1,045.18 million as of June 30, 2026, from ₱1,017,48 million as of December 31, 2025, primarily due to accrual of expense recognized in current period.

LIQUIDITY

Cash Flows

Six months ended June 30, 2026 compared to the six months ended June 30, 2025

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, equity in net earnings of associates and changes in working capital. The Company's net cash inflows from these activities amounted to ₱631.72 million and ₱494.53 million for the six months ended June 30, 2026 and 2025, respectively.

Cash flows from investing activities

Cash used in investing activities for the six months ended June 30, 2026 and 2025 amounted to ₱86.85 million and ₱109.18 million, respectively. For the six months ended June 30, 2026, the Company spent ₱61.58 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the six months ended June 30, 2026 and 2025 amounted to ₱1,081.66 million and ₱941.12 million, respectively. Other activities comprise primarily of payments of notes payable and lease liabilities.

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.

ROSALIE H. INFANTADO
Chief Finance Officer

August 14, 2026

LBC Express Holdings, Inc.
and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at June 30, 2026 and
for the six months ended
June 30, 2026 and 2025
(With Comparative Audited Consolidated Statement
of Financial Position as at
December 31, 2025)

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 23 and 24)	**₱1,562,679,178**	₱2,064,314,672
Trade and other receivables (Notes 5, 17, 23 and 24)	**2,221,525,807**	2,148,571,205
Due from related parties (Notes 17, 23 and 24)	**1,221,366,610**	1,165,649,896
Investments at fair value through profit or loss (Notes 9, 23 and 24)	**2,516,670**	2,469,792
Prepayments and other current assets (Notes 6, 11, 14, 17, 23 and 24)	**1,202,417,519**	1,168,885,487
Total Current Assets	**6,210,505,784**	6,549,891,052
Noncurrent Assets		
Property and equipment (Note 7)	**2,411,928,261**	2,416,712,242
Right-of-use assets (Note 21)	**1,228,347,093**	1,266,339,272
Intangible assets (Note 8)	**131,829,110**	167,701,043
Investment at fair value through other comprehensive income (Notes 9, 23 and 24)	**52,666,219**	78,024,029
Deferred tax assets - net (Note 20)	**599,220,894**	630,671,376
Security deposits (Note 21)	**349,169,639**	352,082,287
Investment in associates (Note 10)	**353,925,875**	368,601,037
Goodwill (Note 3)	**252,712,090**	252,712,090
Other noncurrent assets (Notes 6, 11, 14 and 17)	**2,209,464,764**	2,098,819,710
Total Noncurrent Assets	**7,589,263,945**	7,631,663,086
	₱13,799,769,729	₱14,181,554,138
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 17, 23 and 24)	**₱3,090,943,388**	₱3,170,457,139
Due to related parties (Notes 17, 23 and 24)	**45,265,418**	20,953,673
Current portion of notes payable (Notes 14, 23 and 24)	**864,124,876**	1,074,354,992
Transmissions liability (Notes 13, 17, 23 and 24)	**569,451,017**	521,833,372
Income tax payable	**22,052,219**	20,590,001
Current portion of lease liabilities (Notes 21, 23 and 24)	**573,418,912**	625,796,357
Total Current Liabilities	**5,165,255,830**	5,433,985,534
Noncurrent Liabilities		
Retirement benefit liability - net (Note 22)	**1,045,178,717**	1,017,476,380
Notes payable - net of current portion (Notes 14, 23 and 24)	**4,622,816,230**	4,894,804,722
Lease liabilities - net of current portion (Notes 21, 23 and 24)	**815,430,638**	821,252,966
Other noncurrent liabilities (Notes 12, 23 and 24)	**131,469,437**	102,775,842
Total Noncurrent Liabilities	**6,614,895,022**	6,836,309,910
	11,780,150,852	12,270,295,444
Equity		
Equity attributable to shareholders of the Parent Company		
Capital stock (Note 16)	**1,425,865,471**	1,425,865,471
Retained earnings	**512,420,759**	398,777,587
Accumulated comprehensive gain	**77,894,392**	78,439,423
Equity reserves (Note 3)	**5,411,097**	5,411,097
	2,021,591,719	1,908,493,578
Non-controlling interests	**(1,972,842)**	2,765,116
Total Equity	**2,019,618,877**	1,911,258,694
	₱13,799,769,729	₱14,181,554,138

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Six months ended June 30		Three months ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
SERVICE REVENUE (Note 25)	**₱7,220,274,354**	₱6,978,435,899	**₱3,632,838,266**	₱3,338,018,329
COST OF SERVICES (Note 18)	**5,576,068,352**	5,344,758,884	**2,856,745,810**	2,595,905,574
GROSS PROFIT	**1,644,206,002**	1,633,677,015	**776,092,456**	742,112,755
OPERATING EXPENSES (Note 19)	**1,239,965,608**	1,239,922,485	**608,951,004**	623,567,826
OPERATING INCOME	**404,240,394**	393,754,530	**167,141,452**	118,544,929
OTHER INCOME (CHARGES)				
Foreign exchange gains - net (Notes 19 and 23)	**42,582,147**	51,681,237	**74,604,506**	33,801,944
Equity in net earnings of associates (Note 10)	**15,264,838**	14,111,876	**10,374,521**	5,740,654
Interest income (Notes 4, 6 and 11)	**3,735,162**	5,181,560	**2,002,015**	2,432,567
Fair value gain on investment at fair value through profit or loss (Note 9)	**46,878**	56,362	**22,664**	27,312
Gain on derivative (Note 15)	**–**	31,231,102	**–**	25,691,861
Interest expense (Notes 12, 14, 15 and 21)	**(256,843,827)**	(284,829,576)	**(127,650,565)**	(141,794,887)
Others – net	**3,023,436**	12,301,128	**1,789,423**	3,225,452
	(192,191,366)	(170,266,311)	**(38,857,436)**	(70,875,097)
INCOME BEFORE INCOME TAX	**212,049,028**	223,488,219	**128,284,016**	47,669,832
PROVISION FOR INCOME TAX (Note 20)	**93,046,689**	42,191,006	**62,404,273**	11,191,960
NET INCOME FOR THE PERIOD	**119,002,339**	181,297,213	**65,879,743**	36,477,872
OTHER COMPREHENSIVE INCOME (LOSS)				
Items not to be reclassified to profit or loss in subsequent periods				
Share in other comprehensive income of an associate (Note 10)	**60,000**	36,065	**(245,182)**	–
Fair value income (loss) on investments in at fair value through other comprehensive income (Note 9)	**(25,357,810)**	1,950,601	**(12,678,906)**	(1,950,601)
Remeasurement loss on retirement benefit plan - net of tax	**–**	(5,525,848)	**–**	–
Currency translation loss - net	**27,260,502**	27,768,902	**37,721,111**	71,791,572
	1,962,692	24,229,720	**24,797,023**	69,840,971
TOTAL COMPREHENSIVE INCOME	**₱120,965,031**	₱205,526,933	**₱90,676,766**	₱106,318,843
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent Company	**₱113,643,172**	₱172,123,366	**₱68,413,328**	₱31,683,296
Non-controlling interests	**5,359,167**	9,173,847	**(2,533,585)**	4,794,576
NET INCOME FOR THE PERIOD	**₱119,002,339**	₱181,297,213	**₱65,879,743**	₱36,477,872
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent Company	**₱113,098,141**	₱194,787,576	**₱91,718,732**	₱99,937,629
Non-controlling interests	**7,866,890**	10,739,357	**(1,041,966)**	6,381,214
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**₱120,965,031**	₱205,526,933	**₱90,676,766**	₱106,318,843
EARNINGS PER SHARE (Note 26)				
Basic	**₱0.08**	₱0.12	**₱0.05**	₱0.02
Diluted	**₱0.08**	₱0.12	**₱0.05**	₱0.02

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the six months ended June 30, 2026 (Unaudited)						
	Capital Stock (Note 16)	**Retained Earnings**	**Accumulated Comprehensive Income**	**Equity Reserves**	**Total**	**Non-controlling Interests**	**Total Equity**
Balances at beginning of the period							
Comprehensive income:	**₱1,425,865,471**	**₱398,777,587**	**₱78,439,423**	**₱5,411,097**	**₱1,908,493,578**	**₱2,765,116**	**₱1,911,258,694**
Net income	**–**	**113,643,172**	**–**	**–**	**113,643,172**	**5,359,167**	**119,002,339**
Other comprehensive income (loss)	**–**	**–**	**(545,031)**	**–**	**(545,031)**	**2,507,723**	**1,962,692**
Total comprehensive income (loss)	**–**	**113,643,172**	**(545,031)**	**–**	**113,098,141**	**7,866,890**	**120,965,031**
Dividend declared (Note 16)	**–**	**–**	**–**	**–**	**–**	**(12,604,848)**	**(12,604,848)**
Balances at end of the period	**₱1,425,865,471**	**₱512,420,759**	**₱77,894,392**	**₱5,411,097**	**₱2,021,591,719**	**(₱1,972,842)**	**₱2,019,618,877**

	For the six months ended June 30, 2025 (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	₱152,721,270	₱90,918,199	₱1,669,504,940	(₱13,443,734)	₱1,656,061,206
Comprehensive income (loss):						
Net income	–	172,123,366	–	172,123,366	9,173,847	181,297,213
Other comprehensive loss	–	–	22,664,210	22,664,210	1,565,510	24,229,720
Total comprehensive income	–	172,123,366	22,664,210	194,787,576	10,739,357	205,526,933
Dividend declared (Note 16)	–	–	–	–	(2,004,741)	(2,004,741)
Balances at end of the period	₱1,425,865,471	₱324,844,636	₱113,582,409	₱1,864,292,516	(₱4,709,118)	₱1,859,583,398

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Six months ended June 30 (Unaudited)	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱212,049,028**	₱223,488,219
Adjustments for:		
Depreciation and amortization (Notes 7, 8, 18, 19, 21)	**465,946,547**	515,403,546
Interest expense (Notes 14, 15, 17 and 21)	**256,843,827**	284,829,576
Retirement expense, net of benefits paid and contribution to retirement plan	**27,702,337**	33,927,183
Gain on derivative (Note 15)	**–**	(31,231,102)
Fair value gain on investment at fair value through profit or loss (Note 9)	**(46,878)**	(56,362)
Gain on disposal of property and equipment	**(2,002,948)**	(4,665,541)
Interest income (Notes 4, 6, and 11)	**(3,735,162)**	(5,181,560)
Equity in net earnings of associates (Note 10)	**(15,264,838)**	(14,111,876)
Unrealized foreign exchange gain	**(31,339,293)**	(44,449,340)
Operating income before changes in working capital	**910,152,620**	957,952,743
Changes in working capital:		
Decrease (increase) in:		
Trade and other receivables	**(72,954,602)**	25,382,279
Prepayments and other current assets	**(33,532,032)**	(19,311,710)
Security deposits	**2,912,648**	16,949,090
Other noncurrent assets	**(110,645,054)**	5,610,007
Increase (decrease) in:		
Accounts and other payables	**(55,674,161)**	(274,905,683)
Transmissions liability	**47,617,645**	(144,053,194)
Net cash generated from operations	**687,877,064**	567,623,532
Interest received	**3,735,162**	5,181,560
Income tax paid	**(59,897,285)**	(78,270,508)
Net cash provided by operating activities	**631,714,941**	494,534,584
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received (Notes 10 and 17)	**15,000,000**	–
Proceeds from:		
Disposal of property and equipment	**437,959**	15,078,907
Payments for acquisitions of:		
Intangible assets (Note 27)	**(2,545,028)**	(20,518,603)
Property and equipment (Note 27)	**(59,032,130)**	(92,913,738)
Increase in due from related parties	**(40,716,714)**	(10,824,315)
Net cash used in investing activities	**(86,855,913)**	(109,177,749)

(Forward)

	Six months ended June 30 (Unaudited)	
	2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable (Notes 14 and 27)	**₱147,736,942**	₱17,553,540
Increase (decrease) in due to related parties (Note 27)	**24,311,745**	(6,806,965)
Payments of dividends payable (Note 27)	**(12,604,848)**	(2,004,741)
Interest paid (Note 27)	**(199,728,604)**	(69,033,135)
Payments of principal amount of lease liabilities (Note 27)	**(411,421,373)**	(486,448,033)
Payments of notes payable (Notes 14 and 27)	**(629,955,550)**	(394,383,400)
Net cash used in financing activities	**(1,081,661,688)**	(941,122,734)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(536,802,661)**	(555,765,899)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**35,167,167**	13,119,536
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,064,314,672**	2,733,428,898
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱1,562,679,178**	₱2,190,782,535

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.

