CR07548-2026

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:
   - (●) Preliminary Information Statement
   - ( ) Definitive Information Statement
2. Name of Registrant as specified in its charter
   LBC EXPRESS HOLDINGS, INC. (formerly FEDERAL RESOURCES INVESTMENT GROUP INC.)
3. Province, country or other jurisdiction of incorporation or organization
   Philippines
4. SEC Identification Number
   AS93005277
5. BIR Tax Identification Code
   002-648-099-000
6. Address of principal office
   LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines
   Postal Code
   1709
7. Registrant's telephone number, including area code
   (632) 8856 8510
8. Date, time and place of the meeting of security holders
   14 December 2026, 2:00 P.M., to be conducted online (URL Address: https://lbcexpressholdings.com/2026-annual-general-meeting/)
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Nov 13, 2026
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

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

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

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

(●) Yes ( ) No

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

Philippine Stock Exchange / Common Shares

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

LBC Express Holdings, Inc.
LBC

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

Date of Stockholders' Meeting	Dec 14, 2026
Type (Annual or Special)	Annual
Time	2:00 P.M.
Venue	To be conducted online (URL: https://lbcexpressholdings.com/2026-annual-general-meeting/)

Record Date	Nov 24, 2026

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
None.

Filed on behalf by:

Name	Ernesto III Naval
Designation	Alternate Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

2.	Name of Registrant as specified in its charter	:	**LBC EXPRESS HOLDINGS, INC. (Formerly Federal Resources Investment Group, Inc.) ("LBCH" or the "Company")**
3.	Province, country or other jurisdiction of incorporation or organization	:	**Philippines**
4.	SEC Identification Number	:	**AS93005277**
5.	BIR Tax Identification Number	:	**002-648-099-000**
6.	Address of Principal Office	:	**LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines**
	Postal Code	:	**1709**
7.	Registrant's telephone number, including area code	:	**(632) 8856 8510**
8.	Date, time and place of the meeting of security holders	:	**14 December 2026, Monday, 2:00 PM, to be conducted online.** **The Chairman will conduct the online meeting from the principal place of business of the Company at LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines**
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	**13 November 2026**
10.	*In case of Proxy Solicitations:* *Name of Person Filing the Statement/Solicitor:*	:	**Not applicable**
	Address and Telephone No.	:	**Not applicable**

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

Title of each class	Number of Common Stock Outstanding or Amount of Debt Outstanding (As of 30 September 2026)
Common Shares	**1,425,865,471**

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

Yes [✓] No [ ]

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

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

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

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

LBC Express Holdings, Inc.
LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Please be advised that the Annual Meeting of the stockholders of **LBC Express Holdings, Inc.** (the "**Company**") for the year 2026 will be conducted **online** on **14 December 2026, Monday,** at **2:00 PM** Stockholders who wish to participate in the proceedings may do so by following the instructions set forth in the Company's Information Statement, or the following URL address: http://www.lbcexpressholdings.com/2026-annual-general-meeting.

The Chairman will conduct the online meeting from the principal place of business of the Company at LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines.

The following shall be the agenda of the meeting:

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on 9 December 2025
5. Report of Management
6. Approval of the Annual Report and Audited Financial Statements of the Corporation for the year ended 31 December 2025
7. Ratification of all acts of the Board of Directors and Officers since the 2025 Annual Stockholders' Meeting adopted in the ordinary course of business
8. Election of the Members of the Board of Directors including the Independent Directors for the Ensuing Year and the Directors
9. Appointment of the Corporation's External Auditors for Fiscal Year 2026
10. Other Matters

The minutes of the 2025 Annual Meeting of Stockholders, the Information Statement (which includes the Management Report), SEC Form 17A (Annual Report) and other pertinent documents will be made available at the website of the Company, http://www.lbcexpressholdings.com/, and the Philippine Stock Exchange (PSE) EDGE portal.

The Board of Directors has set **24 November 2026**, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

The Company will dispense with the physical attendance of stockholders at the meeting. Consequently, attendance will only be by remote communication, with voting being accomplished in absentia through voting instructions to be furnished upon completing the relevant registration requirements under "Annex A" of the Information Statement (Requirements and Procedure for Electronic Voting in Absentia), and requirements set forth at URL address: http://www.lbcexpressholdings.com/2026-annual-general-meeting or through the Chairman of the meeting, as proxy.

Stockholders intending to participate by remote communication should pre-register with the Company by sending the relevant registration requirements to lbcagm2026@picazolaw.com in accordance with the steps under "Annex A" of the Information Statement (Requirements and Procedure for Electronic Voting in Absentia), in addition to any other requirements set forth at URL address: http://www.lbcexpressholdings.com/2026-annual-general-meeting during the given registration period and in any case, no later than **7 December 2026.**

Following such pre-registration and subject to validation procedures, stockholders may vote either electronically via email submission of their ballot to lbcagm2026@picazolaw.com, no later than **14 December 2026** or by submitting their duly accomplished proxies on or before 5:00 pm on **7 December 2026** to the Office of the Corporate Secretary at Picazo Buyco Tan Fider Santos & Dee Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City and/or by email to lbcagm2026@picazolaw.com. Validation of proxies is set on **9 December 2026** at 5:00 pm.

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

The Company is not soliciting proxies.

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

AGENDA DETAILS AND RATIONALE[1]

1. Call to Order

The Chairman of the Board of Directors, Mr. Rene E. Fuentes, will call the meeting to order.

2. Certification of Notice and Quorum

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

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

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

(i) Stockholders may attend the meeting remotely through Zoom with meeting links to be sent by the Company to shareholders who are validated and timely complete the online registration process ("**Online Voting System**"). Stockholders may send their questions or comments prior to the meeting by e-mail at info@lbcexpressholdings.com. The Company's Online Voting System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

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

(iii) Stockholders must register online by sending an e-mail to the Corporate Secretary's designated e-mail address at lbcagm2026@picazolaw.com, which shall include all Registration Requirements set forth under Annex "A" (Requirements and Procedure for Electronic Voting in Absentia) of this Information Statement, and other information or documentary requirements as may be provided in http://www.lbcexpressholdings.com/2026-annual-general-meeting, to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders who are able to timely complete the registration procedure and upon successful validation by the Company's Corporate Secretary of the relevant registration requirements submitted by the stockholder, or through the Chairman of the meeting as proxy.

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

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

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

[1] Annex to Notice of Meeting for the 2026 Annual Stockholder's Meeting.

3. Approval of the minutes of the last stockholders' meeting held on 9 December 2025

The minutes of the last Annual Meeting of Stockholders held on 9 December 2025 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

4. Presentation and Adoption of the President's Report and Annual Report and Approval of the Audited Financial Statements for the year 2025

The President's Report and the Annual Report of the Company for the year 2025 and the audited financial statements of the Company for the year ended 31 December 2025 will be presented for the information, understanding, and approval of the stockholders. The President's Report and Annual Report for 2025 will provide context and details on the financial performance and results of operations of the Company for 2025. This report and presentation are in line with the Company's thrust to observe and abide by the best corporate governance practices. It will allow stockholders to understand the financial condition of the Company and they will be given the opportunity to propound questions to management on matters relating to the performance of the Company.

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

5. Ratification of all acts of the Board of Directors and Management since the last annual stockholders' meeting held on 9 December 2025

The ratification of all acts and resolutions of the Board of Directors and all the acts of management taken or adopted since 9 December 2025 will be sought from the stockholders during the meeting.

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

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

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

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

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

7. Appointment of the external auditor of the Company for 2026

The approval of the stockholders of the Company is being sought for the appointment of KPMG R.G. Manabat & Co. as the external auditor of the Company.

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

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

9. Adjournment.

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

Stockholders who will not, are unable or do not expect to attend the meeting in person but would like to be represented thereat may choose to execute and send a duly accomplished proxy to the Office of the Corporate Secretary (Atty. Cristina S. Palma Gil-Fernandez) at Picazo Buyco Tan Fider Santos & Dee Law Office, Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, on or before 7 December 2026. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to lbcagm2026@picazolaw.com.

PROXY

The undersigned stockholder of **LBC Express Holdings, Inc.** (the **"Company"**) hereby appoints the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _____ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company to be held on **14 December 2026, Monday, 2:00 PM,** to be conducted online, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 9 December 2025.

   ❑ For ❑ Against ❑ Abstain

2. Notation of the President's Report and Approval of the 2025 Audited Financial Statements

   ❑ For ❑ Against ❑ Abstain

3. Ratification of all acts of the Board of Directors and Management since the last Annual Stockholders' Meeting held on 9 December 2025.

   ❑ For ❑ Against ❑ Abstain

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

NAME	FOR	AGAINST	ABSTAIN
Rene E. Fuentes			
Enrique V. Rey, Jr.			
Augusto G. Gan			
Mark Werner J. Rosal			
Teodoro A. Pastrana			
Ferdinand D. Tolentino			
Victor Y. Lim Jr.			
Rosalie H. Infantado			
Carlos Gabriel R. Araneta			

5. Appointment of KPMG R.G. Manabat & Co. as External Auditors for 2026

   ❑ For ❑ Against ❑ Abstain

6. Other Matters

   ❑ For ❑ Against ❑ Abstain

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

Instructions

This proxy should be received by the Corporate Secretary on or before **7 December 2026**, the deadline for submission of proxies.

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

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

Notarization of this proxy is not required.

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

INFORMATION STATEMENT

A. GENERAL INFORMATION

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

The Annual Meeting of the stockholders of LBC Express Holdings, Inc. (the "**Company**") will be held on **14 December 2026, Monday, 2:00 P.M. to be conducted via remote communication.**

The Chairman will conduct the online meeting from the principal place of business of the Company at the LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines.

Attendance in the AGM by the stockholders shall be done only via remote communication by signing in through a web meeting link to be shared to validated and registered stockholders who have completed the registration steps set forth under Annex "A" of this Information Statement, and any other requirements set forth in http://www.lbcexpressholdings.com/2026-annual-general-meeting. Following the pre-registration and subject to validation procedures set forth under Annex "A", validated registered stockholders may likewise vote either electronically via email submission of their ballot to lbcagm2026@picazolaw.com no later than **14 December 2026**, or by submitting their duly accomplished proxies on or before **7 December 2026**.

The mailing address of the Company is at LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines.

This Information Statement will be first sent or given to security holders (by posting on PSE Edge and the Company's website) on or around **13 November 2026**.

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

Item 2. Dissenters' Right of Appraisal

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

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

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

3. In case of merger or consolidation; and

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

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

within thirty (30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 30 September 2026, the number of shares outstanding of LBC Express Holdings, Inc. (**"LBCH"** or the **"Company"**) is 1,425,865,471 shares with par value of One Peso (Php1.00) per share.

All stockholders of record at the close of business hours on **24 November 2026** (the **"Record Date"**) are entitled to notice and to vote at the Annual Stockholders' Meeting.

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

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

As of the end of 30 September 2026, LBCH has 486 registered holders of common shares. The following are the list of the top twenty (20) stockholders of the Company as of 30 September 2026:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	LBC DEVELOPMENT CORPORATION	Common	1,205,974,632.00	84.58
2	Lim, Vittorio Paulo P.	Common	59,663,948.00	4.18
3	Martinez Jr., Mariano D.	Common	59,663,946.00	4.18
4	Yu, Lowell L.	Common	59,663,946.00	4.18
5	PCD Nominee Corp - Filipino	Common	39,809,996.00	2.79
6	PCD Nominee Corp - Non Filipino	Common	564,922.00	0.04
7	Santos, Ferdinand S.	Common	10,000.00	Nil
8	Lantin, Andy	Common	5,000.00	Nil
9	Cabual, Alfonso B.	Common	3,000.00	Nil
10	Leong, Jennifer H.	Common	3,000.00	Nil
11	Abapo, Wilfredo M.	Common	2,000.00	Nil
12	Amoncio, Juhjeh P.	Common	2,000.00	Nil
13	Apal, Rommel	Common	2,000.00	Nil
14	Molina, Almar S.	Common	2,000.00	Nil
15	Moralda, Benjie C.	Common	2,000.00	Nil
16	Morata, Olivia R.	Common	2,000.00	Nil
17	Morcozo, Nasario M.	Common	2,000.00	Nil

18	Narisma, Inocencio	Common	2,000.00	Nil
19	Natel, Emeterio	Common	2,000.00	Nil
20	Nombre, Ramil C.	Common	2,000.00	Nil
Subtotal for Top 20 Stockholders		Common	1,425,382,360	99.9
Others		Common	483,111	0.01
TOTAL ISSUED AND OUTSTANDING			1,425,865,471	100%

Security Ownership of Certain Record and Beneficial Owners as of 30 September 2026

The Company has no knowledge of any person who, as of 30 September 2026, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares of common stock or who has voting power of investment with respect to shares comprising more than five percent (5%) of the Company's outstanding shares of common stock except as stated below:

Title of Class	Name	Address	No. of Shares Held	Name of Beneficial Owner	Citizenship	%
Common Shares	LBC Development Corporation	11th floor 13 Ocean Breeze Building Coral Way Drive, Barangay 191 1300 Pasay City, Fourth District, National Capital Region (NCR)	1,206,178,232[2]	The record owner is the beneficial owner of the shares indicated	Filipino	84.59[3] %

For purposes of this annual stockholders' meeting, the person who will vote on behalf of LBC Development Corporation is Mr. Rene E. Fuentes.

Security Ownership of Directors and Management as of 30 September 2026

The following table shows the shareholdings beneficially held by the directors and executive officers of the Company as of 30 September 2026.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	% of Total Outstanding Shares
		Direct	Indirect		
Common	Rene E. Fuentes	1	N/A	Filipino	0.0
Common	Enrique V. Rey, Jr.	1	N/A	Filipino	0.0
Common	Augusto G. Gan	1	N/A	Filipino	0.0
Common	Mark Werner J. Rosal	1,000	N/A	Filipino	0.0
Common	Carlos Gabriel R. Araneta	1	N/A	Filipino	0.0
Common	Rosalie H. Infantado	1	N/A	Filipino	0.0
Common	Ferdinand D. Tolentino	0	100	Filipino	0.0
Common	Victor Y. Lim Jr.	1	228,899	Filipino	0.0

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

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	% of Total Outstanding Shares
		Direct	Indirect		
Common	Teodoro A. Pastrana	1	N/A	Filipino	0.0
N/A	Cristina S. Palma Gil-Fernandez	0	N/A	Filipino	0.0
N/A	Mahleene G. Go.	0	N/A	Filipino	0.0
N/A	Ernesto C. Naval III	0	N/A	Filipino	0.0
N/A	Jeric C. Baquiran	0	N/A	Filipino	0.0
	TOTAL	**1,007**	228,999		**0.0**

Voting Trust Holders of 5% or More

As of 30 September 2026, the Company is not aware of any voting trust or similar agreements involving the securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar agreements.

Change in Control

As of 30 September 2026, there are no arrangements which would delay, defer or prevent a change in control of the Company.