On October 14, 2025, the Board of Directors (BOD) approved the transfer of the Company's principal place of business to LBC Central Exchange, L2 C5 Extension, Moonwalk, Parañaque City, Metro Manila and was approved by the Securities and Exchange Commission on March 24, 2026.

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.

<u>Basis of Preparation</u>
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 until its redemption. The interim condensed consolidated financial statements are presented in Philippine Peso (₱). All amounts are rounded off to the nearest peso, unless otherwise indicated.

<u>Statement of Compliance</u>
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, 2025, 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 six months ended May 31 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 June 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 June 1, 2026 and 2025 and the date of the Parent Company's financial statements which is June 30, 2026 and 2025 and between December 1, 2025 and the comparative date of the Parent Company's financial position which is December 31, 2025.

The interim condensed consolidated financial statements were adjusted to reflect LBC Express, Inc.'s (LBCE) payment of bank loans on June 30, 2026 amounting to ₱150.45 million, adjustment to reflect the decrease in fair value of equity investment at FVOCI by ₱1.95 million and adjustment for the additional guarantee fee prepayment amounting to ₱17.40 million.

The interim condensed consolidated financial statements were adjusted to reflect LBCE's settlements of bank loans on June 30, 2025 amounting to ₱135.27 million and adjustment to reflect the increase in fair value of equity investment at FVOCI by ₱5.85 million.

The consolidated financial statements as of December 31, 2025 were adjusted to reflect LBCE's availment and settlement of bank loans in December 2025 amounting to ₱150.00 million and ₱68.10 million, respectively, adjustment to reflect the decrease in fair value of investment at FVOCI by ₱9.75 million, and adjustment to reflect equity share in net loss of TBAI amounting to ₱1.48 million for the period December 1 to 31, 2025. Further, the additional prepayment for guarantee fee in December 2025 was adjusted amounting to ₱20.26 million.

There were no other significant transactions that transpired between June 1, 2026 to June 30, 2026, December 1, 2025 to December 31, 2025 and June 1, 2025 to June 30, 2025.

Basis of Consolidation
The interim condensed consolidated financial statements include the accounts of the Parent Company and all 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 upon 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 December 1, 2024, the branch of LBCE in Kingdom of Saudi Arabia (KSA) was converted to a Limited Liability Corporation (LLC). Subsequently, the Parent Company retained 70% of the total capital of *LBC Express, Inc. Limited* while the remaining 30% interest was acquired by third-parties for a total consideration of ₱7.05 million. The Group recognized the share of non-controlling interest in the net assets and the difference of ₱5.41 million as equity reserve.

On April 22, 2026, the BOD of LBCH approved the sale of all Parent Company's shares in Blue Eagle & LBC Services Pte. Ltd. to an individual for a purchase price of NTD 2.00 million. The divestment is pursuant to the plans of the Parent Company to refocus strategic direction for Blue Eagle which may include implementing certain organizational changes, with a view of turning around losses of the subsidiary. The effectivity of the foregoing sale is still subject to the approval by the concerned regulatory agency of the Republic of China (Taiwan) as of reporting period end.

There were no other acquisitions and disposal nor changes in the Parent Company's ownership interests in its subsidiaries in 2026 and 2025.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of new standards effective as of January 1, 2026. 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 2026, does not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
    - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
    - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    - Amendments to PAS 7, *Cost Method*

Significant Accounting Judgments Estimates and Assumptions

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

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Group for the interim period ended June 30, 2026.

3. Business Combination, Goodwill and Divestment

Conversion of LBC Express, Inc. Limited

On December 1, 2024, the branch of LBCE in Kingdom of Saudi Arabia (KSA) was converted to a Limited Liability Corporation (LLC). Subsequently, the Parent Company retained 70% of the total capital of *LBC Express, Inc. Limited* while the remaining 30% interest was acquired by third-parties for a total consideration of ₱7.05 million. The Group recognized the share of non-controlling interest in the net assets and the difference of ₱5.41 million as equity reserve.

Identifiable assets acquired, and liabilities assumed of LBC Express, Inc. Limited
The identifiable assets and liabilities of *LBC Express, Inc. Limited* were already included in the Group's consolidated financial statements in prior years as a branch.
Divestment of Blue Eagle & LBC Services Pte Ltd.
On April 22, 2026, the BOD of LBCH approved the sale of all Parent Company's shares in Blue Eagle & LBC Services Pte. Ltd. to an individual for a purchase price of NTD 2.00 million. The divestment is pursuant to the plans of the Parent Company to refocus strategic direction for Blue Eagle which may include implementing certain organizational changes, with a view of turning around losses of the subsidiary. The effectivity of the foregoing sale is still subject to the approval by the concerned regulatory agency of the Republic of China (Taiwan) as of reporting period end.

There were no other acquisitions and disposal of subsidiaries for the six months ended June 30, 2026.

Impairment testing of Goodwill
In 2025, the Group performed its annual impairment testing of goodwill amounting to ₱287.02 million 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, 2025 are as follows:

The value-in-use calculation is based on the forecast approved by the management over an explicit period of five years.

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 2.48% to 6.31% in 2025 and long-term growth rate of 1.00% to 2.00% in 2025. 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 rates used in 2025 range from 5.70% to 12.41%. 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 cash generating units of LBC Aircargo (S) PTE. LTD Taiwan Cargo branch, the carrying amounts plus goodwill exceeded the recoverable amount, hence, an impairment of goodwill was recognized in 2025 amounting to ₱34.31 million.

As of June 30, 2026 and December 31, 2025, the carrying value of goodwill amounted to ₱252.71 million.

The Group did not perform impairment test on goodwill for the six months ended June 30, 2026 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 June 30, 2026.

4. Cash and Cash Equivalents

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)	June 30, 2025 (Unaudited)
Cash on hand	**₱149,814,867**	₱154,039,496	₱161,039,442
Cash in banks	**1,396,096,243**	1,835,212,224	1,975,207,345
Cash equivalents	**16,768,068**	75,062,952	54,535,748
	₱1,562,679,178	₱2,064,314,672	₱2,190,782,535

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

Cash in banks and cash equivalents earn interest ranging from 0.06% to 4.63% and 0.05% to 5.50%, per annum in 2026 and 2025, respectively. Interest income earned from cash and cash equivalents amounted to ₱1.92 million and ₱0.57 million for the six months ended June 30, 2026 and 2025, respectively.

5. Trade and Other Receivables

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade receivables - outside parties	**₱1,942,247,688**	₱1,961,865,931
Trade receivables - related parties (Note 17)	**413,601,963**	382,581,338
	2,355,849,651	2,344,447,269
Less allowance for expected credit losses	**290,266,534**	333,147,196
	2,065,583,117	2,011,300,073
Other receivables:		
Advances to officers and employees	**135,079,817**	115,645,909
Others	**20,862,873**	21,625,223
	₱2,221,525,807	₱2,148,571,205

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.

Others mainly consist of SSS benefit receivable to be reimbursed within a year and receivable from noncontrolling interest of LBC KSA.

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**₱333,147,196**	₱338,223,650
Provision for expected credit losses (Note 19)	**24,921,529**	39,889,611
Accounts written-off and others	**(67,802,191)**	(44,966,065)
Balance at the end of period	**₱290,266,534**	₱333,147,196

6. Prepayments and Other Assets

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Prepayments:		
Taxes	**₱2,098,988,319**	₱2,074,237,900
Guarantee fee (Notes 14 and 17)	**265,205,462**	128,039,630
Insurance	**40,945,428**	61,372,515
Software maintenance	**24,801,058**	6,017,588
Employee benefits	**19,414,222**	24,305,897
Rent	**12,262,365**	19,561,104
Transportation supplies	**6,650,452**	6,439,031
Advertising	**1,901,818**	286,339
Dues and subscriptions	**1,794,073**	878,706
Others	**48,375,567**	50,176,269
Creditable withholding taxes (CWTs)	**414,519,552**	396,837,696
Materials and supplies	**223,447,857**	196,900,207
Loans receivable (Note 11)	**72,115,912**	72,075,846
Input value-added tax (VAT)	**51,611,190**	59,738,874
Restricted cash in bank	**46,406,544**	89,999,513
Security deposits	**43,614,008**	41,786,091
Short-term cash investments	**32,250,540**	30,753,458
Electronic wallet	**11,670,403**	12,479,507
Others	**2,866,620**	2,778,133
	3,418,841,390	3,274,664,304
Less: allowance for impairment losses (Note 19)	**6,959,107**	6,959,107
	3,411,882,283	3,267,705,197
Less: noncurrent portion	**2,209,464,764**	2,098,819,710
	₱1,202,417,519	₱1,168,885,487

Details of noncurrent portion follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Prepaid Taxes	**₱1,786,734,538**	₱1,786,734,538
Guarantee fee (Notes 14 and 17)	**214,125,461**	94,000,000
Creditable withholding taxes (CWTs)	**152,670,705**	152,237,367
Loans receivable (Note 11)	**54,692,540**	55,739,292
Prepaid rent	**1,131,507**	1,620,933
Other assets	**110,013**	8,487,580
Total noncurrent portion	**₱2,209,464,764**	₱2,098,819,710

The interest income earned from the short-term cash investments and restricted cash in bank amounted to ₱1.10 million and ₱3.86 million for the six months ended June 30, 2026 and 2025, respectively. Interest ranging from 4.13% to 5.13% in 2026 and 4.30% to 5.75% in 2026 and 2025.

7. Property and Equipment

The rollforward analysis of this account follows:

	For the six months ended June 30, 2026 (Unaudited)							
	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures, Office Equipment and Machineries	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of year	**₱454,819,490**	**₱523,483,923**	**₱255,580,073**	**₱536,713,690**	**₱1,143,567,248**	**₱1,031,257,734**	**₱17,742,625**	**₱3,963,164,783**
Additions	**2,557,672**	**9,040,519**	**15,557,313**	**14,609,447**	**669,643**	**–**	**15,658,620**	**58,093,214**
Reclassification	**–**	**12,020,888**	**17,742,625**	**–**	**–**	**–**	**(29,763,513)**	**–**
Disposals	**(1,295,762)**	**(5,140,643)**	**(11,461,358)**	**(29,178,759)**	**–**	**–**	**–**	**(47,076,522)**
Effect of changes in foreign currency exchange rates	**2,199,808**	**3,258,147**	**2,005,218**	**566,244**	**–**	**–**	**–**	**8,029,417**
Balances at end of period	**458,281,208**	**542,662,834**	**279,423,871**	**522,710,622**	**1,144,236,891**	**1,031,257,734**	**3,637,732**	**3,982,210,892**
Accumulated depreciation and amortization								
Balances at beginning of year	**393,998,355**	**400,225,558**	**209,489,812**	**496,996,126**	**45,742,690**	**–**	**–**	**1,546,452,541**
Depreciation (Notes 18 and 19)	**8,362,475**	**17,489,265**	**12,108,091**	**12,466,741**	**11,436,845**	**–**	**–**	**61,863,417**
Disposals	**(1,265,319)**	**(5,000,360)**	**(11,269,497)**	**(29,228,210)**	**–**	**–**	**–**	**(46,763,386)**
Effect of changes in foreign currency exchange rates	**2,935,997**	**2,764,416**	**1,220,740**	**1,808,906**	**–**	**–**	**–**	**8,730,059**
Balances at end of period	**404,031,508**	**415,478,879**	**211,549,146**	**482,043,563**	**57,179,535**	**–**	**–**	**1,570,282,631**
Net book value	**₱54,249,700**	**₱127,183,955**	**₱67,874,725**	**₱40,667,059**	**₱1,087,057,356**	**₱1,031,257,734**	**₱3,637,732**	**₱2,411,928,261**