Item 5. Directors and Executive Officers

Mr. Teodoro A. Pastrana will be nominated for the first time in the upcoming Annual General Meeting as director. Mr. Pastrana had been previously appointed by the Board to replace Mr. Anthony A. Abad and to serve his remaining term as independent director of the Company following the latter's resignation effective on 6 July 2026.

Thus, with the exception of Mr. Anthony A. Abad who will no longer be nominated in the upcoming Annual General Meeting, the following have been nominated as Directors of the Company for the year 2026:

Name	Age	Nationality	Position	Current Term	Period during which individual has served as such
Rene E. Fuentes	52	Filipino	Chairman of the Board	2025 to 2026	Since 2015
Enrique V. Rey, Jr.	55	Filipino	Director	2025 to 2026	Since 2015
Mark Werner J. Rosal	51	Filipino	Director	2025 to 2026	Since 2015
Augusto G. Gan	63	Filipino	Director	2025 to 2026	Since 2015
Carlos Gabriel R. Araneta	81	Filipino	Director	2025 to 2026	Since 2025
Rosalie H. Infantado	50	Filipino	Director	2025 to 2026	Since 2025
Anthony A. Abad	62	Filipino	Independent Director	2025 to 6 July 2026	Since 2017
Ferdinand D. Tolentino	62	Filipino	Independent Director	2024 to 2025	Since 2022
Victor Y. Lim, Jr.	80	Filipino	Independent Director	2024 to 2025	Since 2020

Name	Age	Nationality	Position	Current Term	Period during which individual has served as such
Teodoro A. Pastrana	58	Filipino	Independent Director	6 July 2026 to present	Since 2026[4]

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

Rene E. Fuentes
Director, Chairman

Mr. Rene E. Fuentes became the Chairman of LBCH on 1 October 2025. He is also the Executive Vice-President and Chief Operating Officer of the International Sales and Operations division of LBCE until he was appointed as Chief Operating Officer and Chairman effective 1 October 2025. He previously held the Senior Vice-President for Global Retail Operations position of the same company, from 2015 to 2019. Prior to joining the LBC Group in 2001, Mr. Fuentes served as President of Documents Plus, Inc. from 1996 to 2001, and as Regional Manager, Vice-President of EFC Food Corporation from 1996 to 2001. Mr. Fuentes attended the De La Salle University and completed a Key Executive Program in November 2013 at the Harvard Business School.

Enrique V. Rey, Jr.
Director, President and Chief Executive Officer

Enrique V. Rey Jr. assumed the position of Investor Relations Officer of the Company on September 2015 and served as the Chief Finance Officer of LBCH from September 2017 to 2025. Effective 1 October 2025, Mr. Rey. Jr. was appointed as President and Chief Executive Officer of LBCH, as a result of the retirement of Mr. Miguel Angel A. Camahort. In LBCE, he served as Chief Finance Office from 2017 until his appointment to Chief Operating Officer and President in October 2025. Mr. Rey, Jr. was also a director of LBC Systems, Inc. from 2008 to 2010 and LBC Mundial Inc. from 2005 to 2008. Prior to joining the Company, Mr. Rey, Jr. worked for Coca-Cola Phil ATS, where he was the Senior Head of Sales from 2003 to 2005 and the Associate Vice President for Institutional Sales from 2000 to 2003. Mr. Rey, Jr. attended De La Salle University and completed a Management program at the Ateneo Business School. Mr. Rey, Jr. has also attended INSEAD and received training in Finance. Since 2010, Mr. Rey, Jr. has been a member of the Institute of Internal Auditors.

Mark Werner J. Rosal
Director

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

Augusto G. Gan

[4] Mr. Pastrana had been previously appointed by the Board to replace Mr. Anthony A. Abad and to serve his remaining term as independent director of the Company following the latter's resignation effective on 6 July 2026.

Director

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

Carlos Gabriel R. Araneta
Director

Mr. Carlos Gabriel R. Araneta is formerly the Chairman of LBC Express, Inc. from 1978 to 2005. In 2002, he was appointed as director of LBC Development Corporation until 2007. Mr. Araneta also served as the Chairman of LBC Properties, Inc., a real estate development company, from 1989 to 2024 and was appointed as the director in 2025. He is currently the Chairman of Spathodea Campanulata Inc. since 2008 and Calamian Island Corporation since 2019. He graduated with a Bachelor of Science degree in Business Administration from Boston University in 1967 and was granted the Certificate of Acceptance for Attorney and Counselor at Law by the Supreme Court of the Philippines in 1972.

Rosalie H. Infantado
Director, Chief Finance Officer, Treasurer and Investor Relations Officer

Ms. Rosalie H. Infantado assumed the position of Treasurer of LBCH in September 2017 and was also appointed as Chief Finance Officer beginning 1 October 2025. She was the Vice-President - Financial Reporting and Analysis at LBCE until her appointment as the Chief Finance Officer in October 2025. With 20 years of experience in accounting, audit, and financial reporting, Ms. Infantado's previous professional experiences include employment at prestigious companies such as KPMG Philippines (Manabat SanAgustin & Co.), Concordia Advisors (Bermuda) Ltd., CITI Hedge Fund Services, Ltd. (Bermuda), and PriceWaterhouseCooper Philippines. She graduated with a Bachelor of Science degree, Major in Accountancy from the Polytechnic University of the Philippines in 1997.

Victor Y. Lim, Jr.
Independent Director

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

Ferdinand D. Tolentino
Independent Director

Mr. Ferdinand D. Tolentino is a private law practitioner. Previously, Mr. Tolentino served as a Board Director and Chairman (Board Audit and Compliance Committee) of Small Business Corporation (March 2016 to May 2021), a Deputy Executive Director of Public-Private Partnership of the Philippines

(March 2012 to November 2013), an Independent Director of CLSA Philippines (2011 to 2012), a Director - Tax Services of Isla Lipana & Co. (Pricewaterhouse Coopers) (September 2003 to December 2007), and a Commissioner at the Tariff Commission (April 2001 to August 2003). Mr. Tolentino holds a Master's Degree in Commercial Law (LLM) from the London School of Economics and Political Science (University of London), a Graduate Diploma in Urban and Regional Planning from the University of the Philippines (Diliman), a Juris Doctor degree from the Ateneo De Manila School of Law, and a Bachelor of Arts in Economics from the Ateneo De Manila College of Arts and Sciences.

Teodoro A. Pastrana
Independent Director

Atty. Teodoro A. Pastrana was appointed as independent director in LBCH effective July 6, 2026, and in LBCE effective July 1, 2026. He is currently a partner in Pastrana Fallar Attorneys since November 2025. He is also the dean and a professor in San Sebastian College of Law since August 2018. Among his notable career experiences is working as a partner in Jimenez Gonzales Liwanag Bello Valdez Caluya & Fernandez JG Law for twelve years from 1993 to 2005. Further, he serves as director and corporate secretary in Exeltis International Philippines, Inc. and Exeltis Philippines, Inc. since March 2015. He is also the corporate secretary of Hirota Seisakusho Philippines, Inc. from January 2024 to present. Atty. Pastrana is a graduate of Bachelor of Arts Major in Economics and Minor in Political Science at De La Salle University in 1987.

The following served as Officers of the Company for the year 2025:

Name	Age	Nationality	Position
Rene E. Fuentes	52	Filipino	Chairman of the Board (effective 1 October 2025)
Enrique V. Rey, Jr.	55	Filipino	President and Chief Executive Officer (beginning 1 October 2025), Chief Finance Officer and Investor Relations Officer until 30 September 2025
Rosalie H. Infantado	50	Filipino	Chief Finance Officer, Treasurer and Investor Relations Officer (beginning 1 October 2025)
Cristina S. Palma Gil-Fernandez	58	Filipino	Corporate Secretary
Mahleene G. Go	46	Filipino	Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer
Ernesto C. Naval III	33	Filipino	Alternate Corporate Information Officer
Jeric C. Baquiran	48	Filipino	Chief Audit Executive

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

Rene E. Fuentes
Chairman of the Board

Please refer to the table of directors above.

Enrique V. Rey Jr.
President and Chief Executive Officer

Please refer to the table of directors above.

Rosalie H. Infantado
Chief Finance Officer, Treasurer and Investor Relations Officer

Please refer to the table of directors above.

Cristina S. Palma-Gil Fernandez
Corporate Secretary

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

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

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

Ernesto C. Naval III
Alternate Corporate Information Officer

Atty. Ernesto C. Naval III assumed the position of Alternate Corporate Information Officer of LBCH in June 2018. Atty. Naval graduated with the degree of Bachelor of Science, Management, from the Ateneo De Manila University in 2013, and with the degree of Juris Doctor from Ateneo de Manila School of Law in 2017. He is currently a Partner at Picazo Buyco Tan Fider Santos & Dee Law Offices.

Jeric C. Baquiran
Chief Audit Executive

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

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

The committees and their respective membership are set forth below:

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

Information Required of Directors and Executive Officers

Directors and Executive Officers

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

RENE E. FUENTES
ENRIQUE V. REY, JR.
MARK WERNER J. ROSAL
AUGUSTO G. GAN
CARLOS GABRIEL R. ARANETA
ROSALIE H. INFANTADO
VICTOR Y. LIM JR. as independent director
FERDINAND D. TOLENTINO as independent director
TEODORO A. PASTRANA as independent director

Except for those nominated as independent directors, the nominees to the Board of Directors were formally nominated to the Corporate Governance Committee of the Board by a shareholder of the Company, LBC Development Corporation. Mr. Ferdinand D. Tolentino, Mr. Victor Y. Lim, Jr. and Mr. Teodoro A. Pastrana are being nominated as independent directors. The nominated independent directors, having possessed the qualifications and none of the disqualifications of an independent director, were nominated by Klarence Tan Dy in accordance with the guidelines for the nomination and election of independent directors pursuant to Rule 38 of the Securities Regulation Code (SRC). Klarence Tan Dy is not related to any of the nominees including Mr. Ferdinand D. Tolentino, Mr. Victor Y. Lim Jr., and Mr. Teodoro A. Pastrana.

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

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

The Secretary's Certificate attesting to the fact that only Director Ferdinand D. Tolentino is currently holding a government position, having been duly appointed on 21 February 2024 as the Private Sector Representative to the Governing Board of the Public-Private Partnership of the Philippines, to which he does not derive any compensation and/or honorarium, and that no other director nor officer of the Corporation hold any position in any capacity in any government agency or instrumentality, is hereto attached as **Annex "C"**.

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

The Company believes that, except as discussed below, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this Prospectus: (1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of

that time; (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

The Araneta Siblings, who are the controlling shareholders of LBC Development Corporation, the shareholder holding a majority of the outstanding shares of the Company are involved in legal proceedings described below.

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

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

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

3. LBC Bank has willfully violated the Cease and Desist Order of the Monetary Board dated 12 March 2010 for acts or transactions which are considered unsafe and unsound banking practices and other acts or transactions constituting fraud or dissipation of the assets of the institution and considering the failure of the Board of Directors/management of LBC Bank to restore the bank's financial health and viability despite considerable time given to address the financial problems, and that the bank had been accorded due process.

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

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

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

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

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

- Mr. Juan Carlos Araneta, Mr. Santiago Araneta, Mr. Fernando Araneta and Ms. Ma. Monica G. Araneta (the **"Araneta Siblings"**) were named as respondents in their capacity as stockholders and/or directors LBC Bank in a complaint for estafa, falsification of commercial documents and conducting business in an unsafe and unsound manner that was filed by the PDIC with the Department of Justice (the **"DOJ"**). The complaint is entitled *"Philippine Deposit Insurance Corporation vs. Ma. Eliza G. Berenguer, et. al."* and docketed as NPS Docket No. XVI-INV-15D-00125. PDIC alleged that the Araneta Siblings, in conspiracy with the other respondents,

made it appear that they infused capital into LBC Bank in the amount of approximately 39 Million Pesos to cover a capital deficiency as required by the BSP. The Araneta Siblings denied the allegations, stating that they actually paid for the subscription, as shown by PDIC's own evidence, that no evidence was presented to show conspiracy, and that as mere stockholders and/or directors, they are not involved with the day-to-day management of the bank and how the bank used the money subject of the case. On 18 April 2016, the complaint against all the respondents was dismissed by the investigating prosecutor. The PDIC filed a Petition for Review with the Secretary of Justice (**"SOJ"**) on 25 May 2016. The appeal is currently pending with the SOJ.

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

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

dated 16 May 2023, the SOJ denied the motion for reconsideration. The Aranetas and other respondents are currently awaiting if the PDIC will appeal further to the Court of Appeals. To date, they have not received any appeal or petition for certiorari filed by the PDIC.

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

- Mr. Juan Carlos Araneta, Mr. Santiago Araneta, Mr. Fernando Araneta and Mr. Carlos G. Araneta were named as respondents in their capacity as stockholders and/or directors of LBC Bank in a complaint for unsafe and unsound business practices that was filed by the PDIC with the prosecutor's office. The complaint is entitled *"Philippine Deposit Insurance Corporation vs. Juan Carlos G. Araneta, et. al."* and docketed as NPS Docket No. XVI-INV-16D-00128. PDIC alleged that the respondents committed acts or omissions constituting unsafe and unsound business practice by entering into Service Agreements with LBC Express, whose terms were supposedly manifestly and grossly disadvantageous to Bank. The respondents allegedly failed to enforce payment of service fees, thereby causing undue injury and/or unwarranted benefits, advantage, or preference to LBC Express through manifest partiality and bad faith that resulted in a material loss or damage to the liquidity or solvency of LBC Bank and to the latter's depositors, creditors, and the general public. The Aranetas denied the allegations, stating, among others, that as mere stockholders and/or directors, they are not involved in the day-to-day management and operations of the bank and thus could not have participated in the actions alleged in the complaint. They further allege that the complaint does not actually impute any specific criminal action to each of them individually. In a resolution dated 20 February 2018, the complaint against all the respondents was dismissed by the investigating prosecutor. The PDIC filed a Petition for Review with the SOJ on or about 25 February 2019. In a resolution dated 16 May 2023, the SOJ dismissed the Petition for Review. In lieu of moving for reconsideration, the PDIC filed a Petition for Certiorari dated 21 July 2023, which is docketed as CA-G.R. SP No. 179701. After the parties filed their respective pleadings, the Court of Appeals dismissed the Petition in its Decision dated 27 August 2025.The PDIC filed a motion for reconsideration dated 29 September 2025, which is currently pending resolution.