	For the year ended December 31, 2025 (Audited)							
	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of year	₱446,253,365	₱1,113,021,902	₱342,119,532	₱527,463,992	₱1,137,890,150	₱1,031,257,734	₱19,892,625	₱4,617,899,300
Additions	15,448,978	24,325,901	15,050,876	30,259,355	5,677,098	–	26,156,422	116,918,630
Reclassifications	–	903,091	–	–	–	–	(903,091)	–
Disposals	(8,311,654)	(614,188,793)	(101,868,826)	(21,012,732)	–	–	(27,403,331)	(772,785,336)
Effect of changes in foreign currency exchange rates	1,428,801	(578,178)	278,491	3,075	–	–	–	1,132,189
Balances at end of year	454,819,490	523,483,923	255,580,073	536,713,690	1,143,567,248	1,031,257,734	17,742,625	3,963,164,783
Accumulated depreciation and amortization								
Balances at beginning of year	377,537,152	970,348,216	279,297,638	480,190,440	22,757,803	–	–	2,130,131,249
Depreciation (Notes 18 and 19)	23,540,462	42,472,867	26,681,427	30,254,997	22,984,887	–	–	145,934,640
Disposals	(7,422,368)	(612,061,405)	(97,503,397)	(13,561,098)	–	–	–	(730,548,268)
Effect of changes in foreign currency exchange rates	343,109	(534,120)	1,014,144	111,787	–	–	–	934,920
Balances at end of year	393,998,355	400,225,558	209,489,812	496,996,126	45,742,690	–	–	1,546,452,541
Net book value	₱60,821,135	₱123,258,365	₱46,090,261	₱39,717,564	₱1,097,824,558	₱1,031,257,734	₱17,742,625	₱2,416,712,242

8. Intangible Assets

The rollforward analysis of this account follows:

	For the six months ended June 30, 2026 (Unaudited)		
	Software	**Development in Progress**	**Total**
Costs			
Balances at beginning of year	**₱367,115,757**	**₱57,581,108**	**₱424,696,865**
Additions	–	**2,545,028**	**2,545,028**
Disposals	**(36,337,104)**	–	**(36,337,104)**
Effect of changes in foreign currency exchange rates	**1,285,812**	**3,728,825**	**5,014,637**
Balances at end of period	**332,064,465**	**63,854,961**	**395,919,426**
Accumulated Amortization			
Balances at beginning of year	**256,995,822**	–	**256,995,822**
Amortization (Notes 19 and 20)	**39,192,065**	–	**39,192,065**
Disposals	**(34,687,100)**	–	**(34,687,100)**
Effect of changes in foreign currency exchange rates	**2,589,529**	–	**2,589,529**
Balances at end of period	**264,090,316**	–	**264,090,316**
Net book value	**₱67,974,149**	**₱63,854,961**	**₱131,829,110**

	For the year ended December 31, 2025 (Audited)		
	Software	Development in Progress	Total
Costs			
Balances at beginning of year	₱591,708,803	₱45,643,832	₱637,352,635
Additions	12,664,797	24,351,702	37,016,499
Disposal	(249,243,891)	–	(249,243,891)
Reclassification	12,274,000	(12,274,000)	–
Effect of changes in foreign currency exchange rates	(287,952)	(140,426)	(428,378)
Balances at end of year	367,115,757	57,581,108	424,696,865
Accumulated Amortization			
Balances at beginning of year	425,076,484	–	425,076,484
Amortization (Notes 19 and 20)	81,997,630	–	81,997,630
Disposal	(249,116,732)	–	(249,116,732)
Effect of changes in foreign currency exchange rates	(961,560)	–	(961,560)
Balances at end of year	256,995,822	–	256,995,822
Net book value	₱110,119,935	₱57,581,108	₱167,701,043

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	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
Balance at beginning of period	**₱78,024,029**	₱99,480,637
Unrealized fair value loss during the period	**(25,357,810)**	(21,456,608)
	₱52,666,219	₱78,024,029

FVPL	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
Balance at beginning of period	**₱2,469,792**	₱2,360,759
Unrealized fair value gain during the period	**46,878**	109,033
	₱2,516,670	₱2,469,792

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

Movement in unrealized loss on investment at FVOCI follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**(₱186,087,733)**	(₱164,631,125)
Unrealized loss during the period from quoted investments:	**(25,357,810)**	(21,456,608)
Balance at end of period (Note 16)	**(₱211,445,543)**	(₱186,087,733)

10. Investment in Associates

<u>Investment in Terra Barbaza Aviation, Inc. (TBAI)</u>
The Group has 20,000,000 non-voting Preferred A Shares, 29,436,988 non-voting Preferred B Shares and 1,250 common shares which represent 24.762% of the total outstanding common shares of TBAI as of June 30, 2026 and December 31, 2025. 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Costs		
At acquisition date	**₱79,809,022**	₱79,809,022
Accumulated Equity on Net Earnings (Loss)		
Balance at beginning of period	**7,226,096**	11,251,681
Equity share in net income (loss)	**1,658,085**	(4,025,585)
	8,884,181	7,226,096
Carrying Value	**₱88,693,203**	₱87,035,118

The summarized statements of financial position of TBAI follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Current assets	**₱100,459,209**	₱84,848,044
Noncurrent assets	**390,837,391**	398,242,961
Current liabilities	**(6,366,621)**	(6,394,300)
Noncurrent liabilities	**(38,410,212)**	(36,873,025)
Equity	**446,519,767**	439,823,680
Less total preferred shares	**(286,058,916)**	(286,058,916)
Subtotal	**160,460,851**	153,764,764
Proportion of Group's ownership	**24.762%**	24.762%
Group's share in identifiable asset	**39,733,316**	38,075,231
Group’s share on preferred shares	**49,436,988**	49,436,988
Implied goodwill	**(477,101)**	(477,101)
Carrying amount of the investment	**₱88,693,203**	₱87,035,118

The summarized statement of comprehensive income of TBAI follows:

	For the six months ended June 30, 2026 (Unaudited)	For the year ended December 31, 2025 (Audited)
Revenue	**₱46,345,436**	₱71,635,592
Cost and expenses	**39,649,350**	87,892,701
Net income (loss)	**₱6,696,086**	(₱16,257,109)
Group’s share in total comprehensive income (loss)	**₱1,658,085**	(₱4,025,585)

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.

Movement in the investment in OFII is as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Costs		
Balances at beginning and end of year	**₱227,916,452**	₱227,916,452
Accumulated Equity on Net Earnings		
Balance at beginning of period	**50,000,069**	47,345,117
Equity share in net earnings	**13,606,753**	35,654,952
Less: Dividend income	**(30,000,000)**	(33,000,000)
Balances at end of year	**33,606,822**	50,000,069
Other Comprehensive Income		
Balance at beginning of period	**3,649,398**	3,613,333
Equity share in other comprehensive income	**60,000**	36,065
Balances at end of year	**3,709,398**	3,649,398
Carrying Value	**₱265,232,672**	₱281,565,919

The summarized statements of financial position of OFII follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Current assets	**₱724,933,646**	₱653,085,981
Noncurrent assets	**130,038,140**	166,932,128
Current liabilities	**(353,891,196)**	(224,875,327)
Noncurrent liabilities	**(58,170,016)**	(97,788,051)
Equity	**442,910,574**	497,354,731
Proportion of Group's ownership	**30.00%**	30.00%
Group's share in identifiable asset	**132,873,172**	149,206,419
Implied goodwill	**132,359,500**	132,359,500
Carrying amount of the investment	**₱265,232,672**	₱281,565,919

The summarized statement of comprehensive income of OFII follows:

	For the six months ended June 30, 2026 (Unaudited)	For the year ended December 31, 2025 (Audited)
Revenue	**₱487,883,422**	₱967,386,980
Cost and expenses	**442,527,580**	848,537,138
Net income	**45,355,842**	118,849,842
Other comprehensive income	**200,000**	120,216
Total comprehensive income	**45,555,842**	118,970,058
Group’s share in total comprehensive income	**₱13,666,753**	₱35,691,017

On February 28, 2025, LBCH received stock dividends from OFII equivalent to 364,285 shares. There is no change in the percentage of ownership.

In 2026 and 2025, OFII declared dividends amounting to ₱100.00 million and ₱110.00 million, respectively, of which the 30% share of LBCH is equivalent to ₱30.00 million and ₱33.00 million, respectively.

Dividend receivables as of June 30, 2026 and December 31, 2025 amounted to ₱15.00 million and nil, respectively.

No impairment loss was recognized for the investment in associates in 2026 and 2025.

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 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.

For the six months ended June 30, 2026 and 2025, LBCH incurred royalty fee amounting to ₱3.77 million and ₱3.56 million, respectively. The related payable was offset to LBCH's interest receivable from Transtech amounting to ₱0.71 million and ₱0.75 million for the six months ended June 30, 2026 and 2025, respectively, and to loans receivable amounting to ₱3.06 million and ₱2.81 million for the six months ended June 30, 2026 and 2025, respectively.

Current and noncurrent portion as at June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Current portion*	**₱17,423,372**	₱16,336,554
Noncurrent portion**	**54,692,540**	55,739,292
	₱72,115,912	₱72,075,846

**Presented under 'Prepayments and other current assets'*
***Presented under 'Other noncurrent assets'*

Interest income earned amounted to ₱0.71 million and ₱0.75 million for the six months ended June 30, 2026 and 2025, respectively.

12. Accounts and Other Payables and Other Noncurrent Liabilities

Accounts and other payables account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade payable - outside parties	**₱1,134,805,708**	₱1,191,387,524
Trade payable - related parties (Note 17)	**1,755,757**	14,009,050
Accruals:		
Salaries and wages	**249,338,947**	255,877,829
Contracted jobs	**117,988,935**	86,259,906
Claims and losses	**117,083,098**	110,361,531
Rent and utilities	**97,457,635**	89,047,272
Taxes	**94,349,866**	90,569,168
Software maintenance	**35,109,737**	34,185,298
Professional fees	**27,909,896**	33,888,898
Advertising	**15,179,341**	45,179,669
Outside services	**16,716,951**	15,713,963
Others	**38,476,933**	48,123,878
Taxes payable	**779,152,685**	767,050,128
Contract liabilities	**288,598,482**	303,949,758
Government agencies contributions payables	**42,850,331**	42,396,156
Others	**34,169,086**	42,457,111
	₱3,090,943,388	₱3,170,457,139

Software maintenance cost includes fees related to an enterprise agreement in which the Group incurred interest expense amounting to nil and ₱0.81million for the six months ended June 30, 2026 and 2025, respectively.

Other noncurrent liabilities, amounting to ₱131.47 million and ₱102.78 million as of June 30, 2026 and December 31, 2025, respectively, pertains to accumulated other employee benefits that are expected to be paid upon resignation or retirement.

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.

This also includes collections related to cash-on delivery and cash-on-pick up services of the Company which are to be remitted on the next one-to-two banking day to the customers.

Transmissions liability amounted to ₱569.45 million (₱5.47 million of which is payable to an affiliate) and ₱521.83 million (₱4.35 million of which is payable to an affiliate) as at June 30, 2026 and December 31, 2025, respectively (see Note 17).