- An administrative complaint was filed by the PDIC before the Office of the Special Investigation (OSI) BSP against Mr. Juan Carlos Araneta, Mr. Santiago Araneta, and Mr. Fernando Araneta,

together with other respondents in their capacity as stockholders and/or directors of LBC Bank. The administrative complaint is based on the same complaint discussed in the preceding paragraph. The administrative complaint is entitled *"Philippine Deposit Insurance Corporation vs. Ma. Eliza G. Berenguer, et. al."* and docketed as OSI-AC-No. 2016-003. The Aranetas adopted the same defences as discussed in the preceding paragraph. After a preliminary investigation, the OSI issued a Resolution dated 14 September 2017, finding a *prima facie* case of unsound banking practice against the Aranetas and the former LBC Bank president, while dismissing the case against the other respondents who were former employees of LBC Bank for lack of evidence. The OSI denied the Aranetas' motion for reconsideration in a Resolution dated 6 March 2018. The OSI filed formal charges against the Aranetas and the former LBC Bank president with the Supervised Banks Complaints Evaluation Group (SBCEG) of the BSP on or about 12 March 2018. The case before the SBCEG is entitled *"In Re: Administrative Case against Ma. Eliza G. Berenguer, et. al.,"* and docketed as Administrative Case No. 2018-092. The Aranetas have filed their respective Answers to the formal charges and intend to present their evidence when the case is set for trial. On 7 August 2018, the Aranetas filed a motion to suspend the proceedings before the BSP because the civil case described in the Legal Proceedings section below (Civil Case No. 15-1258) involves the same issues and thus represents a prejudicial question. In the resolution dated 3 November 2021, the Special Hearing Panel granted the motion and suspended the proceedings until the Civil Case is resolved with finality. The PDIC filed a motion for reconsideration which was denied. The PDIC appealed to the Court of Appeals last 23 September 2022, docketed as CA-G.R. No. 175378. The Court of Appeals denied the appeal of the PDIC in its Decision dated 27 February 2025. The PDIC filed a motion for reconsideration dated 14 March 2025, which is currently pending resolution. In the meantime, the BSP proceedings remain suspended, pending the outcome of the Civil Case and/or the appeal.

- Mr. Juan Carlos Araneta, Mr. Fernando Araneta, and Mr. Santiago Araneta were named as respondents in their capacity as directors of LBC Bank in a complaint for violation of Section 55.1 (a) of the General Banking Law and Subsection X306.3 of the Manual of Regulations for Banks in relation to Section 36 of the New Central Bank Act that was filed by the Bangko Sentral ng Pilipinas (BSP) with the DOJ. The complaint is entitled *"Bangko Sentral ng Pilipinas vs. Ma. Eliza G. Berenguer, et. al."* and docketed as NPS Docket No. XVI-INV-16L-00383. The complaint alleged that the amortizations for certain loans by related parties were allegedly simulated and that the Bank did not receive actual payment. Furthermore, the same loans by such related parties were allowed to be renewed and restructured under terms favourable to the borrowers, to the prejudice of the bank. The case is currently undergoing preliminary investigation before the city prosecutor. The Aranetas have denied the accusations and emphasized that they were not aware of nor did they participate in any alleged simulation of payments. They also maintain that the evidence filed by the BSP does not show their knowledge or involvement. They also approved the renewal and restructuring terms only after the Credit Group of LBC Bank performed due diligence and made recommendations.

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

  The Makati City Prosecutor proceeded to file the aforementioned 3 criminal charges against the Aranetas, which were docketed as Criminal Case Nos. R-MKT-22-02606, Criminal Case Nos. R-MKT-22-02607, and Criminal Case Nos. R-MKT-22-02608 and raffled to Branch 137 of

the Makati City Regional Trial Court (Makati RTC). The Aranetas have all been admitted to bail and allowed provisional liberty. The arraignment and pre-trial were concluded on 11 April 2023, with the Aranetas and all other accused pleading "not guilty" to the charges. The prosecution commenced its initial presentation of evidence, which is scheduled to continue until January 2024, depending on the number of witnesses to be presented. The defense counsels will then present the evidence for the accused from February 2024 onwards.

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

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

Related to these criminal cases, the Aranetas and other accused also filed a Petition for Certiorari dated 23 February 2023 with the Court of Appeals docketed as CA G.R. SP No. 178125. The Petition assails the orders of the Makati RTC which denied motions filed by the Aranetas and other accused to dismiss/quash the informations and to exclude the private prosecutor from intervening. The Court of Appeals issued a Decision dated 9 July 2024, finding that the Makati RTC committed grave abuse of discretion, finding that the Constitutional rights of the accused were violated and ordering the dismissal of all criminal cases. The Office of the Solicitor General (OSG) filed a Motion for Reconsideration dated 5 August 2024, while the BSP filed its own Motion for Reconsideration dated 21 August 2024. The two motions for reconsideration were denied by the Court of Appeals in its Resolution dated 22 April 2025.

The OSG appealed to the Supreme Court, which is docketed as G.R. No. 280130. We are currently awaiting the action of the Supreme Court.

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

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

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

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

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

Certain Relationships and Related Transactions

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

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

Please refer to Note 18 (Related Party Transactions) of the Notes to the 2025 Consolidated Financial Statements.

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

Royalty Fee and Licensing Agreement with Parent Company

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

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

Expense Reimbursements and Receivable/Payable from and to Related Parties under Regular Trade Agreements

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

Fulfillment, Delivery and Management Fees

In the normal course of business, the Group fulfils the delivery of balikbayan boxes and other courier products, fulfilment of money remittances and performs certain administrative functions on behalf of its affiliates. The Group charges delivery fees and service fees for the fulfilment 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.

LBCE acquires services from OFII which include sea freight and brokerage mainly for the cargoes coming from international origins. These expenses are billed to the origins at cost.

Guarantee Fee

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

On 15 April, 2021, the Board of Directors of LBCH approved to guarantee the loan and allowed to hold out its time deposit. The current amount of time deposit as of 31 December 2025 is ₱49.21 million. Such guarantee shall substitute the existing real estate mortgage on the affiliate's real estate properties as security.

On 20 August 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 ten 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 ₱128.04 million, of which ₱94.00 million 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 ₱16.00 million in 2025.

Business Combinations

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

On 1 July 2019, LBCE sold all its QUADX Inc. shares to LBC Development Corporation for ₱186.02 million, payable no later than two years from the date of sale, subject to any extension as may be agreed in writing by the parties. On the same date, LBCE, LBC Development Corporation and QUADX Inc. entered into a Deed of Assignment of Receivables whereas LBCE agreed to assign, transfer and convey its receivables from QUADX Inc. as of 31 March 2019 amounting to ₱832.64 million to LBC Development Corporation which shall be paid in full, from time to time starting 1 July 2019 and no later than two years from the date of the execution of the Deed, subject to any extension as may be agreed in writing by LBCE and LBC Development Corporation. In July 2021, LBCE and LBCDC entered into amended agreements to extend payment of consideration for the sale of QUADX shares and the Assignment of Receivables to a date no later than two years from the amendment. Subsequently, this was further extended for an additional two years in 2023.

In 2022, LBCDC entered into a pledge agreement with LBCE whereby the former pledged portion of its LBCH shares to LBCE as a guarantee to its outstanding receivables amounting to ₱1,018.66 million. The pledge agreement was renewed in 2025.

Notes receivable

In November 2011, LBC Mundial Corporation paid-off LBC Holdings USA Corporation's outstanding mortgage loan which is consolidated into a long-term promissory note amounting to $1,105,148 at 4% interest, payable in 180 equal monthly installments. As of December 31, 2023, total outstanding notes receivable amounted to ₱15.31 million, ₱10.45 million of which is presented as noncurrent under "Other noncurrent assets". This note were fully collected in 2024. Interest income earned from notes receivable amounted to nil, ₱0.30 million, and ₱1.75 million, in 2025, 2024 and 2023, respectively.

Dividend Declaration

There were no dividends declared during the years 2023, 2024, and 2025.

Appraisals and Performance Report of the Board

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

Resignation of Directors

Mr. Anthony A. Abad resigned as Independent Director, Chairman of the Related Party Transaction Committee, Chairman of the Corporate Governance Committee, and Member of the Audit Committee of the Company effective 6 July 2026, as he is required to focus on other matters which will render him unable to fully discharge his responsibilities as a Director of the Company.

Item 6. Compensation of Directors and Executive Officers

Compensation

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

Name	Position
Rene E. Fuentes	Chairman of the Board
Enrique V. Rey, Jr.	President and Chief Executive Officer
Rosalie H. Infantado	Treasurer, Chief Finance Officer and Investor Relations Officer
Cristina S. Palma Gil-Fernandez	Corporate Secretary
Mahleene G. Go	Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer

The following table identifies and summarizes the aggregate compensation of the Company's President and the four most highly compensated executive officers of the Company in fiscal years 2023, 2024, 2025 and 2026 (projected):

	Year	Salary	Bonus	Others	Total(1)
					(₱)
President and the four most highly compensated executive officers named above and aggregate compensation paid to all officers as a group[5]	December 2023 to November 2024	87,671,213	-	2,099,628	89,770,841
	December 2024 to November 2025	118,967,874	-	6,380,235	125,348,109
	Projected December 2025 to November 2026	92,469,763	-	9,888,504	102,358,267

Note:

(1) Includes salary, bonuses and other income.

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

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

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

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

EMPLOYMENT CONTRACTS

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

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments for 2010 up to the present. No per diems were paid during 2025 to the directors.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, during 2025 for any service provided as a director.

Warrants and Options Outstanding

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

Item 7. Independent Public Accountants

The external auditor of the Company for fiscal year 2025 is the accounting firm of SyCip Gorres Velayo & Co. (**"SGV & Co."**).

The Board, upon the recommendation of the Company's Audit Committee, approved to include in the agenda of the upcoming annual stockholder's meeting the replacement of the Company's external auditor and the appointment of KPMG as the Company's independent auditor for 2026 based on their qualifications.

The appointment of KPMG will be presented to the stockholders for their approval at the Annual Stockholders' Meeting.

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The consolidated financial statements of the Company as of and for the year ended 31 December 2025 were audited by SGV & Co., a member firm of Ernst & Young Global Limited.

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

Audit and Audit-related Fees

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

	2025	2024
In millions (₱)		
Audit and Audit-Related Fees [(1)]	₱2.31	₱2.24
Non-audit service fees [(2)]	₱1.15	₱0.21
Total	₱3.46	₱2.45

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

(2) Related to transfer pricing fees.

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

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

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

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

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

independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.

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

Item 8. Compensation Plans

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

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

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

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

(ii) The Annual Report for the year ended 31 December 2025 is attached hereto as **Annex "E"**.

(iii) The Quarterly Report for the quarter ending 30 June 2026 is attached herewith as **Annex "F".**

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

On 2 October 2026, the Company received official documentation from the concerned regulatory agency of the Republic of China (Taiwan) confirming the regulator's approval of the sale of all its shares in its subsidiary, Blue Eagle & LBC Services Pte Ltd. ("Blue Eagle"), which Shares represent 100% ownership in Blue Eagle, to Ruby Chang (Chang, Li-Ching), under a deed of sale of shares executed between the parties for a purchase price of NTD2,000,000.00. With such regulatory confirmation, the transfer of ownership of Shares has been confirmed to be effective.

The divestment of Blue Eagle is pursuant to the plans of the Corporation to refocus strategic direction for Blue Eagle, which may include implementing certain organizational changes, with a view of turning around losses of the subsidiary.

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

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

(i) Minutes of the Annual Stockholders' Meeting held on 9 December 2025;

(ii) President's Report based on the Annual Report and 2025 Audited Consolidated Financial Statements of the Company;

(iii) Approval of the Annual Report and Audited Financial Statements for the fiscal year ended 31 December 2025;

Item 16. Matters Not Required to be Submitted

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

Item 17. Other Proposed Actions

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

(ii) Appointment of external auditors;

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

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

Item 18. Voting Procedures

Manner of Voting

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

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

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validated by the Company shall be provided with unique log-in credentials to participate and watch the online meeting of the stockholders of the Company. A verified stockholder will likewise be provided with an electronic ballot form to be filled out and submitted via e-mail to the Company to submit their vote in absentia. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

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

Vote Required

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

With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2025, approval of minutes of the annual stockholders' meeting held on 9 December 2025, the approval of the President's Report, election of the members of the Board of Directors, including independent directors, for the ensuing calendar year, and reappointment of external auditors, the approval or ratification of the other actions set forth above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

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

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

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

UNDERTAKING

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

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

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on 19 October 2026.

LBC EXPRESS HOLDINGS, INC.

By:

ENRIQUE V. REY, JR.
President and Chief Executive Officer

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

The Annual Meeting of the stockholders of LBC EXPRESS HOLDINGS, INC. ("**LBCH**" or the "**Company**") will be held on Monday, **14 December 2026 at 2:00 p.m.**

The Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and by voting in absentia, or voting through the Chairman of the meeting as proxy. Should circumstances change, the Company will timely notify the stockholders if physical attendance will be allowed at the meeting on **14 December 2026**. If such will be the case, the guidelines therefor will be provided through a disclosure at the Philippine Stock Exchange or publication of a notice in a newspaper of general circulation.

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

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

(i) Stockholders may attend the meeting remotely through Zoom with meeting links to be sent by the Company to shareholders who are validated and timely complete the online registration process ("**Online Voting System**"). Stockholders may send their questions or comments prior to the meeting by e-mail at info@lbcexpressholdings.com. The Company's Online Voting System shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office.

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

(iii) Stockholders must register online by sending an e-mail to the Corporate Secretary's designated e-mail address at lbcagm2026@picazolaw.com, which shall include all Registration Requirements set forth hereunder, and other information or documentary requirements as may be provided in http://www.lbcexpressholdings.com/2026-annual-general-meeting, to personally participate in the meeting by remote communication and to be included in determining quorum, together with the stockholders who voted by proxy.

(iv) Voting shall only be allowed for stockholders who are able to timely complete the registration procedure and upon successful validation by the Company's Corporate Secretary of the relevant registration requirements submitted by the stockholder, or through the Chairman of the meeting as proxy.

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

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

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

Registration Period

Registration to vote in absentia or via an absentee ballot may be made by submitting all the Registration Requirements (set forth hereunder and other information or requirements as may be provided at http://www.lbcexpressholdings.com/2026-annual-general-meeting) to the Coporate Secretary's e-mail address at lbcagm2026@picazolaw.com from **9:00 a.m. of 13 November 2026 until 5:00 p.m. of 7 December 2026**. Beyond this time and date, there could be no guarantee that the process of verification and final registration could be timely completed. Consequently, in such a case, a stockholder may no longer be allowed to personally participate in the Annual Meeting of the stockholders. Neverthless, a stockholder may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 7 December 2026.

Registration Requirements

The following are needed for the online registration:

A. For individual Stockholders

1. The unique Stockholder ID which the Stockholder should request from Rizal Commercial Banking Corporation, the stock transfer agent of LBCH ("**LBCH STA**"), before commencing with the online registration. Stockholders may reach the LBCH STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
2. The following Registration Requirements:
   (a) Full name of the Stockholder;
   (b) Valid and current email address;
   (c) Valid and current contact number, including the area code (landline or mobile number);
   (d) Citizenship/Nationality;
   (e) Digital copy of the Stockholder's valid and unexpired government-issued ID (in JPG format); and
   (f) Data Privacy Notice Consent (in the form set forth under **Annex A-1** hereunder).