14. Notes Payable

The Group has outstanding notes payable to various local banks. The details of these notes as at June 30, 2026 and December 31, 2025 are described below:

		June 30, 2026				
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
a.	Unionbank of the Philippines	Aug 2021	₱27,628,293	Aug 2026	7.21%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2021	9,822,120	Dec 2031	7.56%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Feb 2022	10,936,369	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Mar 2022	17,219,569	Dec 2031	7.64%,, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2022	14,574,215	Dec 2031	7.12%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2022	15,356,923	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2022	10,848,923	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2022	3,517,231	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Oct 2022	6,965,369	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Nov 2022	4,524,947	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jan 2023	41,094,162	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jan 2023	29,293,297	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Mar 2023	37,996,000	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2023	23,989,000	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2023	19,320,000	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jun 2023	34,113,600	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter

Bank		Date of Availment	June 30, 2026 Outstanding Balance	Maturity	Interest Rate	Terms
	Unionbank of the Philippines	Jul 2023	51,060,000	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2023	4,201,318	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2023	3,215,614	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2023	37,480,745	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Sep 2023	47,941,434	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2023	34,819,216	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2023	38,531,259	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2024	3,784,219	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2024	6,076,452	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2025	55,962,293	Dec 2031	7.64%, subject to repricing	With mortgage; Interest and principal payable every quarter
b.	Unionbank of the Philippines	Jan 2026	18,000,000	July 2026	7.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
c.	Banco de Oro	Mar 2026, May 2026	120,000,000	Nov 2026	6.13%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
d.	Banco de Oro	Mar 2026	20,000,000	Sep 2026	6.13%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
e.	Banco de Oro	Apr 2026	45,000,000	Oct 2026	6.13%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
f.	Banco de Oro	May 2026	115,000,000	Oct 2026	6.13%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
g.	Unionbank of the Philippines	Jun 2026	50,000,000	Jul 2026	7.50%, subject to repricing	Clean; Interest payable every quarter, principal payable upon maturity
h.	Banco de Oro	Aug 2025	4,528,668,538	Aug 2030	6.13%, subject to repricing	With mortgage; Interest payable every month and principal payable semi-annually
Total			₱5,486,941,106			
Current portion			₱864,124,876			
Noncurrent portion			₱4,622,816,230			

	December 31, 2025				
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
a. Unionbank of the Philippines	Aug 2021	₱82,884,879	Aug 2026	7.71%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2021	10,715,040	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Feb 2022	11,930,585	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Mar 2022	18,784,985	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2022	15,841,539	Dec 2031	7.79%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2022	16,692,308	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2022	11,792,308	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2022	3,823,077	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Oct 2022	7,571,053	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Nov 2022	4,918,421	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	44,667,568	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	31,840,541	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Mar 2023	41,300,000	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2023	26,075,000	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2023	21,000,000	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jun 2023	37,080,000	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	55,500,000	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	4,566,650	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	3,495,233	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter

Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
			December 31, 2025			
	Unionbank of the Philippines	Aug 2023	40,739,940	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Sep 2023	52,110,255	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2023	37,846,975	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2023	41,881,803	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2024	4,113,281	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2024	6,604,839	Dec 2031	7.89%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2025	61,049,774	Dec 2031	7.81%, subject to repricing	With mortgage; Interest and principal payable every quarter
b.	Unionbank of the Philippines	July 2025	18,000,000	Jan 2026	8.38%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
c.	Banco de Oro	Sep 2025, Nov 2025	100,000,000	May 2026, Mar 2026	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
d.	Banco de Oro	Sep 2025	20,000,000	Mar 2026	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
e.	Banco de Oro	Oct 2025	45,000,000	Apr 2026	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
f.	Banco de Oro	May 2025	115,000,000	May 2026	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
g.	Unionbank of the Philippines	Dec 2025	50,000,000	Jun 2026	8.25%, subject to repricing	Clean; Interest payable every quarter, principal payable upon maturity
h.	Banco de Oro	Aug 2025	4,676,357,338	Aug 2030	6.25%, subject to repricing	With mortgage; Interest payable every month and principal payable semi-annually
i.	Banco de Oro	Oct 2021	42,375,000	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
j.	Rizal Commercial Banking Corporation	Oct 2025, Nov 2025	57,601,322	Jan 2026, Feb 2026	7.75%, subject to repricing	AR Assignment, Interest deducted in full, Principal payable upon maturity
k.	Banco de Oro	Dec 2025	150,000,000	Jun 2026	8.25%, subject to repricing	Clean; Interest payable every month, Principal amount of P50M due on the 6th month and every 2 months thereafter.
Total			₱5,969,159,714			
Current portion			₱1,074,354,992			
Noncurrent portion			₱4,894,804,722			

a. In 2020, the Company availed a 5-year interest bearing loan from Banco De Oro (BDO) 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. In 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. LBCE paid ₱55.27 million and ₱110.51 million in 2026 and 2025. As of June 30, 2026, the outstanding amount of loan is ₱27.63 million.

   To finance the construction of the warehouse, on March 21, 2021, LBCE availed of ₱840.00 million credit facility from UBP and availed the loan on various dates as follows:

   On December 27, 2021, February 21, 2022 and March 4, 2022, LBCE availed 10-year interest bearing loan with maturity date of December 26, 2031, amounting to ₱17.86 million, ₱19.39 million and ₱30.52 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, ₱18.40 million and ₱5.96 million, respectively. LBCE settled in aggregate of ₱7.30 million in 2026 and ₱14.61 million in 2025, respectively.

   On October 10 and November 10, 2022, LBCE availed another 10-year interest bearing loan with maturity date of December 26, 2031, amounting to ₱11.51 million and ₱7.48 million, respectively. Settlements made in 2026 and 2025 amounted to ₱1.00 million and ₱2.00 million, respectively.

   In 2023, additional availments were made in an aggregate amount of ₱509.30 million and settled ₱35.05 million in 2026 and ₱70.10 million in 2025.

   In 2024 and 2025, additional availments were made in an aggregate amount of ₱118.70 million and ₱63.59 million, respectively. Settlements made in 2026 and 2025 amounted to ₱0.86 million and ₱1.71 million, respectively.

   On August 28, 2025, additional availment was made in the amount of ₱63.59 million and settled ₱5.09 million in 2026 and 2025, respectively.

   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.

b. A short-term loan availed with UBP in July 2023 which was rolled over in January 2024 amounting to ₱25.00 million and settled in August 2024. It was rolled over in August 2024 amounting to ₱7.60 million and settled in February 2025.

Additional availments were made in January 2025 amounting to ₱11.90 million with maturity date of July 2025. The total amount of ₱18.00 million was rolled over in July 2025 and January 2026 with maturity date of July 2026.

c. On October 18, 2021, LBCE availed a short-term interest-bearing loan with 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, April 2024, November 2024, May 2025, November 2025, and March 2026, the loan was rolled over at the amount of ₱100.00 million. The maturity date is in November 2026.

   On April 11, 2022, LBCE also availed a short-term interest-bearing loan with BDO amounting to ₱10.00 million and rolled over with maturity date in October 2023, March 2024, September 2024, March 2025, September 2025 and was fully settled in 2026.

   On May 13, 2026, LBCE also availed a short-term interest-bearing loan with BDO amounting to ₱20.00 million with maturity date in November 2026.

d. 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, October 2023, April 2024, October 2024, March 2025, September 2025, and March 2026 with maturity date in September 2026.

e. 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 at the amount of ₱45.00 million and further rolled over in November 2022, May 2023, November 2023, May 2024, October 2024, May 2025, October 2025, and April 2026 with maturity date in October 2026.

f. 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, November 2022, May 2023, November 2023, May 2024, November 2024 and May 2025 at the amount of ₱125.00 million. In November 2025 and May 2026, it was rolled at the amount of ₱115.00 million with maturity date in October 2026. Settlements made in 2026 and 2025 amounted to nil and ₱10.00 million, respectively.

g. In December 2024, LBCE a short-term loan interest bearing with UBP amounting to ₱50.00 million to finance working capital. It was rolled over in June 2025, December 2025, and June 2026 with maturity date of July 2026.

h. On August 20, 2025, the Group entered into a loan agreement with BDO to finance the redemption of the convertible instrument amounting to ₱4.70 billion allocated to LBCH and LBCE at the amount of ₱3.40 billion and ₱1.30 billion, respectively. The interest will be paid monthly while the principal will be paid semi-annually for five years starting February 2026. Total transaction cost of the loan recognized and to be amortized over the life of the loan amounted to ₱35.20 million.

   The loan is secured with real estate mortgage on various properties owned by an affiliate valued at ₱4.93 billion. Effective the same date, in consideration of the affiliate's accommodation to the Group's request to use its assets as loan collateral, the Group agreed to pay the affiliate a guarantee fee of 1% of the face value of the loan and until said assets are released by the bank as loan collateral. The guarantee fee is reported as part of interest expense in the consolidated statements of comprehensive income amounting to ₱23.38 million and nil for the six months ended June 30, 2026 and 2025, respectively.

i. The Notes Facility Agreement entered into by LBCE with BDO in 2016 is with a credit line facility amounting to ₱800.00 million. The loan is secured by a real estate mortgage on land owned by LBCE's affiliate (see Note 15). 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.

   On April 15, 2021, the Board of Directors of LBCH approved to guarantee the loan and allowed to hold out its time deposit. Such guarantee shall substitute the existing real estate mortgage on the affiliate's real estate properties as security.

   This loan was fully settled in 2026. Settlements made in 2026 and 2025 amounted to ₱42.38 million and ₱84.75 million, respectively.

j. 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 of these loans as of December 31, 2025 and 2024 amounted to nil and ₱96.61 million, respectively. This was fully settled in 2025.

   In August 2025 and September 2025, LBCE availed short-term loans from RCBC amounting to ₱ 47.92 million to finance working capital with maturity dates of October 2025 and November 2025.

   In October 2025 and November 2025, LBCE availed additional short-term loans amounting to ₱57.60 million with maturity dates of January 2026 and February 2026.

   In March 2026, LBCE availed additional short-term loans amounting to ₱60.70 million with maturity dates of April 2026 and May 2026. This was fully settled in 2026.

k. In October 2024, LBCE availed a one-year loan interest bearing with BDO amounting to ₱200.00 million to finance working capital. This was fully settled in 2025.

   In December 2025, LBCE availed a short-term loan interest bearing with BDO amounting to ₱150.00 million to finance working capital with maturity date in June 2026. This was fully settled in 2026.

Interest expense amounted to ₱205.52 million and ₱33.89 million in 2026 and 2025, 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 June 30, 2026 and December 31, 2025, the Group is compliant with its debt covenants.

Movements in the notes payable account follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**₱5,969,159,714**	₱1,914,692,137
Availments	**147,736,942**	4,843,910,878
Payments	**(629,955,550)**	(789,443,301)
	₱5,486,941,106	₱5,969,159,714

The maturity analysis of the notes payable follows:

	June 30, 2026 (Unaudited)	**Interest rate**	December 31, 2025 (Audited)	Interest rate
Due 2026	**₱594,925,188**	**6.00-8.00%**	₱1,074,354,992	6.25-8.25%
Due 2027	**548,593,790**	**6.00-8.00%**	543,493,790	6.25-7.47%
Due 2028	**548,593,790**	**6.00-8.00%**	543,493,790	6.25-7.47%
Due 2029	**598,593,790**	**6.00-8.00%**	593,493,790	6.25-7.47%
Due 2030	**3,076,815,867**	**6.00-8.00%**	3,095,451,128	6.25-7.47%
Due 2031	**98,593,790**	**6.00-8.00%**	118,872,224	6.25-7.47%
Due 2032	**20,824,891**	**6.00-8.00%**	–	–
	₱5,486,941,106		₱5,969,159,714	

15. Convertible Instrument

This account consists of:

	December 31, 2025 (Audited)
Derivative liability	
Balances at beginning of year	₱2,528,532,365
Fair value loss on derivative	66,880,573
Loss on redemption	4,708,473
Redemption	(2,600,121,411)
Balances at end of year	₱–
Bond payable	
Balances at beginning of year	₱2,065,585,876
Accretion of interest	187,020,306
Unrealized foreign exchange (gain) loss	(24,520,236)
Redemption	(2,228,085,946)
Balances at end of year	₱–

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 30^{th} 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 4^{th}, 5^{th} and 6^{th} 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 4^{th}, 5^{th} and 6^{th} 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 June 30, 2026 and December 31, 2025, 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 follows:

- 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.