B. For corporate Stockholders

1. Secretary's certificate or equivalent document (in case of a non-resident stockholder) attesting to the authority of the representative to vote for and on behalf of the corporation;
2. The unique Stockholder ID which the Stockholder should request from the LBCH STA before commencing with the online registration. Stockholders may reach the LBCH STA within the Registration Period, Monday to Friday from 9:00 a.m. to 5:00 p.m.
3. The following Registration Requirements

   a) Full name of the Stockholder's Representative
   b) Valid and current email address of the Stockholder's Representative;
   c) Valid and current contact number (landline or mobile number) of the Stockholder's Representative;
   d) Citizenship/Nationality of the Stockholder's Representative;
   e) Digital copy of the valid and unexpired government-issued ID of the Stockholder's Representative (in JPG format); and
   f) Data Privacy Notice Consent in the form set forth under **Annex A-1** hereunder).

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

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

1. A certification from the stockholder's broker on the Stockholder's shareholdings in the Company as of the Record Date (in JPG format); and

2. The unique Broker's ID assigned to stockholder's broker by the PCD, together with sub-ID number assigned by such broker to the stockholder, which the stockholder should request from such broker before commencing with the online registration.

In all cases, incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be allowed access to vote electronically *in absentia* but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 7 December 2026.

Online Registration Procedure

1. **Prior to online registration:**

   (a) For shareholders holding share certificates, contact the LBCH STA via email to secure your unique Stockholder ID. Stockholders are encouraged to secure said unique Stockholder ID via email at abmadrid@rcbc.com with a copy furnished to mgbalsamo@rcbc.com as these have been set up as the primary manner for securing such ID. When contacting the LBCH STA, please be prepared to indicate your stock certificate number/s and corresponding number of shares.
   (b) For stockholders whose shares are lodged under broker accounts, in addition to Item 1 (a) above, please contact your respective brokers to secure the necessary requirements under Item C (Registration Requirements).

2. **Online Registration:**

   After completing the previous step, e-mail lbcagm2026@picazolaw.com and submit all information and documents pertaining to the applicable Registration Requirements, as set forth above.

Reminders:

- Please take note of your Stockholder ID/Broker ID and keep them in a safe place. While the Company shall endeavor to take all reasonable steps to generate replacements, the Company cannot in any way guarantee that it will be able to do so in a timely manner.
- A Stockholder's online registration cannot be completed if any of the mandatory requirements are not submitted.
- Only verified and registered Stockholders who submitted the complete Registration Requirements to lbcagm2026@picazolaw.comby 7 December 2026, 5:00 P.M., are entitled to participate in the Annual Stockholders' Meeting of LBCH.
- In any event, stockholders whose registration cannot be completed may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 7 December 2026.
- In case of any issues relating to your registration, or in case you lose your Stockholder ID or Authentication Code, please send an email to info@lbcexpressholdings.com.

Verification of Stockholder Registrations

The Company or the LBCH STA shall verify the Registration Requirements submitted to lbcagm2026@picazolaw.com , starting on 7 December 2026.

After verification of complete submission of the Registration Requirements, the stockholder shall receive an e-mail confirming registration through the stockholder's e-mail address provided in such registration. Such e-mail confirmation shall include the stockholder's unique meeting link (for use during the online AGM) and detailed instructions on how to participate and cast votes in the Annual Meeting of the stockholders of the Company by submitting electronic ballots to lbcagm2026@picazolaw.com.

In the event that you have not received such e-mail notification by 9 December 2026 please call or contact the Company or the LBCH STA.

Annual Meeting of the Stockholders

The Annual Meeting of the stockholders of LBCH shall be broadcasted online. The procedure for online voting, as well as the manner by which stockholders may bring up questions or concerns to the Board of Directors, shall be emailed to stockholders who successfully registered before the lapse of the Registration Period and whose registration has been verified.

Data Privacy

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

ANNEX A-1

DATA PRIVACY CONSENT WAIVER TEMPLATE

I acknowledge and understand that, in connection with my electronic registration in the Online Voting System of LBC Express Holdings, Inc. ("LBCH") for the Annual Meeting of Stockholders of LBCH on 14 December 2026, LBCH will collect, store, process, and use my personal information exclusively for purposes of verifying my identity and registration, confirming my eligibility to participate in the Annual Meeting of Stockholders, facilitating my participation therein, and maintaining the records necessary in connection with such meeting.

If I am registering as the authorized representative of a corporate stockholder, I confirm that I am authorized to provide the relevant personal information for these purposes.

I acknowledge that my personal information will be processed and retained in accordance with Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, its Implementing Rules and Regulations, and other applicable laws and regulations. I understand that I may access the detailed Data Privacy Policy of LBCH through its official website.

By proceeding with electronic registration, I acknowledge the foregoing and consent to the collection, processing, and use of my personal information for the purposes stated above, subject to applicable data privacy laws and regulations.

[Signature]
Name of Shareholder

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

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

Company/Organization	Position/Relationship	Period of Service
Prime Infra Capital Inc.	Regulatory Director	July 2025 to April 2026
PPP Governing Board	Private Sector Representative	February 2024 to current date
Aboitiz Infra Capital	External Affairs Adviser	June 2023 to June 2025
Jackferijoy Realty Inc	Director	1980s to current date
Small Business Corporation	Board Member and Chairman of the Audit and Compliance Committee	March 2016 to May 2021
PPP Center of the Philippines	Deputy Executive Director	March 2012 to November 2013
CLSA Philippines	Independent Director	2011 to 2012
Isla Lipana & Co. (Pricewaterhouse Coopers)	Director, Tax Services	September 2003 to December 2007
Tariff Commission	Commissioner	April 2001 to August 2003

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

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

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

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

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

Done this OCT 14 2026 in MAKATI CITY.

FERDINAND D. TOLENTINO
Affiant

SUBSCRIBED AND SWORN to before me this OCT 14 2026 in MAKATI CITY, affiant exhibiting to me his QCitizen Card No. 005-000-00253640 issued on 26 March 2021 at Quezon City Office for the Senior Citizens' Affairs (OSCA) and expiring on 8 October 2031.

Doc. No. 469;
Page No. 95;
Book No. VIII;
Series of 2026.

VIVIEN ROSE C. DE GUZMAN
Appointment No. M-318
Notary Public for Makati City
Until December 31, 2026
Liberty Center-Picazo Law
104 H.V Dela Costa Street, Makati City
Roll of Attorney's No. 85310
PTR No. 10766609/Makati City/01-02-2026
IBP No. 536187/Quezon City/12-23-2025
MCLE No. VIII-0026215/April 7, 2025

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **TEODORO A. PASTRANA,** Filipino, of legal age, and a resident of 258 Reparo Road, Sta. Quitera, Caloocan City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LBC Express Holdings, Inc. (the "Corporation") and have been its independent director since 6 July 2026.

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

Company/Organization	Position/Relationship	Period of Service
Pastrana Fallar Attorneys	Partner	11/10/2005 to Present
San Sebastian College of Law	Professor	06/01/1995 to Present
San Beda University College of Law	Professor	07/13/2026 to Present
Philippine Association of Law Schools	Current member of PALS's Board of Advisers and past President	02/17/2026 to Present; President from 02/13/2024 to 02/16/2026
Exeltis International Philippines Inc.	Director / Corporate Secretary	03/20/2015 to Present
Exeltis Philippines, Inc.	Director / Corporate Secretary	03/20/2015 to Present
Vanilla Air Inc.	Resident Agent	10/12/2016 to Present
Hirota Seisakusho Philippines, Inc.	Corporate Secretary/Treasurer	01/24/2024 to Present
Integrated Bar of the Philippines	Member, Makati Chapter	Lifetime Member
Inter-Pacific Bar Association	Member	Year 2000 to Present

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

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

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

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

Done this OCT 14 2026 in MAKATI CITY City.

--Signature page follows--

TEODORO A. PASTRANA
Affiant

SUBSCRIBED AND SWORN to before me this OCT 14 2026 in MAKATI CITY, affiant exhibiting to me his Philippine Passport No. P1109315B issued on 20 March 2019 at DFA NCR EAST and expiring on 19 March 2029.

Doc. No. 470;
Page No. 95;
Book No. VIII;
Series of 2026.

VIVIEN ROSE C. DE GUZMAN
Appointment No. M-318
Notary Public for Makati City
Until December 31, 2026
Liberty Center-Picazo Law
104 H.V Dela Costa Street, Makati City
Roll of Attorney's No. 85310
PTR No. 10766609/Makati City/01-02-2026
IBP No. 536187/Quezon City/12-23-2025
MCLE No. VIII-0026215/April 7, 2025

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

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

Company/Organization	Position/Relationship	Period of Service
Yuchengco Lim Development Corp.	President	1996 to present
V2S Property Developers Co., Inc.	Chairman	2009 to present
Tune Abe Investment Corporation	Chairman	2018 to present
Banco Mexico Inc.	President	2014 to present
Lodestar Investment Holdings Corporation	Director	2024 to present
Rotary Club of Pasig	Member Committee Chairman	2008 to present
Financial Executives Institute of the Philippines (FINEX)	Regular Member Past President Member	1976 to 2006 1996 To present
Management Association of the Philippines (MAP)	Regular Member Life Member	1996 to 2016 2016 to present
Ateneo Scholarship Foundation Inc.	Chairman Trustee	1989 to 1991 1986 to present

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

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

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

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

--Signature page follows--

Done this SEP 2 9 2026 in MAKATI CITY.

VICTOR Y. LIM JR.
Affiant

SUBSCRIBED AND SWORN to before me this SEP 2 9 2026 in MAKATI CITY, affiant exhibiting to me his Social Security System (SSS) ID No. 03-1471132-8.

Doc. No. 424;
Page No. 88;
Book No. VIII;
Series of 2026.

VIVIEN ROSE C. DE GUZMAN
Appointment No. M-318
Notary Public for Makati City
Until December 31, 2026
Liberty Center-Picazo Law
104 H.V Dela Costa Street, Makati City
Roll of Attorney's No. 85310
PTR No. 10766609/Makati City/01-02-2026
IBP No. 536187/Quezon City/12-23-2025
MCLE No. VIII-0026215/April 7, 2025

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

SECRETARY'S CERTIFICATE

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

1. I am the incumbent Corporate Secretary of **LBC EXPRESS HOLDINGS, INC.** (hereinafter the "Corporation"), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with office located at LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines.

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 15 2026 in Makati City, Metro Manila.

Cristina S. Palma Gil

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 15 2026 in Makati City, affiant exhibiting to me her Passport ID No. P5655630A issued on 18 January 2018 by the Department of Foreign Affairs (DFA) – NCR South.

Doc. No. 313;
Page No. 64;
Book No. II;
Series of 2026.

ANGELICA CHRISTINE MERCADO
Appointment No. M-440
Notary Public for Makati City
Until December 31, 2027
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 92790
PTR No. 10766622/Makati City/01-02-2026
IBP No. 536199/PPLM/12-23-2025
Admitted to the bar in 2025

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

DESCRIPTION OF CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME LINE ITEMS

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31							For the six-months ended June 30			
	2023	2024	2025	2024 vs 2023		2025 vs 2024		2025	2026	2026 vs 2025	
Amounts in (₱ millions)	Audited	Audited	Audited	Amount	% change	Amount	% change	Unaudited	Unaudited	Amount	% change
Service Revenue	14,513.7	14,296.1	14,026.0	(217.6)	(1%)	(270.1)	(2%)	6,978.4	7,220.3	241.9	3%
Cost of Services	(11,468.2)	(11,171.6)	(10,768.5)	296.6	3%	403.1	4%	(5,344.8)	(5,576.1)	(231.3)	(4%)
Gross Profit	3,045.5	3,124.5	3,257.5	79.0	3%	133.0	4%	1,633.7	1,644.2	10.5	1%
Operating Expenses	(2,490.3)	(2,458.8)	(2,526.8)	31.5	1%	(68.0)	(3%)	(1,239.9)	(1,240.0)	(0.1)	(0%)
Operating Income	555.2	665.7	730.7	110.5	20%	65.0	10%	393.8	404.2	10.4	3%
Other Income (Charges)	(267.7)	(733.6)	(452.5)	(465.9)	(174%)	281.1	38%	(170.3)	(192.2)	(21.9)	13%
Income (Loss) before Income Tax	287.5	(68.0)	278.2	(355.5)	(124%)	346.2	509%	223.5	212.0	(11.5)	(5%)
Provision for Income Tax	(119.3)	(77.3)	(17.6)	42.0	35%	59.7	77%	(42.2)	(93.0)	(50.8)	(120%)
Net Income (Loss)	168.2	(145.3)	260.7	(313.5)	(186%)	406.0	279%	181.3	119.0	(62.3)	(34%)
Other comprehensive income (loss)	(22.2)	(124.7)	(10.5)	(102.6)	(463%)	114.2	92%	24.2	2.0	(22.2)	(92%)
Total comprehensive income (Loss)	146.0	(270.0)	250.2	(416.0)	(285%)	520.2	193%	205.5	121.0	(84.5)	(41%)
Net income attributable to:											
Shareholders of LBC Express Holdings, Inc.	176.3	(151.8)	246.1	(328.1)	(186%)	397.9	262%	172.1	113.6	(58.5)	(34%)
Non-controlling interests	(8.1)	6.5	14.6	14.7	181%	8.1	125%	9.2	5.4	(3.8)	(41%)

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 period 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 ₱70.27 million for the six months ended June 30, 2025, mainly from the volatility of foreign exchange rates.

Net Income after tax

Net loss after tax amounted 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 quarter 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 ₱36.86 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 loss 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.

Year ended December 31, 2025 compared to the year ended December 31, 2024

Service Revenue

The Company's service revenue decreased by 2% to ₱14,025.96 million for the year ended December 31, 2025, from ₱14,296.06 million for the year ended December 31, 2024, mainly from retail logistics services by 11%. This was countered by higher corporate revenue on logistics with 25% increase.

Cost of Services

Cost of services improved by 4% to ₱10,768.46 million for the year ended December 31, 2025, from ₱11,171.59 million for the year ended December 31, 2024, pertaining to reduction in cost of delivery and remittance by 5%, lower depreciation and facilities costs, e.g. utilities, supplies of branches, by 6% and manpower cost by 1%. These were countered by 16% increase in repairs and maintenance which are mostly related to branches, warehouses and vehicles.

Gross Profit

Gross profit is higher by 4% to ₱3,257.50 million for the year ended December 31, 2025, from ₱3,124.47 million for the year ended December 31, 2024, primarily attributable to reduction of cost of services.

Operating Expenses

Operating expenses increased by 3% to ₱2,526.80 million for the year ended December 31, 2025, from ₱2,458.81 million for the year ended December 31, 2024, primarily driven by increases in professional fees and subscription fees. This is offset by the decline in facilities costs e.g. rent, utilities and supplies and depreciation by 6%.

In 2025, impairment of goodwill amounting to ₱34.31 million is also recognized and reported in "Provisions" which contributed to the overall increase.

Operating Income

Operating income is higher by 10% to ₱730.70 million for the year ended December 31, 2025, from ₱665.66 million for the year ended December 31, 2024, mostly driven by the improvement in gross profit.

Other Charges, Net

Other charges, net decreased by 45% to ₱452.47 million for the year ended December 31, 2025, from ₱733.62 million for the year ended December 31, 2024, largely due to the loss on valuation of derivatives amounting to ₱66.88 million for 2025, compared to loss amounting to ₱218.34 million for 2024. Interest expense from the bond also went down due to redemption of the convertible instrument in 2025.

Foreign exchange valuation of receivables and bond payable until its redemption resulted to gain of ₱79.61 million for the year ended December 31, 2025, from loss of ₱9.30 million for the year ended December 31, 2024.

Net Income (Loss) after tax

Net income after tax is at ₱260.66 million income for the year ended December 31, 2025, from losses of ₱145.30 million for the year ended December 31, 2024 which is primarily from higher operating income by 10%, combined with reduction in other charges.

Year ended December 31, 2024 compared to the year ended December 31, 2023

Service Revenue

The Company's service revenue decreased by 1% to ₱14,296.06 million for the year ended December 31, 2024, from ₱14,513.69 million for the year ended December 31, 2023, mainly from money transfer services by 29%. Logistics is almost at par due to the offsetting impact of higher corporate revenue by 12% and the shortfall in retail by 4%.

Cost of Services

Cost of services improved by 3% to ₱11,171.59 million for the year ended December 31, 2024, from ₱11,468.23 million for the year ended December 31, 2023, pertaining to reduction in cost of delivery and remittance by 2%, facilities costs (rental, utilities, depreciation) by 8% and manpower cost by 1%. Other than the decline in volume, there are reductions in direct cost as management continues to engage in cost rationalization programs which also include consolidation of facilities, rightsizing of workforce and improving operational touchpoints.

Gross Profit

Gross profit is higher by 3% to ₱3,124.47 million for the year ended December 31, 2024, from ₱3,045.46 million for the year ended December 31, 2023, primarily attributable to reduction of cost of services.

Operating Expenses

Operating expenses decreased to ₱2,458.81 million for the year ended December 31, 2024, from ₱2,490.30 million for the year ended December 31, 2023, mainly driven by reduction in advertising, utilities and supplies, depreciation and amortization, software maintenance cost and subscription. These movements were countered by increases in professional fees, and taxes and licenses.

Further, there is a decline in provisions for impairment loss because of the write-off of receivable of one of the affiliates.

Operating Income

Operating income is higher by 20% to ₱665.66 million for the year ended December 31, 2024, from ₱555.17 million for the year ended December 31, 2023, mostly driven by the improvement in gross profit and net reduction of operating expenses.

Other Charges, Net

Other charges, net increased to ₱733.62 million for the year ended December 31, 2024, from ₱267.68 million for the year ended December 31, 2023, largely because of the loss on valuation of derivatives amounting to ₱218.34 million for 2024, compared to gain amounting to ₱150.81 million for 2023.

Foreign exchange valuation of bonds payable resulted to loss of ₱89.50 million for the year ended December 31, 2024, from gain of ₱20.69 million for the year ended December 31, 2023. This was offset by net gain in modification of liability due to extension of maturity of convertible instrument.

Interest expense mostly from bond and notes payable also went up by 15%.

Net Income (Loss) after tax

Net income (loss) after tax is at ₱145.30 million losses for the year ended December 31, 2024, from income of ₱168.19 million for the year ended December 31, 2023 which is primarily from higher non-operating losses which includes foreign exchange and valuation of convertible instrument.

This is countered by the uplift in operating income by 20% as the result of improvements in operations resulting in lower costs.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31						For the six-months ended June 30			
	2023		2024		2025		2025		2026	
Amounts in (₱ millions)	Audited	% of Total	Audited	% of Total	Audited	% of Total	Unaudited	% of Total	Unaudited	% of Total
ASSETS										
Current Assets										
Cash and cash equivalents	2,281.9	15%	2,733.4	18%	2,064.3	15%	2,190.8	15%	1,562.7	11%
Trade and other receivables	1,950.2	13%	2,127.2	14%	2,148.6	15%	2,101.8	15%	2,221.5	16%
Due from related parties	1,139.9	7%	1,159.8	8%	1,165.6	8%	1,170.6	8%	1,221.4	9%
Investment at fair value through profit or loss	2.3	0%	2.4	0%	2.5	0%	2.4	0%	2.5	0%
Prepayments and other current assets	1,265.9	8%	1,144.9	8%	1,168.9	8%	1,164.2	8%	1,202.4	9%
Total Current Assets	**6,640.0**	**43%**	**7,167.6**	**47%**	**6,549.9**	**46%**	**6,629.8**	**46%**	**6,210.5**	**45%**
Noncurrent Assets										
Property and equipment	2,644.2	17%	2,487.8	16%	2,416.7	17%	2,443.5	17%	2,411.9	17%
Right-of-use assets	1,980.5	13%	1,601.2	11%	1,266.3	9%	1,334.5	9%	1,228.3	9%
Intangible assets	236.9	2%	212.3	1%	167.7	1%	196.6	1%	131.8	1%
Investment at fair value through other comprehensive income	191.2	1%	99.5	1%	78.0	1%	101.4	1%	52.7	0%
Deferred tax assets - net	525.9	3%	544.6	4%	630.7	4%	574.9	4%	599.2	4%
Security deposits	419.2	3%	375.4	2%	352.1	2%	358.5	2%	349.2	3%
Investment in associate	355.6	2%	369.9	2%	368.6	3%	384.1	3%	353.9	3%
Goodwill	287.0	2%	287.0	2%	252.7	2%	287.0	2%	252.7	2%
Other noncurrent assets	2,094.3	14%	2,093.4	14%	2,098.8	15%	2,087.7	15%	2,209.5	16%
Total Noncurrent Assets	**8,734.7**	**57%**	**8,071.1**	**53%**	**7,631.7**	**54%**	**7,768.3**	**54%**	**7,589.3**	**55%**
Total Assets	**15,374.8**	**100%**	**15,238.7**	**100%**	**14,181.6**	**100%**	**14,398.1**	**100%**	**13,799.8**	**100%**
Current Liabilities										
Accounts and other payables	3,380.1	22%	3,518.3	23%	3,170.5	22%	3,197.0	22%	3,090.9	22%
Due to related parties	11.5	0%	10.7	0%	21.0	0%	3.9	0%	45.3	0%
Current portion of notes payable	1,375.3	9%	1,238.5	8%	1,074.4	8%	1,003.6	7%	864.1	6%
Transmissions liability	606.7	4%	684.9	4%	521.8	4%	540.8	4%	569.5	4%
Income tax payable	19.4	0%	16.6	0%	20.6	0%	11.1	0%	22.1	0%
Current portion of lease liabilities	828.2	5%	763.7	5%	625.8	4%	686.9	5%	573.4	4%
Derivate Liability	2,030.1	13%	2,528.5	17%	-	-	2,497.3	17%	-	-
Bond Payable	1,979.7	13%	2,065.6	14%	-	-	2,167.7	15%	-	-
Total Current Liabilities	**10,231.0**	**67%**	**10,826.8**	**71%**	**5,434.0**	**38%**	**10,108.2**	**70%**	**5,165.3**	**37%**
Noncurrent Liabilities										
Retirement benefit liability	900.7	6%	1,005.3	7%	1,017.5	7%	1,044.8	7%	1,045.2	8%
Notes payable - net of current portion	947.4	6%	676.2	4%	4,894.8	35%	534.3	4%	4,622.8	33%
Lease liabilities - net of current portion	1,369.6	9%	1,074.4	7%	821.3	6%	851.2	6%	815.4	6%
Other noncurrent liability	-	-	-	-	102.8	1%	-	-	131.5	1%
Total Noncurrent Liabilities	**3,217.7**	**21%**	**2,755.8**	**18%**	**6,836.3**	**87%**	**2,430.3**	**17%**	**6,614.9**	**48%**
Total Liabilities	**13,448.7**	**87%**	**13,582.6**	**89%**	**12,270.3**		**12,538.5**	**87%**	**11,780.2**	**85%**
Equity										
Capital stock	1,425.9	9%	1,425.9	9%	1,425.9	10%	1,425.9	10%	1,425.9	10%
Retained earnings	304.6	2%	152.7	1%	398.8	3%	324.8	2%	512.4	4%
Accumulated comprehensive income (loss)	215.3	1%	90.9	1%	78.4	1%	113.6	1%	77.9	1%
Equity Reserves	-	-	-	-	5.4	0%	-	-	5.4	0%
Non-controlling interests	(19.6)	(0%)	(13.4)	(0%)	2.8	0%	(4.7)	(0%)	(2.0)	(0%)
Total Equity	**1,926.1**	**13%**	**1,656.1**	**11%**	**1,911.3**	**13%**	**1,859.6**	**13%**	**2,019.6**	**15%**
Total Liabilities and Equity	**15,374.8**	**100%**	**15,238.7**	**100%**	**14,181.6**	**100%**	**14,398.1**	**100%**	**13,799.8**	**100%**

FINANCIAL CONDITION

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

Assets

Current Assets

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, related 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.

As of December 31, 2025 compared to as of December 31, 2024

Assets

Current Assets

Cash and cash equivalents decreased by 24% to ₱2,064.31 million as of December 31, 2025, from ₱2,733.43 million as of December 31, 2024. Refer to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net increased to ₱2,148.57 million as of December 31, 2025, from ₱2,127.17 million as of December 31, 2024, driven by the increase in advances to officers and employees by 24% related to unliquidated business-related advances.

Due from related parties increased by 1% to ₱1,165.65 million as of December 31, 2025, from ₱1,159.78 million as of December 31, 2024, caused by the business-as-usual transactions for the current period.

Investments at fair value through profit and loss increased to ₱2.47 million as of December 31, 2025, from ₱2.36 million as of December 31, 2024, due to fair value gain amounting to ₱0.11 million during the year.

Prepayments and other current assets increased to ₱1,168.89 million as of December 31, 2025, from ₱1,144.01 million as of December 31, 2024, primarily attributable to the impact of higher creditable withholding taxes, advance payment of guarantee fee and increase in current security deposit. These were countered by transfer of restricted cash to cash in bank and lower input VAT.

Noncurrent Assets

Property and equipment, net decreased by 3% to ₱2,416.71 million as of December 31, 2025, from ₱2,487.77 million as of December 31, 2024, primarily due to depreciation and net disposal amounting to ₱145.93 million and ₱42.24 million, respectively, offset by additions of ₱116.92 million

Right-of-use assets, net is lower by 21% to ₱1,266.34 million as of December 31, 2025, from ₱1,601.24 million as of December 31, 2024, mainly attributable to amortization and early termination of contracts due to strategic closure warehouse and branches as part of the cost rationalization of the management.

Intangible assets, net is lower by 21% to ₱167.70 million as of December 31, 2025, from ₱212.28 million as of December 31, 2024, driven by amortization of ₱82.00 million, offset by ₱37.02 million additions.

Investment at fair value through other comprehensive income went down by 22% to ₱78.02 million as of December 31, 2025, from ₱99.48 million as of December 31, 2024, relative to movement in market price from ₱0.77/share to ₱0.98/share.

Investment in associates decreased to ₱368.60 million as of December 31, 2025, from ₱369.94 million as of December 31, 2024, due to share in earnings, offset by dividends declared by an associate during the year.

Deferred tax assets - net increase to ₱630.67 million as of December 31, 2025, from ₱544.57 million as of December 31, 2024, largely driven by recognition of net operating loss carry over (NOLCO). This is offset by the additional income tax deferred recognized related to undistributed earnings of foreign subsidiaries and application of MCIT.

Security deposit decreased by 6% to ₱352.08 million as of December 31, 2025, from ₱375.43 million as of December 31, 2024, due to applications to rent expense of closed branches.

Goodwill decreased by 12% to ₱252.71 million as of December 31, 2025, from ₱287.02 million as of December 31, 2024, due to impairment.

Other noncurrent assets increased to ₱2,098.82 million as of December 31, 2025, from ₱2,093.36 million as of December 31, 2024, mainly because of advance payment of guarantee fee.

Liabilities

Accounts and other payable decreased by 10% to ₱3,170.46 million as of December 31, 2025, from ₱3,518.31 million as of December 31, 2024, primary driven by settlements of trade payables to outside parties and related parties by 20% and 61%, respectively, and the lower accruals for salaries and wages and claim and losses. This is offset by higher amount of contractual liabilities by 22% and taxes payable by 19%

Notes payable (current and noncurrent) increased to ₱5,969.16 million as of December 31, 2025, from ₱1,914.69 million as of December 31, 2024, driven by total availments during the year amounting to ₱4,843.91 million, as offset by settlements of loans amounting to ₱789.44 million.

Transmissions liability decreased by 24% to ₱521.83 million as of December 31, 2025, from ₱684.86 million as of December 31, 2024, due to settlements.

Income taxes payable increase by 24% to ₱20.59 million as of December 31, 2025, from ₱16.60 million as of December 31, 2024, mainly attributable to higher taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 21% to ₱1,447.05 million as of December 31, 2025, from ₱1,838.04 million as of December 31, 2024, mainly from lease payments and pretermination of contracts related to closed branches.

Bond payable and derivative liability are nil as of December 31, 2025, from ₱2,065.56 million and ₱2,528.53 million, respectively, as of December 31, 2024, mainly due to redemption of convertible instrument.

Retirement benefit obligation increased to ₱1,017.48 million as of December 31, 2025, from ₱1,005.30 million as of December 31, 2024, primarily due to accrual of expense recognized in current year.

Other non-current liability increased to ₱102.78 million as of December 31, 2025, from nil as of December 31, 2024, mainly attributable to accumulated other employee benefits that are expected to be paid upon resignation or retirement.

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

Assets

Current Assets

Cash and cash equivalents increased by 20% to ₱2,733.43 million as of December 31, 2024, from ₱2,281.86 million as of December 31, 2023. Refer to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net increased to ₱2,127.17 million as of December 31, 2024, from ₱1,950.15 million as of December 31, 2023, driven by the increase in trade receivable from outside parties and related parties by 13% and 11%, respectively, offset by the higher allowance for expected credit losses as a factor of the additional provisions this period and decreased in advances to officers and employees.

Due from related parties increased by 2% to ₱1,159.78 million as of December 31, 2024, from ₱1,139.86 million as of December 31, 2023, mostly from receivable related to regular trade agreement, as offset by collection of notes receivables.

Investments at fair value through profit and loss increased to ₱2.36 million as of December 31, 2024, from ₱2.26 million as of December 31, 2023, due to fair value gain amounting to ₱0.10 million during the year.