On August 15, 2025, LBCH received a notice setting the maturity date of the convertible instrument on September 15, 2025. The instrument amounting to $39.00 million was redeemed by the Group on the said date for a total redemption price of ₱4,828.21 million (US$84.51 million). Total loss on redemption of convertible instrument amounted to ₱4.71 million in 2025.

16. Equity

Capital stock
As of June 30, 2026 and December 31, 2025, 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	–			–
December 31, 2024-2025	1,425,865,471			485
Less: Movement	–			–
June 30, 2026	1,425,865,471			485

Retained earnings
The unappropriated retained earnings include accumulated equity in undistributed net earnings of the consolidated subsidiaries amounted to ₱1,356.08 million and ₱1,236.14 million as of June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025.

Cash dividends
On April 30, 2026, the BOD of LBC Mabuhay (Malaysia) SDN BHD. declared cash dividends of MYR 2.00 per common share. This was paid in 2026 which amounted to ₱31.14 million of which ₱2.34 million is attributed to noncontrolling interest.

On April 22, 2026, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 1,000 per common share. The record date of entitlement to the said cash dividend is on April 30, 2026. This was paid in 2026 which amounted to ₱20.14 million of which ₱10.27 million is attributed to noncontrolling interest.

On May 10, 2025, 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 May 25, 2025. This was paid in 2025 which amounted to ₱3.93 million of which ₱2.00 million is attributed to noncontrolling interest.

No dividends were declared in 2024.

Accumulated comprehensive gain (loss)

Details of accumulated comprehensive gain (loss) as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Remeasurement gain on retirement benefit plan, net of tax	**₱221,194,737**	₱221,194,737
Currency translation gain	**66,631,257**	39,370,755
Share in other comprehensive gain of an associate (Note 10)	**3,709,398**	3,649,398
Unrealized fair value loss on investment at FVOCI (Note 9)	**(211,445,543)**	(186,087,733)
	₱80,089,849	₱78,127,157
Accumulated comprehensive income (loss) attributable to:		
Controlling interest	**₱77,894,392**	₱78,439,423
Non-controlling interest	**2,195,457**	(312,266)
	₱80,089,849	₱78,127,157

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 expense reimbursements. 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 six months ended June 30, 2026 and 2025 and for the year ended December 31, 2025 are as follows:

	Transaction amounts for the six months ended June 30, 2026 (Unaudited)	Outstanding receivable (payable) balance as at June 30, 2026 (Unaudited)		
	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)	**₱84,654,276**	**₱413,601,963**	**Noninterest-bearing; due and demandable**	**Unsecured**
Due from related parties (Non-trade receivables)				
Ultimate parent company				
b.) Receivable in relation to sale of investment in shares of stock of an affiliate including assigned receivables and expense reimbursements	**₱937,331**	**₱1,019,856,685**	**Noninterest-bearing; due and demandable**	**Secured**
Entities under common control				
b.) Advances	–	**7,545,048**	**Noninterest-bearing; due and demandable**	**Unsecured**
b.) Receivable under regular trade agreements	**16,101,902**	**119,650,582**	**Noninterest-bearing; due and demandable**	**Unsecured**
b.) Expense reimbursements	**6,708,006**	**21,605,218**	**Noninterest-bearing; due and demandable**	**Unsecured**
Beneficial Owners				
b.) Advances	–	**37,709,077**	**Noninterest-bearing; due and demandable**	**Unsecured**
		₱1,206,366,610		
Dividend receivable				
f.) Associate (Note 10)	**₱30,000,000**	**₱15,000,000**	Noninterest-bearing; due and demandable	Unsecured
Due to related parties (Trade payables)				
Ultimate Parent Company				
c.) Royalty fee (Note 13)	**₱–**	**(₱135,401)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Associate				
d.) Sea freight and brokerage (Note 13)	**497,828,782**	**(1,620,356)**	**Noninterest-bearing; due and demandable**	**Unsecured**
		(₱1,755,757)		
Due to a related party (Non-trade payables)				
Ultimate Parent Company				
e.) Guarantee fee	**₱23,381,050**	**(₱40,616,811)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Entities under common control				
b.) Payable under regular trade agreement	**18,815,480**	**(4,092,227)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Officer				
b.) Advances	–	**(556,380)**	**Noninterest-bearing; due and demandable**	**Unsecured**
		(₱45,265,418)		
Due to a related party (Transmissions liability)				
Subsidiaries - under common control				

	Transaction amounts for the six months ended June 30, 2026 (Unaudited)	Outstanding receivable (payable) balance as at June 30, 2026 (Unaudited)		
	Amount/Volume	**Receivable (Payable)**	**Terms**	**Conditions**
a.) Money remittance payable (Note 14)	**₱323,279,989**	**(₱5,467,136)**	**Noninterest-bearing; due and demandable**	**Unsecured**

	2025			
	Transaction amounts for the six months ended June 30, 2025 (Unaudited)	Outstanding Receivable (Payable) as at December 31, 2025 (Audited)	Terms	Conditions
<u>Due from related parties (Trade receivables)</u>				
Entities under common control				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 6 and 26)	₱54,661,587	₱382,581,338	Noninterest-bearing; due and demandable	Unsecured
<u>Due from related parties (Non-trade receivables)</u>				
Ultimate parent company				
b.) Receivable in relation to sale of investment in shares of stock of an affiliate including assigned receivables and expense reimbursements	₱–	₱1,018,858,874	Noninterest-bearing; due and demandable	Secured
Entities under common control				
b.) Advances	–	7,545,048	Noninterest-bearing; due and demandable	Unsecured
b.) Receivable under regular trade agreements	13,918,353	89,274,372	Noninterest-bearing; due and demandable	Unsecured
b.) Expense reimbursements	23,876,732	12,262,525	Noninterest-bearing; due and demandable	Unsecured
Beneficial Owners				
b.) Advances	–	37,709,077	Noninterest-bearing; due and demandable	Unsecured
		₱1,165,649,896		
<u>Dividend receivable</u>				
f.) Associate (Note 10)	₱–	₱–	Noninterest-bearing; due and demandable	Unsecured
<u>Due to related parties (Trade payables)</u>				
Ultimate Parent Company				
c.) Royalty fee (Note 13)	₱–	(₱129,109)	Noninterest-bearing; due and demandable	Unsecured
Associate				
d.) Sea freight and brokerage (Note 13)	292,226,708	(13,879,941)	Noninterest-bearing; due and demandable	Unsecured
		(₱14,009,050)		
<u>Due to a related party (Non-trade payables)</u>				
Ultimate Parent Company				
e.) Guarantee fee	₱–	(₱15,752,371)	Noninterest-bearing; due and demandable	Unsecured
Entities under common control				
b.) Payable under regular trade agreement	12,371,755	(4,676,737)	Noninterest-bearing; due and demandable	Unsecured
Officer				
b.) Advances	–	(524,565)	Noninterest-bearing; due and demandable	Unsecured
		(₱20,953,673)		

	2025			
	Transaction amounts for the six months ended June 30, 2025 (Unaudited)	Outstanding Receivable (Payable) as at December 31, 2025 (Audited)	Terms	Conditions
Due to a related party (Transmissions liability)				
Subsidiaries - under common control				
a.) Money remittance payable (Note 14)	₱169,134,197	(₱4,353,178)	Noninterest-bearing; due and demandable	Unsecured

Compensation of Key Management Personnel:

	For the six months ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Salaries and wages	**₱45,966,310**	₱62,146,932
Retirement benefits	**5,910,475**	2,996,069
Other short-term employee benefits	**4,907,885**	10,029,498
	₱56,784,670	₱75,172,499

a. In the normal course of business, the Group fulfills the delivery of balikbayan boxes and other courier products, 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. Further, the affiliates engaged in money remittance services send advance funding covers for the settlements of money remittances to cover non-banking days such as during the weekends and holidays. While affiliates engaged in cargo delivery services provides deposits that serves as revolving fund to settle cargo related transactions.

   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 2026 and 2025.

b. The Group provides expense reimbursements, has receivable and payable under regular trade agreements to affiliates. These are non-interest bearing and payable on demand.

   In prior years, the Group had 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 July 2025, the receivable became due and demandable.

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. The pledge agreement was renewed in 2025.

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.

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. On August 20, 2025, the Group entered into a loan agreement with BDO to finance the redemption of the convertible instrument amounting to ₱4.70 billion allocated to LBCH and LBCE at the amount of ₱3.40 billion and ₱1.30 billion, respectively. The interest will be paid monthly while the principal will be paid semi-annually for five years starting February 2026.

The loan is secured with real estate mortgage on various properties owned by affiliates. Effective the same date, in consideration of the affiliate's accommodation to the Group's request to use these as loan collateral, the Group agreed to pay the affiliate a guarantee fee of 1% of the face value of the loan and until said assets are released by the bank as loan collateral. The Group also agreed to pay in advance ₱265.21 million, of which ₱105.28 million including applicable taxes shall be applied to 4th and 5th year of the agreement. The guarantee fee is reported as part of interest expense in the consolidated statements of comprehensive income amounting to ₱23.38 million and nil in the six months ended June 30, 2026 and 2025, respectively.

f. In June 2026, the BOD of OFII declared cash dividends amounting to ₱100.00 million, of which the 30% share of LBCH is equivalent to ₱30.00 million.

Aside from required approval of related party transactions explicitly stated in the Corporation Code, the Group has established its own related party transaction policy stating that any related party transaction involving amount or value greater than 10% of the Group's total 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.

18. Cost of Services

This account consists of:

	For the six months ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Cost of delivery and remittance	**₱2,166,699,997**	₱1,919,500,083
Salaries wages and employee benefits	**1,633,275,920**	1,633,365,504
Utilities and supplies	**523,340,395**	518,242,117
Depreciation and amortization (Notes 7, 8 and 21)	**389,185,616**	441,092,049
Contracted services	**281,105,365**	239,886,085
Rent (Note 21)	**249,335,036**	269,118,776
Repairs and maintenance	**108,364,709**	100,567,178
Transportation and travel	**76,498,223**	77,712,076
Insurance	**59,016,154**	53,233,030
Retirement benefit expense	**52,186,494**	55,209,258
Others	**37,060,443**	36,832,728
	₱5,576,068,352	₱5,344,758,884

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 six months ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Salaries wages and employee benefits	**₱298,194,302**	₱314,197,274
Professional fees	**169,964,809**	149,464,835
Commission expense	**127,699,985**	118,377,360
Taxes and licenses	**121,006,146**	113,368,083
Depreciation and amortization (Notes 7, 8 and 21)	**76,760,931**	77,160,311
Travel and representation	**73,057,669**	54,784,403
Utilities and supplies	**72,591,970**	76,995,243
Dues and subscriptions	**66,523,572**	75,396,716
Contracted services	**50,113,423**	49,433,610
Advertising and promotion	**47,425,763**	73,542,683
Software maintenance costs	**40,491,536**	42,390,837
Provision for expected credit losses (Note 5)	**24,921,529**	13,862,990
Retirement benefit expense	**20,898,172**	22,396,108
Insurance	**12,971,978**	11,915,566
Losses	**7,646,210**	19,203,512
Rent (Note 21)	**4,474,368**	3,427,660
Royalty	**3,769,315**	3,556,913
Donations	**2,000,000**	100,000
Repairs and maintenance	**1,845,425**	2,817,938
Others	**17,608,505**	17,530,443
	₱1,239,965,608	₱1,239,922,485

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

Foreign exchange gains - net arises from the following:

	For the six months ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Advances to affiliate - net	**₱36,570,437**	₱2,164,307
Trade receivable	**3,191,235**	(1,066,624)
Cash and cash equivalents	**2,646,029**	(4,851,412)
Trade payables	**174,446**	129,155
Bond payable	**–**	55,305,811
	₱42,582,147	₱51,681,237

20. Income Taxes

Provision from income tax consists of:

	For the six months ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Current	**₱61,359,503**	₱72,726,625
Deferred	**31,687,186**	(30,535,619)
	₱93,046,689	₱42,191,006

Details of the Group's deferred income tax assets - net as of June 30, 2026 and December 31, 2025 follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Deferred tax assets arising from:		
NOLCO	**₱354,824,973**	₱358,312,289
Lease liabilities	**234,412,924**	261,326,674
Retirement benefit liability	**215,896,062**	209,184,644
Allowance for impairment losses	**66,991,690**	71,250,577
Contract liabilities	**25,552,035**	23,509,331
Unrealized foreign exchange losses	**17,242,555**	17,459,601
Accrued employee benefits	**12,936,124**	13,066,840
Others	**27,783,396**	57,119,416
	955,639,759	1,011,229,372
Deferred tax liabilities on:		
Undistributed earnings	**(158,211,901)**	(158,211,901)
Right of use assets	**(198,206,964)**	(222,346,095)
	₱599,220,894	₱630,671,376

As of June 30, 2026, the Group has MCIT amounting to ₱9.23 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 for the current corporate office spaces, which include a three-year term starting from November 1, 2023, and another three-year term starting from January 1, 2024, as well as a five-year term that began on May 16, 2020. The lease agreements are renewable upon mutual agreement with the lessor and include rental rate escalations during the terms of the leases. The lease agreements also require the Parent Company to pay advance rental and security deposits.