Prepayments and other current assets declined by 10% to ₱1,144.01 million as of December 31, 2024, from ₱1,265.92 million as of December 31, 2023, primarily attributable to the impact of the following:

- Settlement of notes receivable;
- Transfer of restricted cash to cash in bank;
- Input value-added tax (VAT) decreased by 25% because of decline in costs and application/usage during the year; and
- Prepaid taxes went down due to application of advance tax payments in overseas.

Noncurrent Assets

Property and equipment, net decreased by 6% to ₱2,487.77 million as of December 31, 2024, from ₱2,644.17 million as of December 31, 2023, primarily due to depreciation and net disposal amounting to
₱217.10 million and ₱35.39 million, respectively, offset by additions of ₱91.64 million.

Right-of-use assets, net is lower by 19% to ₱1,601.24 million as of December 31, 2024, from ₱1,980.48 million as of December 31, 2023, mainly attributable to amortization and early termination of contracts due to strategic closure warehouse and branches as part of the cost rationalization of the management.

Intangible assets, net is lower by 10% to ₱212.28 million as of December 31, 2024, from ₱236.89 million as of December 31, 2023, driven by amortization of ₱75.02 million, offset by ₱49.44 million additions.

Investment at fair value through other comprehensive income went down by 48% to ₱99.48 million as of December 31, 2024, from ₱191.16 million as of December 31, 2023, relative to movement in market price from ₱0.98/share to ₱0.51/share.

Investment in associates increased to ₱369.94 million as of December 31, 2024, from ₱355.57 million as of December 31, 2023, due to share in earnings, offset by dividends declared by an associate during the year.

Deferred tax assets - net decreased by 4% to ₱544.57 million as of December 31, 2024, from ₱525.94 million as of December 31, 2023, largely because of application of NOLCO during the year and the reduction of income tax deferred from right-of-use assets and lease liabilities. This is offset by the additional income tax deferred recognized related to retirement benefit liabilities, MCIT, and unrealized foreign exchange losses.

Security deposit decreased by 10% to ₱375.43 million as of December 31, 2024, from ₱419.20 million as of December 31, 2023, because of closed warehouses and branches.

Other noncurrent assets have a minimal decrease to ₱2,093.36 million as of December 31, 2024, from ₱2,094.31 million as of December 31, 2023

Liabilities

Accounts and other payable increased by 4% to ₱3,518.31 million as of December 31, 2024, from ₱3,380.08 million as of December 31, 2023. Majority of the variance represents the increase in trade payables to outside parties and taxes payable by 13% and 20%, respectively. This is offset by lower amount of contractual liabilities by 37%.

Notes payable (current and noncurrent) decreased to ₱1,914.69 million as of December 31, 2024, from ₱2,322.66 million as of December 31, 2023, driven by the settlements amounting to ₱1,848.77 million, offset by total availments during the year amounting to ₱1,440.80 million.

Transmissions liability increased by 13% to ₱684.86 million as of December 31, 2024, from ₱606.73 million as of December 31, 2023. This is because of higher liability related to cash-on- delivery and pick-up.

Income taxes payable went down by 15% to ₱16.60 million as of December 31, 2024, from ₱19.44 million as of December 31, 2023, mainly attributable to lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 16% to ₱1,838.04 million as of December 31, 2024, from ₱2,197.83 million as of December 31, 2023, primarily pertaining to lease payments during the year amounting to ₱1,022.61 million, offset by the additions amounting to ₱590.53 million.

Bond payable increased by 4% to ₱2,065.59 million as of December 31, 2024, from ₱1,979.74 million as of December 31, 2023, mainly from the accretion of interest amounting to ₱319.59 million and foreign exchange loss incurred amounting to ₱89.50 million, offset by the impact of modification of liability due to maturity extension amounting to ₱324.30 million.

Derivative liability increased to ₱2,528.53 million as of December 31, 2023, from ₱2,030.07 million as of December 31, 2023, related to the loss on valuation incurred and modification of liability due to extension for the period amounting to ₱218.34 million and ₱280.12 million, respectively.

Retirement benefit obligation increased to ₱1,005.30 million as of December 31, 2024, from ₱900.66 million as of December 31, 2023, primarily due to accrual of expense recognized in current year.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

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

	For the years ended December 31			For the six-months ended June 30	
Amounts in (₱ millions)	2023 Audited	2024 Audited	2025 Audited	2025 Unaudited	2026 Unaudited
Net cash provided by (used in) operating activities	1,548.1	2,091.5	1,323.0	494.5	631.7
Net cash generated from (used in) investing activities	(689.9)	(79.0)	(162.1)	(109.2)	(86.9)
Net cash generated from (used in) financing activities	(2,059.8)	(1,600.3)	(1,884.6)	(941.1)	(1,081.7)
Net increase (decrease) in cash and cash equivalents	(1,201.6)	412.2	(723.7)	(555.8)	(536.8)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(34.1)	39.4	54.6	13.1	35.2
Cash and cash equivalents					
Beginning of year/period	3.517.6	2,281.9	2,733.4	2,733.4	2,064.3
End of year/period	2,281.9	2,733.4	2,064.3	2,190.8	1,562.7

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 for 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.

Year ended December 31, 2025 compared to the year ended December 31, 2024

Cash flows from operating activities

The Company's net cash from operating activities is primarily affected by income before income tax, depreciation and amortization, gain on sale of property and equipment, interest income and expense,

retirement benefit expense, unrealized foreign exchange gains, loss on derivative, equity in net earnings of associates, impairment of goodwill, loss on redemption of convertible instrument and changes in working capital. The Company's cash inflows from these activities amounted to ₱1,323.03 million and ₱2,091.49 million for the year ended December 31, 2025 and 2024, respectively.

Cash flows from investing activities

Cash used in investing activities for the year ended December 31, 2025 and 2024 amounted to ₱162.12 million and ₱78.95 million, respectively. For the year ended December 31, 2025, the Company spent ₱190.99 million for the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the year ended December 31, 2025 and 2024 amounted to ₱1,884.60 million and ₱1,600.34 million, respectively. In 2025 and 2024, cash used comprise primarily of settlements of convertible instruments and payments of notes payable and lease liabilities.

Year ended December 31, 2024 compared to the year ended December 31, 2023

Cash flows from operating activities

The Company's net cash from operating activities is primarily affected by income before income tax, depreciation and amortization, interest expense, retirement benefit expense, unrealized foreign exchange losses, loss on derivative, equity in net earnings of associates, modification of convertible instrument and changes in working capital. The Company's cash inflows from these activities amounted to
₱2,091.49 million and ₱1,549.95 million for the year ended December 31, 2024 and 2023, respectively.

Cash flows from investing activities

Cash used in investing activities for the year ended December 31, 2024 and 2023 amounted to ₱78.95 million and ₱689.87 million, respectively. For the year ended December 31, 2024, the Company spent ₱129.92 million for the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the year ended December 31, 2024 and 2023 amounted to ₱1,600.34 million and ₱2,059.82 million, respectively. In 2024 and 2023, cash used comprise primarily of payments of lease liabilities and notes payable.

CAPITAL EXPENDITURES

The Group's capital expenditures for the years ended December 31, 2023, 2024, 2025 and for the period ended June 30, 2026 were ₱1,269.6 million, ₱51.8 million, ₱91.7 million, and ₱72.2 million respectively. The table below sets forth the primary capital expenditures of the Group over the same periods.

	For the years ended December 31			For the six-months ended June 30
Amounts in (₱ millions)	**2023**	**2024**	**2025**	**2026**
Transportation equipment	₱6.3	₱1.8	₱15.4	₱2.6
Leasehold improvements	32.9	3.1	25.2	21.1
Furniture, fixture and office equipment	67.2	5.0	15.1	33.3
Computer hardware	21.8	41.9	30.3	14.6
Building	1,141.4	-	5.7	0.7
Total capital expenditures	**₱1,269.6**	**₱51.8**	**₱91.7**	**₱72.2**

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the Group's contractual obligations and commitments as of June 30, 2026:

	Contractual Obligations and Commitments			
	Principal Payments Due by Period (₱ millions)			
	Total	**Fiscal 2026**	**Fiscal 2027 - 2029**	**Fiscal 2030 onwards**
Lease liabilities	1,796.0	606.3	845.0	344.7

The table below sets forth key financial performance indicators for the Group for the years ended December 31, 2023, 2024, 2025 and for the six (6) months ending June 30, 2026:

Financial Key Performance Indicators

	For the years ended December 31			For the six-months ended June 30	
	2023	**2024**	**2025**	**2025**	**2026**
	Audited	Audited	Audited	Unaudited	Unaudited
Gross profit (service fees less cost of services) (₱ millions)	3,045.4	3,124.5	3,257.5	1,633.7	1,644.2
Operating income[(1)] (₱ millions)	555.2	665.7	730.7	393.8	404.2
EBITDA[(2)] (₱ millions)	2,199.2	1,707.8	1,835.9	1,018.5	931.1
EBITDA margin [(3)](%)	15%	12%	13%	15%	13%
Net income [(4)] (₱ millions)	168.2	(145.3)	260.7	181.3	119.0
Net profit margin [(5)] (%)	1%	(1%)	2%	3%	1.6%
Total debt[(6)] (₱ millions)	6,332.5	6,508.8	5,969.2	6,202.9	5,486.9
Net cash[(7)] (₱ millions)	(4,050.6)	(3,775.4)	(3,904.8)	(4,012.1)	(3,924.3)

Notes:

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

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

(3) EBITDA as a percentage of service revenues.

(4) Net income before other comprehensive income.

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

(6) Total debt includes notes payable (current and non-current portion) and convertible instrument.

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

FINANCIAL RATIOS

		2023	2024	2025	June 30, 2026
Current ratio	Current Assets/Current Liabilities	0.65:1	0.66:1	1.21:1	1.20:1
Debt to equity ratio (3)	Total Liabilities/Stockholders' Equity	6.91:1	8.14:1	6.43:1	5.83:1
Debt to total assets ratio (3)	Total Liabilities/Total Assets	0.87:1	0.89:1	0.87:1	0.85:1
Return on average assets (3)	Net income attributable to Parent Company/Average Assets(1)	0.01	(0.01)	0.02	0.01
Book value per share	Stockholders' Equity (including non-controlling interest)/Total Number of Shares	₱1.36	₱1.17	₱1.34	₱1.42
Earnings/(Loss) per share (2)	Net Income or (Loss) attributable to Parent Company/ Weighted Average Number of Common Shares Outstanding	₱0.12	(₱0.11)	₱0.17	₱0.08

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Notes:

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

(2) Basic and diluted earnings/(Loss) per share are the same for 2023, 2024, 2025, and 30 June 2026.

DEBT OBLIGATIONS AND FACILITIES

The Group's debt obligations mainly comprise loan and notes availments from various local banks.

As of December 31, 2025, long-term notes payable amounted to ₱5.413.6 billion, representing the outstanding noncurrent portion of various loans from Unionbank availed in 2021 to 2025, Banco de Oro availed in 2021 to 2025, and Rizal Commercial Banking Corporation availed in 2024 to 2025.

OFF BALANCE SHEET ARRANGEMENTS

As of December 31, 2025, the Group had no off-balance sheet arrangements.

FINANCIAL RISK DISCLOSURE

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

The Group's financial liabilities comprise of accounts and other payables (excluding statutory liabilities, accrued taxes and contract liabilities), due to related parties, notes payable, transmissions liability, lease liabilities, dividends payable, convertible instrument, derivative liability and other noncurrent liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

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

Foreign Currency Risk

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

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

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

Credit Risk

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

Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments recognized in the consolidated statement of financial position and on some financial instruments not recognized in the financial position. The Group's exposure to the risk of changes in market interest rate relates primarily to its notes payable that are subject to repricing. The Group regularly monitors its interest rate exposure in interest rates movements. Management minimizes its interest rate risk by resorting to short-term financing, as needed, and believes that cash generated from normal operations are sufficient to pay its obligation as they fall due.

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.

Price Risk

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

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

SEASONALITY

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

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

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

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The PSE is the principal market for the Company's shares. As of the latest practicable trading date, October 9, 2026, the total number of shares held by the public was 219,457,233 common shares or 15.39% of the total issued and outstanding capital stock of LBCH.

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

YEAR	Q1		Q2		Q3		Q4	
	High	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**
2026	7.06	7.05	8.30	7.90	11.72	6.50	-	-
2025	11.90	9.00	9.29	6.54	8.00	6.73	9.04	6.90
2024	18.18	15.02	16.92	12.30	15.96	11.98	12.98	10.52
2023	18.84	16.64	17.90	13.94	20.45	17.70	19.34	16.92

The stock price of each common share of LBCH as of the close of the latest practicable trading date, October 9, 2025 is P10.68.

STOCKHOLDERS

As of the end of 30 September 2026, LBCH has 486 registered holders of common shares. The following are the top 20 registered holders:

Rank	Name of stockholder	Nature of shares	Number of shares	Percentage
1	LBC DEVELOPMENT CORPORATION	Common	1,205,974,632.00	84.58
2	Lim, Vittorio Paulo P.	Common	59,663,948.00	4.18
3	Martinez Jr., Mariano D.	Common	59,663,946.00	4.18
4	Yu, Lowell L.	Common	59,663,946.00	4.18
5	PCD Nominee Corp - Filipino	Common	39,809,996.00	2.79
6	PCD Nominee Corp - Non Filipino	Common	564,922.00	0.04
7	Santos, Ferdinand S.	Common	10,000.00	Nil
8	Lantin, Andy	Common	5,000.00	Nil
9	Cabual, Alfonso B.	Common	3,000.00	Nil
10	Leong, Jennifer H.	Common	3,000.00	Nil
11	Abapo, Wilfredo M.	Common	2,000.00	Nil
12	Amoncio, Juhjeh P.	Common	2,000.00	Nil
13	Apal, Rommel	Common	2,000.00	Nil
14	Molina, Almar S.	Common	2,000.00	Nil
15	Moralda, Benjie C.	Common	2,000.00	Nil
16	Morata, Olivia R.	Common	2,000.00	Nil
17	Morcozo, Nasario M.	Common	2,000.00	Nil
18	Narisma, Inocencio	Common	2,000.00	Nil
19	Natel, Emeterio	Common	2,000.00	Nil
20	Nombre, Ramil C.	Common	2,000.00	Nil
Subtotal for Top 20 Stockholders		Common	1,425,382,360	99.9
Others		Common	483,111	0.01
TOTAL ISSUED AND OUTSTANDING			1,425,865,471	100%

DIVIDENDS

Dividend Policy

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

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

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

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

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

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

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

Dividend History

There were no dividends declared during the years 2023, 2024, and 2025.

RECENT SALES OF UNREGISTERED SECURITIES

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

CORPORATE GOVERNANCE

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

As of 12 October 2026, the Company remains substantially in compliance with and has no material deviation from its Manual and no sanctions were imposed on any director, officer or employee on account of non-compliance with the same.