2. Lease agreements covering various service centers and service points within the Philippines and a foreign branch and subsidiaries located in the Middle East for a period of one (1) to eleven (11) years except for one (1) warehouse which has a lease term of twenty (20) 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 June 30, 2026 and December 31, 2025:

	For the period ended June 30, 2026 (Unaudited)			
	Right-of-use assets			
	Office and Warehouses	Vehicles	Equipment	Total
Costs				
Balances at beginning of year	**₱2,896,479,584**	**₱49,841,767**	**₱66,710,122**	**₱3,013,031,473**
Additions	**266,576,880**	**22,750,200**	**–**	**289,327,080**
Pretermination and end of contracts	**(310,957,635)**	**(4,526,872)**	**–**	**(315,484,507)**
Effect of changes in foreign currency exchange rates	**31,079,623**	**1,110,760**	**2,752,387**	**34,942,770**
Balances at end of year	**2,883,178,452**	**69,175,855**	**69,462,509**	**3,021,816,816**
Accumulated amortization				
Balances at beginning of year	**1,682,784,841**	**27,672,177**	**36,235,183**	**1,746,692,201**
Amortization (Notes 19 and 20)	**352,642,207**	**7,304,667**	**5,860,561**	**365,807,435**
Pretermination and end of contracts	**(304,604,498)**	**(3,950,161)**	**–**	**(308,554,659)**
Effect of changes in foreign currency exchange rates	**(13,074,334)**	**738,507**	**1,860,573**	**(10,475,254)**
Balances at end of year	**1,717,748,216**	**31,765,190**	**43,956,317**	**1,793,469,723**
Net book value	**₱1,165,430,236**	**₱37,410,665**	**₱25,506,192**	**₱1,228,347,093**

	For the year ended December 31, 2025 (Audited)			
	Right-of-use assets			
	Office and Warehouses	Vehicles	Equipment	Total
Costs				
Balances at beginning of year	₱3,350,965,487	₱126,814,770	₱81,274,273	₱3,559,054,530
Additions	597,284,449	12,229,544	10,169,818	619,683,811
Pretermination and end of contracts	(1,053,745,452)	(89,264,712)	(24,869,671)	(1,167,879,835)
Effect of changes in foreign currency exchange rates	1,975,100	62,165	135,702	2,172,967
Balances at end of year	2,896,479,584	49,841,767	66,710,122	3,013,031,473
Accumulated amortization				
Balances at beginning of year	1,811,778,306	97,237,477	48,799,305	1,957,815,088
Amortization (Notes 19 and 20)	765,171,346	18,905,873	11,972,138	796,049,357
Pretermination and end of contracts	(876,850,775)	(88,527,775)	(24,869,671)	(990,248,221)
Effect of changes in foreign currency exchange rates	(17,314,036)	56,602	333,411	(16,924,023)
Balances at end of year	1,682,784,841	27,672,177	36,235,183	1,746,692,201
Net book value	₱1,213,694,743	₱22,169,590	₱30,474,939	₱1,266,339,272

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 ₱0.92 million in 2026 and ₱1.42 million in 2025.

End of contracts pertain to lease agreements which reached the end of the lease terms. Lease modification pertains to contract with the lessor with revised terms effective during the period and moving forward. This resulted in a gain amounting to ₱3.53 million in 2026. This is presented under 'Other-net' in 'Other charges', in the consolidated statements of comprehensive income.

(b) Lease liabilities

	Lease Liabilities	
	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period	**₱1,447,049,323**	₱1,838,043,038
Additions	**289,327,080**	619,683,812
Accretion of interest	**51,322,303**	115,742,395
Rent concessions	**(916,373)**	(2,542,373)
Effect of changes in foreign currency exchange rates	**23,946,567**	1,016,269
Lease modification	**(10,457,977)**	(245,613,300)
Payments of principal	**(411,421,373)**	(879,280,518)
Balance at end of period	**1,388,849,550**	1,447,049,323
Less: current portion	**573,418,912**	625,796,357
Noncurrent portion	**₱815,430,638**	₱821,252,966

The Group recognized rent expense from short-term leases of ₱253.77 million and ₱275.40 million for the six months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026, the amortization expense recognized under cost of services and operating expenses in the statement of comprehensive income amounted to ₱332.46 million and ₱32.44 million, respectively. For the six months ended June 30, 2025, the amortization expense recognized under cost of services and operating expenses in the statement of comprehensive income amounted to ₱364.96 million and ₱32.65 million, respectively.

Interest expense arising from the accretion of lease liability amounted to ₱51.32 million and ₱58.54 million for the six months ended June 30, 2026 and 2025, 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Less than 1 year	**₱606,331,330**	₱670,933,341
More than 1 year to 2 years	**382,069,543**	407,747,893
More than 2 years to 3 years	**277,763,639**	267,002,587
More than 3 years to 4 years	**185,171,318**	199,080,527
More than 5 years	**344,653,405**	406,186,589
	₱1,795,989,235	₱1,950,950,937

(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 six months ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Cost of services (Note 18)	**₱249,335,036**	₱271,967,590
Operating expenses (Note 19)	**4,474,368**	3,427,660
	₱253,809,404	₱275,395,250

The Group has security deposits arising from the lease agreements amounting to ₱349.17 million and ₱352.08 million as at June 30, 2026 and December 31, 2025, respectively.

22. Retirement Benefits

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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Present value of defined benefit obligation	**₱1,171,033,961**	₱1,098,331,624
Fair value of plan assets	**(125,855,244)**	(80,855,244)
	₱1,045,178,717	₱1,017,476,380

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 June 30, 2026 and 2025 were calculated by prorating the 2025 projected retirement expense and by extrapolating the latest actuarial valuation report for the year ended December 31, 2025, 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 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 June 30, 2026 and 2025 with all other variables held constant.

	Effect on comprehensive income	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Change in share price		
Increase by 5%	**₱2,633,311**	₱5,071,562
Decrease by 5%	**(2,633,311)**	(5,071,562)
Change in NAV		
Increase by 5%	**125,834**	120,856
Decrease by 5%	**(125,834)**	(120,856)

Interest rate risk and credit spread sensitivity analysis
The Group's exposure to the risk of changes in market interest rate related primarily to its notes payable that are subject to repricing. The Group regularly monitors its interest rate exposure in interest rate 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 obligation as they fall due.

The value of the Group's convertible redeemable bond in 2025 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 June 30, 2025 (Unaudited)
Credit spread	
+1%	₱2,049,874
-1%	(2,051,811)

Interest rate risk sensitivity analysis
The following table demonstrates the sensitivity to a reasonably possible change in tax interest rates with all other variables held other constant of the Group's income before income tax.

	Increase (Decrease) in Basis Points	Effect on income before income tax
June 30, 2026	**100**	**(₱46,228,162)**
	(100)	**46,228,162**
December 31, 2025	**100**	**(₱49,133,474)**
	(100)	**49,133,474**

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 believes that with the support from the its Ultimate Parent Company, 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.

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:

	June 30, 2026 (Unaudited)	
	Foreign currency	**Peso equivalent**
Assets:		
Euro	**4,349,395**	**312,457,057**
Hongkong Dollar	**5,518,855**	**43,435,047**
US Dollars	**3,225,726**	**198,878,921**
Japanese yen	**26,010**	**10,071**

The translation exchange rates used were ₱71.84 to EUR 1, ₱7.87 to HKD 1, ₱61.65 to USD 1, ₱0.39 to JPY 1 in 2026.

	December 31, 2025 (Audited)	
	Foreign currency	Peso equivalent
Assets:		
Euro	4,114,228	280,488,316
Hongkong Dollar	6,568,271	49,656,131
US Dollars	2,272,222	133,583,919
Japanese yen	26,052	9,801

The translation exchange rates used were ₱68.18 to EUR 1, ₱7.56 to HKD 1, ₱58.79 to USD 1, ₱0.38 to JPY 1in 2025.

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 June 30, 2026 and December 31, 2025.

	Increase (decrease) in income before tax	
Reasonably possible change in foreign exchange rate for every two units of Philippine Peso	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
₱2	**₱26,239,973**	₱28,804,189
(2)	**(26,239,973)**	(28,804,189)

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 ₱42.58 million and ₱51.68 million foreign exchange gain - net, for the six months ended June 30, 2026 and 2025, 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 June 30, 2026 and as of December 31, 2025 follow:

	June 30, 2026 (Unaudited)				
		Past Due			
	Current	**1-30 days**	**31-90 days**	**Over 90 days**	**Total**
Trade receivables -					
Expected credit loss rate	**1.80%**	**7.51%**	**6.78%**	**66.41%**	
Estimated total gross carrying amount at default	**₱1,343,707,929**	**₱283,335,115**	**₱82,572,836**	**₱646,233,772**	**₱2,355,849,652**
Expected credit loss	**31,857,847**	**12,021,403**	**3,757,439**	**242,629,845**	**290,266,534**

	December 31, 2025 (Audited)				
		Past Due			
	Current	1-30 days	31-90 days	Over 90 days	Total
Trade receivables -					
Expected credit loss rate	1.80%	7.51%	6.78%	66.41%	
Estimated total gross carrying amount at default	₱1,574,098,766	₱301,505,828	₱48,874,001	₱419,968,674	₱2,344,447,269
Expected credit loss	28,288,979	22,630,667	3,315,643	278,911,907	333,147,196

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 June 30, 2026 and December 31, 2025 amounting to ₱2,019.62 million and ₱1,911.26 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 in 2025 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 16.95% in 2025.

As of June 30, 2025, the plain bond is determined by discounting the cash flow, which is simply the principal at maturity, using a discount rate of 12.35%. 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 June 30, 2026 and December 31, 2025 is based on the discounted value of future cash flow using applicable interest rates ranging from 6.30% to 6.75% and from 5.03% to 6.06%, respectively.

The estimated fair value of long-term portion of notes payable as at June 30, 2026 and December 31, 2025 is based on the discounted value of future cash flow using applicable rates ranging from 5.94% to 6.89% and 5.37% to 5.79%, 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 June 30, 2026 and December 31, 2025 follow:

	June 30, 2026 (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	**₱52,666,219**	**₱52,666,219**	**₱52,666,219**	**₱–**	**₱–**
FVPL	**2,516,670**	**2,516,670**	**–**	**–**	**2,516,670**
Liabilities for which fair value are disclosed					
Long-term notes payable	**4,622,816,230**	**4,292,912,075**	**–**	**–**	**4,292,912,075**
Noncurrent lease liabilities	**815,430,638**	**956,718,442**	**–**	**–**	**956,718,442**

	December 31, 2025 (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	₱78,024,029	₱78,024,029	₱78,024,029	₱–	₱–
FVPL	2,469,792	2,469,792	–	–	2,469,792
Liabilities for which fair value are disclosed					
Long-term notes payable	4,894,804,722	4,742,640,946	–	–	4,742,640,946
Noncurrent lease liabilities	821,252,966	1,057,908,955	–	–	1,057,908,955

During the six months ended June 30, 2026 and year ended December 31, 2025, 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 six months ended June 30, 2026		
Segments	**Logistics**	**Money transfer services**	**Total**
Type of Customer			
Retail	**₱4,551,385,653**	**₱225,897,427**	**₱4,777,283,080**
Corporate	**2,437,984,660**	**5,006,614**	**2,442,991,274**
Total revenue from contracts with customer	**₱6,989,370,313**	**₱230,904,041**	**₱7,220,274,354**
Geographic Markets			
Domestic	**₱4,419,301,214**	**₱74,068,293**	**₱4,493,369,507**
Overseas	**2,570,069,099**	**156,835,748**	**2,726,904,847**
Total revenue from contracts with customer	**₱6,989,370,313**	**₱230,904,041**	**₱7,220,274,354**

	For the six months ended June 30, 2025		
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱4,646,281,184	₱226,717,066	₱4,872,998,250
Corporate	2,100,048,204	5,389,445	2,105,437,649
Total revenue from contracts with customer	₱6,746,329,388	₱232,106,511	₱6,978,435,899
Geographic Markets			
Domestic	₱4,196,622,316	₱89,202,573	₱4,285,824,889
Overseas	2,549,707,072	142,903,938	2,692,611,010
Total revenue from contracts with customer	₱6,746,329,388	₱ 232,106,511	₱6,978,435,899

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 ₱84.65 million and ₱54.66 million for the six months ended June 30, 2026 and 2025, respectively (see Note 17).

Seasonality of Operations

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

26. Basic/Diluted Earnings Per Share

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

Basic/Diluted Earnings per Share:

	For the six months ended June 30,	
	2026 (Unaudited)	2025 (Unaudited)
Net income attributable to shareholder of the Parent Company	**₱113,643,172**	₱172,123,366
Weighted average number of common shares outstanding	**1,425,865,471**	1,425,865,471
Basic earnings per share	**₱0.08**	₱0.12

In 2025, the Parent Company did not consider the effect of the assumed conversion of convertible debt since these are anti-dilutive. For the six months ended June 30, 2026, 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 six months ended June 30, 2026, the Group has the following non-cash transaction under:

Investing Activities

a. Unpaid acquisition of property and equipment amounting to ₱23.14 million.
b. Offsetting of loans receivable and interest receivable against royalty fee recorded under 'accounts and other payables' (see Note 11) amounting to ₱3.77 million.

Financing Activities

	December 31, 2025 (Audited)	**Cash Flows**	**Leasing arrangements**	**Interest**	**Foreign exchange movement**	**Dividends declared**	**June 30, 2026 (Unaudited)**
Notes payable	**₱5,969,159,714**	**(₱482,218,608)**	**₱–**	**₱–**	**₱–**	**₱–**	**₱5,486,941,106**
Lease liabilities and other noncurrent liabilities	**1,447,049,323**	**(411,421,373)**	**277,952,734**	**51,322,303**	**23,946,567**	**–**	**1,388,849,550**
Interest payable	**14,452,783**	**(199,728,604)**	**–**	**205,521,524**	**–**	**–**	**20,245,703**
Due to related parties	**20,953,673**	**24,311,745**	**–**	**–**	**–**	**–**	**45,265,418**
Dividends payable	**–**	**(12,604,848)**	**–**	**–**	**–**	**12,604,848**	**–**
Total liabilities from financing activities	**₱7,451,615,493**	**(₱1,081,661,688)**	**₱277,952,734**	**₱256,843,827**	**₱23,946,567**	**₱12,604,848**	**₱6,941,301,777**

For the six months ended June 30, 2025, the Group has the following non-cash transaction under:

Investing Activities

c. Unpaid acquisition of property and equipment amounting to ₱14.90 million.
b. Offsetting of loans receivable and interest receivable against royalty fee recorded under 'accounts and other payables' (see Note 11) amounting to ₱2.81 million.

Financing Activities

	December 31, 2024 (Audited)	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividends declared	June 30, 2025 (Unaudited)
Notes payable	₱1,914,692,137	(376,829,860)	₱–	₱–	₱–	₱–	₱–	₱1,537,862,277
Lease liabilities and other noncurrent liabilities	1,838,043,038	(486,448,033)	156,345,077	58,539,976	(28,383,918)	–	–	1,538,096,140
Convertible bond (bond and derivative liability)	4,594,118,241	–	–	157,409,241	(55,305,810)	(31,231,102)	–	4,664,990,570
Interest payable	7,953,426	(69,033,135)	–	68,880,359	–	–	–	7,800,650
Due to related parties	10,721,895	(6,806,965)	–	–	–	–	–	3,914,930
Dividends payable	–	(2,004,741)	–	–	–	–	2,004,741	–
Total liabilities from financing activities	₱8,365,528,737	(₱941,122,734)	₱156,345,077	₱284,829,576	(₱83,689,728)	(₱31,231,102)	₱2,004,741	₱7,752,664,567

28. 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 June 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 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 said defendant's 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.

On May 16, 2024, LBCE received a copy of the Resolution dated May 9, 2024, denying all of the Demurrers. LBCE and the other Defendants filed their respective Motions for Reconsideration dated May 31, 2024. Defendant Berenguer also filed a Motion for Reconsideration dated June 3, 2024. The PDIC filed its oppositions to the three Motions for Reconsideration.

At the hearing last July 19, 2024, the court stated that it needed more time to resolve the pending motions. Hence, the presentation of Defendants’ evidence were rescheduled to August 2, 2024 and August 23, 2024.

The court later issued a Resolution dated August 1, 2024, denying all the Motions for Reconsideration. The hearings for presentation of Defendants’ evidence were rescheduled to September 20, 2024 and November 15, 2024.

LBCE and the other defendants presented their first witness on September 20, 2024, November 15, 2024, March 6, 2025 and July 17, 2025. LBCE and the other defendants presented their second witness on July 30, 2025.

The presentation of defendant’s third witness was initially scheduled on September 17, 2025, but then postponed to December 3, 2025 due to the unavailability of the witness. The third and fourth witnesses for the defendants were presented and examined on December 3, 2025 and March 6, 2026, respectively. After the third and fourth witnesses, the Defendants have at least three more witnesses to present. The next hearing for the fifth witness was originally scheduled on May 29, 2026 but the court rescheduled the hearing to July 16, 2026.

The Defendants presented their fifth witness during the hearing last July 16, 2026, and were directed to file their Formal Offer of Documentary Evidence within 30 days, or by August 15, 2026. The PDIC was given the same period to file their comment thereon. The court scheduled the presentation of Defendant on November 19, 2026. 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
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SUPPLEMENTARY SCHEDULES

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LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

June 30, 2026

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	₱52,666,219	₱–	N/A
Financial assets at fair value through profit or loss	–	2,516,670	–	N/A
		₱55,182,889	₱–	
Financial assets at amortized costs:				
Loans receivable (current and noncurrent)	–	72,115,912	711,748	N/A
		₱127,298,801	₱711,748	

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

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

June 30, 2026

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

June 30, 2026

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.	₱738,171,038	₱1,710,462,383	(₱1,779,674,997)	₱–	₱668,958,424	₱–	₱668,958,424
LBC Express-MM, Inc.	56,009,776	(113,650,359)	118,788,955	–	61,148,372	–	61,148,372
LBC Express-SCC, Inc.	(2,552,061)	(21,448,350)	22,800,140	–	(1,200,271)	–	(1,200,271)
LBC Express-NEMM, Inc	(23,678,887)	(66,206,873)	71,108,660	–	(18,777,100)	–	(18,777,100)
LBC Express-NWMM, Inc	(1,288,671)	(40,632,492)	41,538,597	–	(382,566)	–	(382,566)
LBC Express-EMM, Inc	9,082,166	(53,245,114)	55,725,835	–	11,562,887	–	11,562,887
LBC Express-SMM, Inc.	(25,402,642)	(49,901,633)	53,119,094	–	(22,185,181)	–	(22,185,181)
LBC Express-CMM, Inc.	(18,029,800)	(40,216,929)	41,034,086	–	(17,212,643)	–	(17,212,643)
LBC Express-SL, Inc.	–	(97,180,555)	102,860,570	–	5,680,015	–	5,680,015
LBC Express-SEL, Inc.	(18,680,013)	(61,157,511)	65,456,168	–	(14,381,356)	–	(14,381,356)
LBC Express-CL, Inc.	(3,534,506)	(81,080,657)	85,464,864	–	849,701	–	849,701
LBC Express-NL, Inc.	(17,740,724)	(81,101,169)	87,826,994	–	(11,014,899)	–	(11,014,899)
LBC Express-VIS, Inc.	(6,793,670)	(92,281,351)	99,046,227	–	(28,794)	–	(28,794)
LBC Express-WV, Inc.	(11,872,192)	(78,405,876)	83,439,604	–	(6,838,464)	–	(6,838,464)
LBC Express-MIN, Inc.	(17,261,715)	(83,518,183)	90,477,138	–	(10,302,760)	–	(10,302,760)
LBC Express-SEM, Inc.	–	(51,571,673)	55,885,158	–	4,313,485	–	4,313,485
LBC Express-SMCC, Inc.	(1,507,842)	(13,387,965)	13,652,675	–	(1,243,132)	–	(1,243,132)
LBC Express Corporate Solutions, Inc.	(7,613,287)	-	(162,000)	–	(7,775,287)	–	(7,775,287)
LBC Express-SCS, Inc.	(3,147,810)	(85,866,671)	92,112,498	–	3,098,017	–	3,098,017
LBC Systems, Inc.	(60,062,180)	(7,686,035)	8,086,164	–	(59,662,051)	–	(59,662,051)
LBC Express WLL	2,296,416	(10,795,199)	20,627,147	–	12,128,364	–	12,128,364
LBC Express Bahrain WLL	(70,072,759)	(2,461,196)	(999,841)	–	(73,533,796)	–	(73,533,796)
LBC Express LLC	(98,765,322)	(10,072,127)	2,972,129	–	(105,865,320)	–	(105,865,320)
LBC Mabuhay Saipan, Inc.	(6,514,178)	(2,528,917)	5,240,186	–	(3,802,909)	–	(3,802,909)
LBC Aircargo (S) Pte. Ltd	(157,662,571)	(1,019,568)	(4,608,369)	–	(163,290,508)	–	(163,290,508)
Blue Eagle and LBC Service Ltd.	(6,865,492)	-	6,865,492	–	-	–	-
LBC Money Transfer PTY Limited	(52,155,807)	(5,940,429)	6,489,713	–	(51,606,523)	–	(51,606,523)
LBC Airfreight (S) Pte. Ltd	42,954,680	31,430,668	(35,245,230)	–	39,140,118	–	39,140,118
LBC Australia PTY Limited	(3,452,439)	(3,444,391)	3,256,395	–	(3,640,435)	–	(3,640,435)
LBC Mabuhay (Malaysia) SDN BHD	(343,506)	19,572,641	(18,508,972)	–	720,163	–	720,163
LBC Mabuhay (B) SDN BHD	(403,159)	(2,231,755)	2,018,798	–	(616,116)	–	(616,116)
LBC Mabuhay Remittance SDN BHD	3,300,075	(3,593,919)	1,896,346	–	1,602,502	–	1,602,502
LBC Mundial Corporation	(89,419,923)	(258,444,532)	344,523,557	–	(3,340,898)	–	(3,340,898)
LBC Mabuhay North America Corporation	97,272,732	-	2,813,631	–	100,086,363	–	100,086,363
LBC Mabuhay Hawaii Corporation	(1,704,857)	-	4,041	–	(1,700,816)	–	(1,700,816)
QuadX Pte Ltd.	(131,434,473)	-	(12,012,031)	–	(143,446,504)	–	(143,446,504)
Mermaid Co., Ltd.	(35,284,771)	(3,938,558)	3,567,225	–	(35,656,104)	–	(35,656,104)
LBC Express Inc. Limited	(85,965,173)	(43,112,544)	47,957,486	–	(81,120,231)	–	(81,120,231)
LBC Express Holdings, Inc.	10,123,547	(295,343,161)	214,555,867	–	(70,663,747)	–	(70,663,747)
	₱–	₱–	₱–	₱–	₱–	₱–	₱–