The Manual assists the Company in monitoring and assessing its level of compliance with leading practices on good corporate governance as specified in pertinent SEC circulars. Aside from establishing specialized committees to aid in complying with the principles of good corporate governance, the Manual also outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system which highlights adherence to the principles of transparency, accountability and fairness. The Compliance Officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Board members and members of the Committees. There has been no deviation from the Manual's standards as of 12 October 2026.

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

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

Pursuant to SEC Memorandum Circular No. 15, series of 2017 mandating all publicly-listed companies to submit an Integrated Annual Corporate Governance Report (I-ACGR), the Company filed its 2025 I-ACGR on 26 May 2026.

DESCRIPTION OF THE BUSINESS OF THE REGISTRANT AND ITS SIGNIFICANT SUBSIDIARIES

As of 31 December 2025, this is the list of the subsidiaries of LBCH:

	Country of incorporation	Principal activities
LBCE	Philippines	Logistics and money remittance
LBC Express - MM, Inc.	Philippines	Logistics and money remittance
LBC Express - CL, Inc.	Philippines	Logistics and money remittance
LBC Express - NL, Inc.	Philippines	Logistics and money remittance
LBC Express - VIS, Inc.	Philippines	Logistics and money remittance
LBC Express - SL, Inc.	Philippines	Logistics and money remittance
LBC Express - SCS, Inc.	Philippines	Logistics and money remittance
LBC Express Corporate Solutions, Inc.	Philippines	Logistics and money remittance
LBC Express - CMM, Inc.	Philippines	Logistics and money remittance
LBC Express - EMM, Inc.	Philippines	Logistics and money remittance
LBC Express - MIN, Inc.	Philippines	Logistics and money remittance
LBC Express - SMM, Inc.	Philippines	Logistics and money remittance
LBC Express - SEL, Inc.	Philippines	Logistics and money remittance
LBC Express - WV, Inc.	Philippines	Logistics and money remittance
LBC Express - SEM, Inc.	Philippines	Logistics and money remittance
LBC Express - SCC, Inc.	Philippines	Logistics and money remittance
South Mindanao Courier Co., Inc.	Philippines	Logistics and money remittance
LBC Express - NEMM, Inc.	Philippines	Logistics and money remittance
LBC Express - NWMM, Inc.	Philippines	Logistics and money remittance
LBC Systems, Inc.	Philippines	Logistics and money remittance
LBC Express Bahrain WLL	Bahrain	Logistics
LBC Express Shipping Company WLL	Kuwait	Logistics
LBC Express LLC [1]	Qatar	Logistics
LBC Express Inc. Limited [2]	Kingdom of Saudi Arabia	Logistics
LBC Mabuhay Saipan Inc.	Saipan	Logistics and money remittance
LBC Aircargo (S) PTE. LTD	Singapore	Logistics
LBC Aircargo (S) PTE. LTD Taiwan Branch	Taiwan	Logistics
LBC Express Airfreight (S) PTE. LTD.	Singapore	Logistics
LBC Money Transfer PTY Limited	Australia	Money remittance
LBC Australia PTY Limited	Australia	Logistics
LBC Mabuhay (Malaysia) SDN BHD.	Malaysia	Logistics
QuadX Pte. Ltd.	Singapore	Digital logistics
LBC Mabuhay (B) Sdn Bhd	Brunei	Logistics
LBC Mabuhay Remittance Sdn Bhd	Brunei	Money remittance
LBC Mundial Corporation	United States of America	Logistics and money remittance
LBC Mundial Nevada Corporation	United States of America	Logistics and money remittance
LBC Business Solutions North America Corp.	United States of America	Logistics
LBC Mabuhay North America Corporation	United States of America	Logistics and money remittance
LBC Mundial Cargo Corporation	Canada	Logistics
LBC Mabuhay Remittance Corporation	Canada	Money remittance
LBC Mabuhay Hawaii Corporation	United States	Logistics and money remittance

	Country of incorporation	Principal activities
	of America	
Mermaid Co., Ltd	Japan	Logistics
		Employment services including
Blue Eagle and LBC Service Pte. Ltd. (3)	Taiwan	remittance

Note:

1) This entity is a subsidiary of LBC Express Shipping Company WLL which has 49% ownership interest.
2) LBC Express, Inc. Limited is formerly a branch, converted to Limited Liability Corporation (LLC) on December 1, 2024.
3) On 28 September 2023, LBC Express Holdings, Inc. acquired 100% equity in Blue Eagle and LBC Service Ltd.

PATENTS, TRADEMARKS, LICENSES, FRANCHISES, CONCESSIONS, ROYALTY, AGREEMENT OR LABOR CONTRACTS INCLUDING DURATION

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

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

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

GOVERNMENTAL APPROVAL OF PRINCIPAL PRODUCTS AND SERVICES

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

Freight Forwarding by Air

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

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

Freight Forwarding by Sea

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

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

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

Regulation of Private Express and Messengerial Delivery Services in the Philippines

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

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

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

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

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

Regulation of Remittance Agents in the Philippines

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

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

Effect of existing or probable government regulations on the business

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

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

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

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

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

On May 29, 2025, President Ferdinand R. Marcos, Jr. signed Republic Act No. 12214 or the Capital Markets Efficiency Promotion Act ("**CMEPA**"), which took effect on July 1, 2025. CMEPA was legislated to allow capital markets to develop efficiently with least intervention from the Government and introduced the following amendments to the Tax Code, among others:

- Clarification of the definition of "deposit substitutes" which excludes reverse purchase agreements entered into by and between the BSP and any authorized agent bank, certificates of assignment or participation, and similar instruments with recourse;

- Definition of "passive income" covers income derived from sources that do not require the taxpayer's active involvement in the conduct of trade or business, and which are not subject to VAT;

- Exclusions from gross income: (i) interest income and gains from sale of, transfer or disposition of specific bonds issued by the Republic of the Philippines or any of its instrumentalities to finance capital expenditures or programs covered by the Philippine Development Plan and equivalent and other high-level priority programs of the national government and (ii) gains from the redemption of shares or units of participation in mutual funds and UITFs provided that final taxes on realized gains have already been withheld at the level of underlying assets prior to redemption;

- Additional deduction of 50% of the employer's actual contributions made to Personal Equity Retirement Account (PERA) shall be granted to private employers that contribute at least equal to the contributions of the employees, subject to the maximum allowable contribution under RA No. 9505, otherwise known as the PERA Act;

- Interest income by individuals and corporations, except non-residents, from depository banks under the expanded foreign currency deposit system shall be subject to 20% final withholding tax;

- For sale of shares in domestic or foreign corporations that are not traded in local or foreign stock exchange, 15% CGT shall be imposed on the net capital gains realized during the taxable year from the sale, exchange, or other modes of disposition of shares of stock;

- For domestic shares traded through a local stock exchange, the stock transaction tax ("**STT**") rate shall be lowered from 0.6% to 0.1% of the gross selling price. For domestic shares traded through a foreign stock exchange, STT shall be levied, assessed and collected on every sale, exchange, or other disposition of shares of stock other than by a dealer in securities, in lieu of capital gains tax, a tax at the rate of 1/10 of 1% of the gross selling price or gross value in money of the shares of stock sold, exchanged, or otherwise disposed which shall be paid by the seller or transferor; and

- DST at a rate of 75% of 1% shall be imposed on the following transactions: (i) original issuance of shares on the par value or actual consideration for no-par shares; (ii) bonds, debentures, certificates of stock or indebtedness issued in a foreign country on the value of the transaction; and (iii) debt instruments on the issue price.

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

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

MAJOR RISKS INVOLVED IN EACH OF THE BUSINESS OF THE COMPANY AND SUBSIDIARIES.

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

- Any political instability in the Philippines may adversely affect the Company's business, results of operations or financial condition.
- There is no guarantee that future events will not cause political instability in the Philippines. Such instability may disrupt the country and its economy, as well as commercial traffic into and out of the Philippines, which could materially and adversely affect the Company's business, financial condition and results of operations. Acts of terrorism, clashes with separatist groups and violent crimes could destabilize the country and could have a material adverse effect on the Company's business and financial condition.
- Territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.
- Investors may face difficulties enforcing judgments against the Company.
- Corporate governance and disclosure standards in the Philippines may be less stringent than those in other countries.
- The sovereign credit ratings of the Philippines may adversely affect the Company's business.
- The occurrence of natural catastrophes could adversely affect the Company's business, financial condition or results of operations.
- Volatility in the value of the Peso against the U.S. dollar and other currencies could adversely affect the Company's business.

LEGAL PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 6 March 2019, with respect to CA-G.R. SP No. 150698, LBC Express and LBC Development Corporation received a copy of the Court of Appeals' Decision dated 28 February 2019, denying the Petition for Certiorari. The Court of Appeals ruled that the PDIC representative was sufficiently authorized to sign the verification and the PDIC does not need to secure prior approval of the liquidation court to file the case. LBC Express and LBC Development Corporation filed a motion for reconsideration last 21 March 2019. On 18 July 2019, they received a copy of the Court of Appeals' resolution denying the motion for reconsideration. LBC Express and LBC Development Corporation filed an appeal to the Supreme Court on 2 September 2019 assailing the Court of Appeals Decision and Resolution. The appeal with the Supreme Court is entitled "LBC Express, Inc. and LBC Development Corporation v. Hon. Maximo M. De Leon, Presiding Judge of the Regional Trial Court of Makati Branch 143 and LBC Development Bank as represented by its receiver/liquidator, the Philippine Deposit Insurance Corporation" and docketed as G.R. No. 248539. The appeal is assigned to the Third Division of the Supreme Court. In the appeal, LBC Express and LBC Development Corporation are praying for the dismissal of the Complaint because the PDIC failed to obtain leave from the liquidation court to file the Complaint before the Regional Trial Court, contrary to the provisions of the Rules of Court and established jurisprudence. PDIC has already filed its Comment to the Petition for Review while LBC Express and LBC Development Corporation filed their respective Reply thereto on 14 October 2020. The Supreme Court has not resolved the appeal as of today.

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

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

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

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

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

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

on 13 July 2020. On 14 January 2021, PDIC filed its Reply with Motion to Show Cause. On 19 January 2021, Juan Carlos G. Araneta filed his Manifestation and Comment/Opposition to the Motion to Show Cause.

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

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

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

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

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

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

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

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

The presentation of PDIC's evidence and witnesses commenced on January 11, 2023. After several postponements, PDIC was supposed to present its last witness during the hearing on 22 February 2023.

The judge directed PDIC to make its oral formal offer of evidence on 8 March 2023.

On 7 March 2023, PDIC filed a Motion for Reconsideration, submitting the Judicial Affidavit of the witness and requesting that the RTC allow the witness to be presented. The defendants have since then filed their Comment/Opposition to the Motion for Reconsideration and the PDIC filed its reply.

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

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

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

LBC and the other defendants filed a Motion for Reconsideration, Motion to Resolve, and Motion to Defer Plaintiff's Formal Offer of Evidence dated 4 May 2023, praying that the judge reconsider the order

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

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

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

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

The judge issued an order dated 28 September 2023, admitting all of the documentary evidence of the PDIC. Since the judge appeared to consider serious objections raised by the defendants to the documentary evidence, LBC and the other defendants filed their respective motions for reconsideration. In the Order dated 19 January 2024, the judge denied all the motions for reconsideration.

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

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

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

LBC and the other defendants have presented two witnesses already. 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, Ms. Apolonia Ilio, the former Finance Head of LBC Bank, during the hearing last July 16, 2026. The Defendants were directed to file their Formal Offer of Documentary Evidence within 30 days, or by August 15, 2026 and the PDIC was given the same period to file their Comment thereon. The defendants filed the Formal Offer of Evidence on August 15, 2026 and the PDIC filed its Comment thereon. The parties are awaiting the ruling of the court.

In the meantime, defendant Ma. Eliza Berenguer, the former LBC Bank President, who is represented by separate counsel, is scheduled to present herself as a witness on November 19, 2026. Thereafter, the parties and the court will still discuss whether the PDIC will present any rebuttal witnesses and if the defendants will present any sur-rebuttal witnesses. Hence, the trial of the civil case is still on-going.

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

National taxes

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

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

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

CR02395-2026

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
   Dec 31, 2025
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
   LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

(•) Yes ( ) No

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

Philippine Stock Exchange - Common Shares

12. Check whether the issuer:

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

(•) Yes ( ) No

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

(•) Yes ( ) No

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

Php1,558,145,644

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

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

( ) Yes (•) No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

SEC Form 17-A with Audited Financial Statements and Sustainability Report

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

None

(c) Any prospectus filed pursuant to SRC Rule 8.1

None

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

LBC Express Holdings, Inc.
LBC

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

For the fiscal year ended	Dec 31, 2025
Currency	PHP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Current Assets	6,549,891,052	7,167,628,703
Total Assets	14,181,554,138	15,238,704,917
Current Liabilities	5,433,985,534	10,826,823,694
Total Liabilities	12,270,295,444	13,582,643,711
Retained Earnings/(Deficit)	398,777,587	152,721,270
Stockholders' Equity	1,911,258,694	1,656,061,206
Stockholders' Equity - Parent	1,908,493,578	1,669,504,940
Book Value Per Share	1.34	1.17

Income Statement

	Year Ending	Previous Year Ending

	Dec 31, 2025	Dec 31, 2024
Gross Revenue	14,025,956,097	14,296,058,157
Gross Expense	13,295,256,202	13,630,399,019
Non-Operating Income	168,187,435	117,995,849
Non-Operating Expense	620,658,135	851,616,961
Income/(Loss) Before Tax	278,229,195	-67,961,974
Income Tax Expense	17,564,210	77,334,070
Net Income/(Loss) After Tax	260,664,985	-145,296,044
Net Income/(Loss) Attributable to Parent Equity Holder	246,056,317	-151,842,508
Earnings/(Loss) Per Share (Basic)	0.17	-0.11
Earnings/(Loss) Per Share (Diluted)	0.17	-0.11

Financial Ratios

	Formula	**Fiscal Year Ended**	**Previous Fiscal Year**
		Dec 31, 2025	Dec 31, 2024
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.21	0.66
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.99	0.56
Solvency Ratio	**Total Assets / Total Liabilities**	1.16	1.12
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.87	0.89
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	6.43	8.14
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	1.48	0.87
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	7.43	9.13
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.23	0.22
Net Profit Margin	**Net Profit / Sales**	0.02	-0.01
Return on Assets	**Net Income / Total Assets**	0.02	-0.01
Return on Equity	**Net Income / Total Stockholders' Equity**	0.13	-0.09
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	50.99	-110.9

Other Relevant Information
None.