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

June 30, 2026

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest Rates	Amount	Number of periodic installments	Maturity Date
Notes payable	₱27,628,293	₱27,628,293	₱–	7.21%, subject to repricing	₱27,628,293	With mortgage; Interest and principal payable every quarter	Aug 2026
Notes payable	9,822,120	1,785,840	8,036,280	7.56%, subject to repricing	9,822,120	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	10,936,369	1,988,431	8,947,938	7.64%, subject to repricing	10,936,369	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	17,219,569	3,130,831	14,088,738	7.64%, subject to repricing	17,219,569	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	14,574,215	2,534,646	12,039,569	7.64%, subject to repricing	14,574,215	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	15,356,923	2,670,769	12,686,154	7.12%, subject to repricing	15,356,923	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	10,848,923	1,886,769	8,962,154	7.64%, subject to repricing	10,848,923	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	3,517,231	611,692	2,905,539	7.64%, subject to repricing	3,517,231	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	6,965,369	1,211,368	5,754,001	7.64%, subject to repricing	6,965,369	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	4,524,947	786,947	3,738,000	7.64%, subject to repricing	4,524,947	With mortgage; Interest and principal payable every quarter	Dec 2031

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest Rates	Amount	Number of periodic installments	Maturity Date
Notes payable	41,094,162	7,146,811	33,947,351	7.64%, subject to repricing	41,094,162	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	29,293,297	5,094,486	24,198,811	7.64%, subject to repricing	29,293,297	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	37,996,000	6,608,000	31,388,000	7.64%, subject to repricing	37,996,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	23,989,000	4,172,000	19,817,000	7.64%, subject to repricing	23,989,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	19,320,000	3,360,000	15,960,000	7.64%, subject to repricing	19,320,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	34,113,600	5,932,800	28,180,800	7.64%, subject to repricing	34,113,600	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	51,060,000	8,880,000	42,180,000	7.64%, subject to repricing	51,060,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	4,201,318	730,664	3,470,654	7.64%, subject to repricing	4,201,318	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	3,215,614	559,237	2,656,377	7.64%, subject to repricing	3,215,614	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	37,480,745	6,518,390	30,962,355	7.64%, subject to repricing	37,480,745	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	47,941,434	8,337,641	39,603,793	7.64%, subject to repricing	47,941,434	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	34,819,216	6,055,516	28,763,700	7.64%, subject to repricing	34,819,216	With mortgage; Interest and principal payable every quarter	Dec 2031

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest Rates	Amount	Number of periodic installments	Maturity Date
Notes payable	38,531,259	6,701,089	31,830,170	7.64%, subject to repricing	38,531,259	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	3,784,219	658,125	3,126,094	7.64%, subject to repricing	3,784,219	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	6,076,452	1,056,774	5,019,678	7.64%, subject to repricing	6,076,452	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	55,962,293	10,174,962	45,787,331	7.64%, subject to repricing	55,962,293	Clean; Interest payable every month, principal payable upon maturity	Dec 2031
Notes payable	18,000,000	18,000,000	–	7.50%, subject to repricing	18,000,000	Clean; Interest payable every month, principal payable upon maturity	Jul 2026
Notes payable	120,000,000	120,000,000	–	6.13%, subject to repricing	120,000,000	Clean; Interest payable every month, principal payable upon maturity	Nov 2026
Notes payable	20,000,000	20,000,000	–	6.13%, subject to repricing	20,000,000	Clean; Interest payable every month, principal to be paid on maturity date	Sep 2026
Notes payable	45,000,000	45,000,000	–	6.13%, subject to repricing	45,000,000	Clean; Interest payable every month, principal to be paid on maturity date	Oct 2026
Notes payable	115,000,000	115,000,000	–	6.13%, subject to repricing	115,000,000	Clean; Interest payable every month, principal to be paid on maturity date	Oct 2026
Notes payable	50,000,000	50,000,000	–	7.50%, subject to repricing	50,000,000	Clean; Interest payable every quarter, principal payable upon maturity	Jul 2026
Notes payable	4,528,668,538	369,902,795	4,158,765,743	6.13%, subject to repricing	4,528,668,538	Clean; Interest payable every quarter, principal payable upon maturity	Aug 2030
	₱5,486,941,106	₱864,124,876	₱4,622,816,230		₱5,486,941,106		

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

June 30, 2026

	Balance at Beginning of Period	**Balance at End of Period**
Fernando G. Araneta, *Beneficial owner*	₱43,927	₱43,927
LBC Insurance Agency, Inc.	4,676,737	4,092,227
LBC Properties	15,752,370	40,616,811
Others	480,639	512,454
	₱20,953,673	₱45,265,419

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

June 30, 2026

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

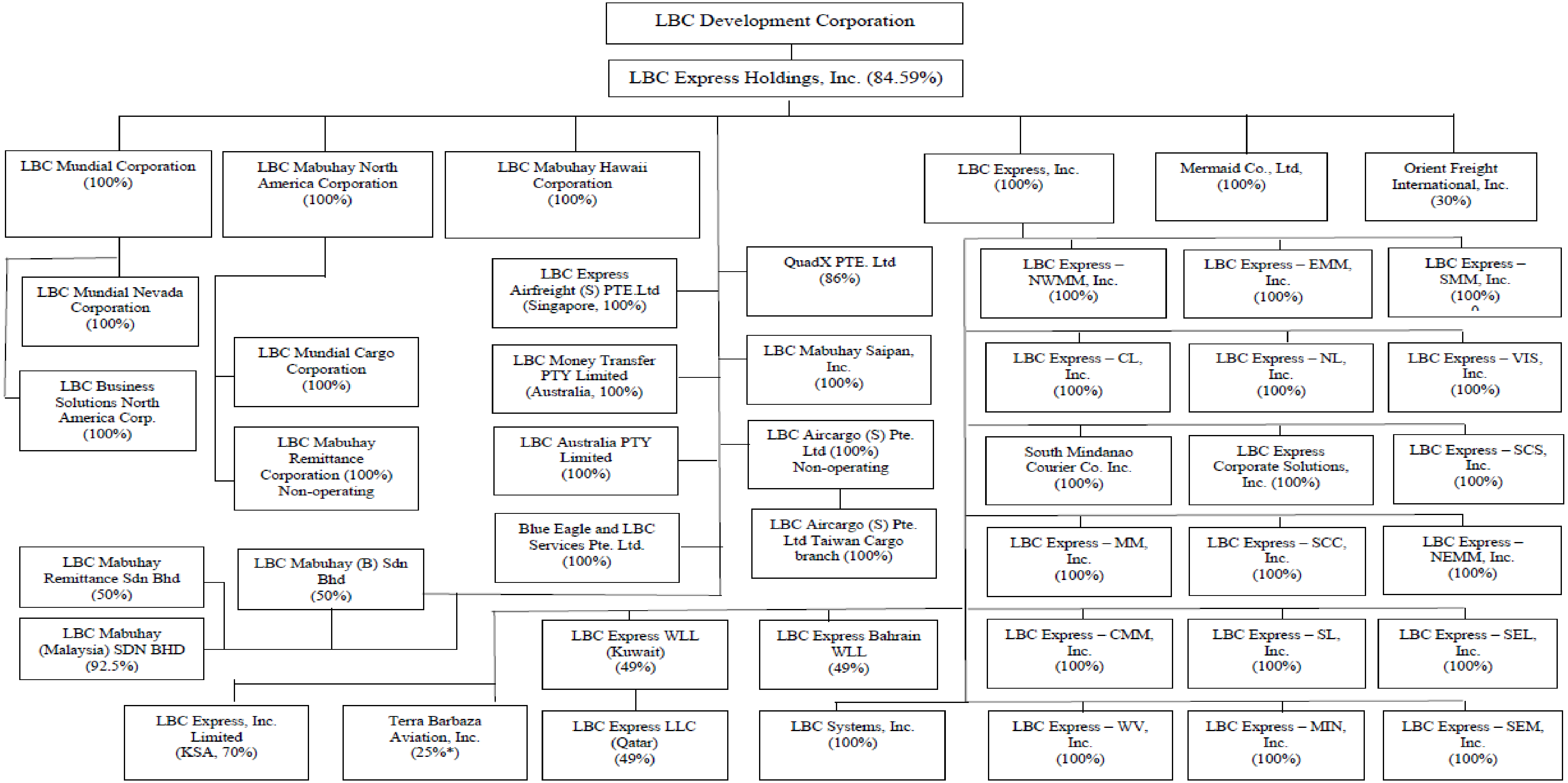
June 30, 2026

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

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

June 30, 2026



*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 June 30, 2026

Unappropriated retained earnings, beginning of the year		₱285,881,610
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:	–	
Net movement in deferred tax asset	(326,546,722)	
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:	–	
Unappropriated retained earnings, as adjusted		(40,665,112)
Net income for the current year		213,773,363
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	–	
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		–
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	2,287,260	
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		2,287,260
TOTAL RETAINED EARNINGS, END OF THE PERIOD AVAILABLE FOR DIVIDEND DECLARATION		**₱175,395,511**

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

For the six months ended June 30, 2026 and 2025

Below are the financial ratios that are relevant to the Group for the six months ended June 30:

Financial ratios	Formula	June 30, 2026		June 30, 2025	
Current ratio	Total Current Assets	**6,210,505,784**	**1.20**	6,629,792,448	0.66
	Total Current Liabilities	**5,165,255,830**		10,108,193,282	
Acid Test Ratio	Total Current Assets - Prepayments and other current assets	**5,008,088,265**	**0.97**	5,465,586,001	0.54
	Current Liabilities	**5,165,255,830**		10,108,193,282	
Solvency Ratio	Net Income After Tax - Non-Cash Expenses	**817,105,931**	**0.07**	957,952,748	0.08
	Total Liabilities	**11,780,150,852**		12,538,485,455	
Debt-to-equity ratio	Total Liabilities	**11,780,150,852**	**5.83**	12,538,485,455	6.73
	Stockholder's equity attributable to Parent Company	**2,021,591,719**		1,864,292,516	
Asset-to-equity ratio	Total Assets	**13,799,769,729**	**6.83**	14,398,068,853	7.72
	Stockholder's equity attributable to Parent Company	**2,021,591,719**		1,864,292,516	
Interest rate coverage ratio	Income before interest and tax expense	**465,157,693**	**1.81**	503,136,235	1.77
	Interest Expense	**256,843,827**		284,829,576	
Return on equity	Net income attributable to Parent Company	**113,643,172**	**0.06**	172,123,366	0.09
	Stockholder's equity attributable to Parent Company	**2,021,591,719**		1,864,292,516	
Debt to total assets ratio	Total liabilities	**11,780,150,852**	**0.85**	12,538,485,455	0.87
	Total assets	**13,799,769,729**		14,398,068,853	
Return on average assets	Net income attributable to Parent Company	**113,643,172**	**0.01**	172,123,366	0.01
	Average assets	**13,990,661,934**		14,818,386,885	
Net profit margin	Net income attributable to Parent Company	**113,643,172**	**0.02**	172,123,366	0.03
	Service fee	**7,220,274,354**		6,978,435,899	
Book value per share	Stockholder's equity attributable to Parent Company	**2,021,591,719**	**1.42**	1,864,292,516	1.31
	Total number of shares	**1,425,865,471**		1,425,865,471	
Basic earnings (loss) per share	Net income (loss) attributable to Parent Company	**113,643,172**	**0.08**	172,123,366	0.12
	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	**113,643,172**	**0.08**	172,123,366	0.12
	Adjusted weighted average number of common shares for diluted EPS	**1,425,865,471**		1,425,865,471	