Filed on behalf by:

Name	Ernesto III Naval
Designation	Alternate Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: April 14, 2026 10:11:03 PM

Company Information

SEC Registration No.: AS93005277
Company Name: LBC EXPRESS HOLDINGS, INC.
Industry Classification: K70000
Company Type: Stock Corporation

Document Information

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C O V E R S H E E T

for

SEC FORM 17-A (ANNUAL REPORT)

SEC Registration Number

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C O M P A N Y N A M E

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	S	U	B	S	I	D	I	A	R	I	E	S																		

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

L	B	C		C	E	N	T	R	A	L		E	X	C	H	A	N	G	E	,		L	2		C	5		E	X
T	E	N	S	I	O	N	,		M	O	O	N	W	A	L	K	,		P	A	R	A	N	A	Q	U	E		C
I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A														

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - A	S E C	

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

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
485	**2nd Monday of 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-A

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

1. For the fiscal year ended: **December 31, 2025**

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

3. BIR Tax ID No.: **002-648-099-000**

4. Exact Name of issuer as specified in its charter: **LBC EXPRESS HOLDINGS, INC. (formerly Federal Resources Investment Group Inc.)**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: _____ (SEC Use Only)

7. Address of principal office and postal code: **LBC Central Exchange, L-2 C5 Extension, Moonwalk, Paranaque City, Metro Manila**

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

9. Former name, former address, former fiscal year (if changed since last report):

   Former address: LBC Hangar, General Aviation Centre, Domestic Airport Road, Pasay City

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

    As of December 31, 2025:

Title of each class	**Number of shares issued and outstanding**
Common Shares	1,425,865,471[1]

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

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of securities listed: **Common Shares[2]**

[1] Inclusive of 1,388,357,471 common shares which are exempt from registration.
[2] As of December 31, 2025, 40,899,000 common shares have been listed with the Philippine Stock Exchange. The remaining 1,384,966,471 are subject of listing applications filed with the Philippine Stock Exchange.

12. Check whether the issuer:

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

Yes (x) No ( )

b) has been subject to such filing requirements for the past ninety (90) days.
Yes (x) No ( )

13. Aggregate market value of voting stock held by non-affiliates is **~~₱~~1,558,145,644 as of April 13, 2026.**[3]

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) **2025 Consolidated Audited Financial Statements** (incorporated as reference for items 6, 7 and 12 of SEC Form 17-A

(b) 2025 Sustainability Report

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

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

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

BUSINESS DEVELOPMENT

CORPORATE REORGANIZATION

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

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

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

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

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

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

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

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

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

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

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

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

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

Involvement in Bankruptcy or Receivership Proceedings

As of the end of December 2025, the Company was not involved in any bankruptcy, receivership or any similar proceedings.

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

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

On June 20, 2017, the BOD approved the issuance of convertible instrument. The proceeds of the issuance of convertible instrument will be used to fund the growth of the business of the Parent Company, including capital expenditures and working capital. Accordingly, on August 4, 2017, LBCH issued, in favor of CP Briks Pte. Ltd, a seven-year secured convertible instrument in the aggregate principal amount of US$50.0 million (₱2,518.25 million) convertible at any time into 192,307,692 common shares of LBCH at the option of CP Bricks Pte. Ltd at ₱13.00 per share conversion price, subject to adjustments in accordance with the terms and conditions of the instrument. The instrument (to the extent that the same has not been converted by CP Briks as the holder or by the Parent Company) is redeemable, at the option of CP Bricks Pte. Ltd, beginning on the 30th month from issuance date at the redemption price equal to the principal amount plus internal rate of return ranging from 10% to 13%. The agreement also contains redemption in cash by the Parent Company at a price equal to the principal amount of the bond plus an internal rate of 13% (decreasing to 12%, 11% and 10% on the 4th, 5th and 6th anniversary of the issuance date, respectively) in case of a Change of Control as defined under the agreement.

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

On December 29, 2022, US$11.00 million of the US$50.00 million convertible instrument was redeemed at a total price of US$19.33 million. Redemption payable and gain on redemption amounting to ₱1,014.74 million and ₱7.58 million, respectively, was recognized in the consolidated statements of financial position and financial performance as of December 31, 2022.

On August 2, 2024, the maturity date of convertible instrument was extended from August 4, 2024 to such time CP Briks opts to terminate the instrument upon thirty (30) days prior notice ("Extended Stated Maturity Date"). The Parent Company acknowledged and agreed 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. Gain on modification of liability amounting to ₱44.18 million due to the extension was recognized in the consolidated statements of financial performance as of December 31, 2024.

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

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

As of December 31, 2024, the carrying value of bond payable amounted to ₱2,065.59 million and the fair value of the derivative liability amounted to ₱2,528.53 million. The fair value changes of the derivative liability recognized as "Gain (Loss) on derivative" amounted to ₱218.34 million loss in 2024 and ₱150.81 million gain in 2023. Interest expense arising from the accretion of interest on the bond payable amounted to ₱320.64 million in 2024 and ₱285.05 million in 2023.

On August 15, 2025, LBCH received a notice setting the maturity date of the convertible instrument on September 15, 2025. The instrument amounting to $39.0 million was redeemed on the said date. In 2025, interest expense arising from the accretion of interest on the bond payable amounted to ₱187.02 million and the fair value changes of the derivative liability recognized as "Loss on derivative" amounted to ₱66.88 million. Total loss on redemption of convertible instrument incurred in 2025 amounted to ₱4.71 million.

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

On March 18, 2018, through a Deed of Assignment, LBCE assigned its receivables from QUADX Inc. to the Parent Company amounting to ₱186.02 million. On the same date, the Parent Company and QUADX Inc. entered into Subscription Agreement to subscribe and issue a total of 1,860,214 shares of stock of QUADX Inc. through conversion of the assigned advances to equity which represents 86.11% ownership of the Parent Company. On May 29, 2019, the Parent Company sold all its 1,860,214 common shares in QUADX Inc. to LBCE for a cash consideration of ₱186.02 million. On July 1, 2019, LBCE then sold all its QUADX Inc. shares to LBCDC for the same cash consideration. On the same date, LBCE, LBCDC and QUADX Inc. entered into Deed of Assignment of Receivables whereas LBCE agreed to assign, transfer and convey its receivables from QUADX as of March 31, 2019 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 execution of the deed, subject to any extension as may be agreed in writing by LBCE and LBCDC. This was extended until 2025.

Overseas Entities

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

QuadX Pte. Ltd.

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

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

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

LBC Mabuhay Saipan, Inc.

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

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

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

Details follow:

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

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

LBC Mabuhay (Malaysia) SDN BHD

On August 15, 2018, the Parent Company approved the acquisition of 92.5% equity ownership of LBC Mabuhay (Malaysia) SDN BHD (LBC Malaysia) for a total purchase price of US $461,782 or ₱24.68 million. LBC Malaysia engages in the business of courier services in Malaysia.

LBC Mabuhay (B) Sdn Bhd and LBC Mabuhay Remittance Sdn Bhd

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

Entities under LBC Holdings USA Corporation

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

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

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

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

- LBC Mabuhay North America Corporation (LBC North America) which operates as a cargo and remittance company in New Jersey. The Parent Company purchased 1,605,273 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation. LBC North America wholly owns LBC Mundial Cargo Corporation which operates as a cargo company in Canada and LBC Mundial Remittance Corporation, a money remittance company in

Canada.

On July 1, 2019, the Parent Company's purchase of LBC Mabuhay Hawaii Corporation, who operates as a cargo and remittance company in Hawaii, was completed upon the approval by the US regulatory bodies. The Parent Company purchased 1,536,408 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation.

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

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

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

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

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, LBCE 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.

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

LBC HISTORY

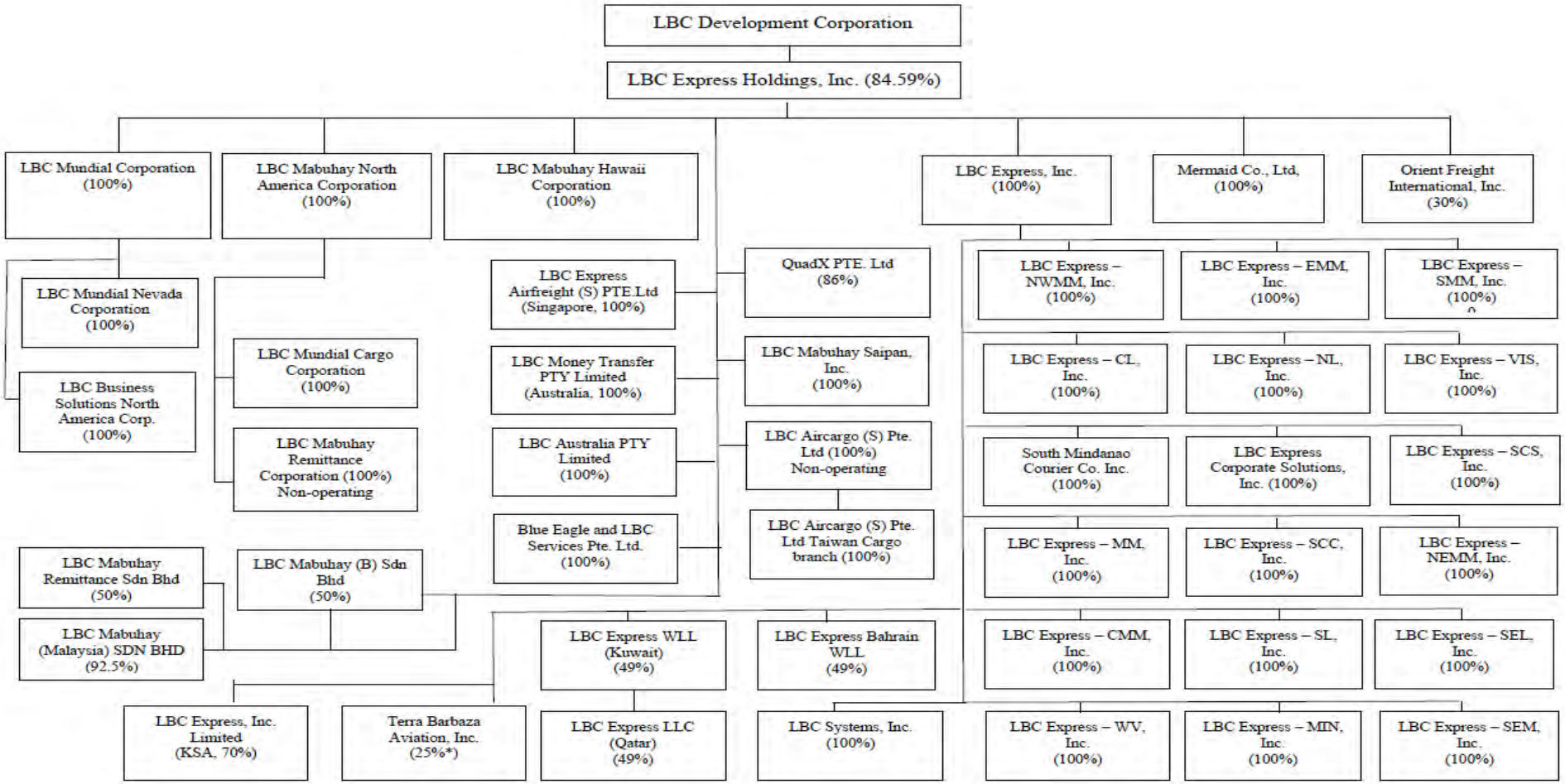
LBC Express, Inc. was initially founded in 1950s as "Luzon Brokerage Corporation." It subsequently changed its name to "LBC Air Cargo, Inc." and operated as a brokerage and air cargo agent. A few years after incorporation, LBCE evolved into an express delivery service, becoming the first Filipino-owned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

load sea freight forwarding and end-to-end logistics solutions.

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

LBCE commenced its international money transfer operations in 1987 by establishing relationships with agents and affiliates in the United States and steadily expanding its network elsewhere globally to provide fulfillment services for inbound international remittances. LBCE later leveraged the network of its overseas affiliates to expand its Logistics business internationally as well. Today, LBCE provides courier and freight forwarding services in 25 countries and territories outside of the Philippines and fulfillment services for inbound remittances originating from over 29 countries and territories outside the Philippines, including the United States, Canada, the Asia Pacific region, Europe and the Middle East.

The following diagram illustrates the operating ownership structure of the Company as of December 31, 2025:



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

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

	Country of incorporation	Principal activities	Ownership Interest 2025	2024
LBC Express, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - MM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - CL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - NL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - VIS, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SCS, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express Corporate Solutions, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - CMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - EMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - MIN, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SEL, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - WVIS, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SEM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - SCC, Inc.	Philippines	Logistics and money remittance	100%	100%
South Mindanao Courier Co., Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - NEMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express - NWMM, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Systems, Inc.	Philippines	Logistics and money remittance	100%	100%
LBC Express Bahrain WLL	Bahrain	Logistics	49%	49%
LBC Express Shipping Company WLL	Kuwait	Logistics	49%	49%
LBC Express LLC [1]	Qatar	Logistics	49%	49%
LBC Express, Inc. Limited [2]	Kingdom of Saudi Arabia	Logistics	70%	–
LBC Mabuhay Saipan Inc.	Saipan	Logistics and money remittance	100%	100%
LBC Aircargo (S) PTE. LTD	Singapore	Logistics	100%	100%
LBC Aircargo (S) PTE. LTD - Taiwan Branch	Taiwan	Logistics	100%	100%
LBC Express Airfreight (S) PTE. LTD.	Singapore	Logistics	100%	100%
LBC Money Transfer PTY Limited	Australia	Money remittance	100%	100%
LBC Australia PTY Limited	Australia	Logistics	100%	100%
LBC Mabuhay (Malaysia) Sdn Bhd.	Malaysia	Logistics	93%	93%
QuadX Pte. Ltd.	Singapore	Digital logistics	86%	86%
LBC Mabuhay (B) Sdn Bhd	Brunei	Logistics	50%	50%
LBC Mabuhay Remittance Sdn Bhd	Brunei	Money remittance	50%	50%
LBC Mundial Corporation	United States of America	Logistics and money remittance	100%	100%
LBC Mundial Nevada Corporation	United States of America	Logistics and money remittance	100%	100%
LBC Business Solutions North America Corp.	United States of America	Logistics	100%	100%
LBC Mabuhay North America Corporation	United States of America	Logistics and money remittance	100%	100%
LBC Mundial Cargo Corporation	Canada	Logistics	100%	100%
LBC Mabuhay Remittance Corporation	Canada	Money remittance	100%	100%
LBC Mabuhay Hawaii Corporation	United States of America	Logistics and money remittance	100%	100%
Mermaid Co., Ltd.	Japan	Logistics	100%	100%
Blue Eagle and LBC Service Pte. Ltd. [3]	Taiwan	Employment services including remittance	100%	100%

Note:

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

(2) LBC Express, Inc. Limited is formerly a branch, converted to Limited Liability Corporation (LLC) on December 1, 2024.

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

BUSINESS

SERVICES

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

The Group's Logistics products serve Retail (C2C) and Corporate/Institutional (B2B/B2C) customers. The main services offered under the Group's Logistics business are Domestic and International Courier, and Freight Forwarding services (by way of air, sea and ground transport).

Money Transfer Services include Domestic Remittance services (available as branch retail services) and Corporate Remittance Payout services. International Money Transfer Services are also offered overseas through the Group's own branches, and through partners, which encompasses International Inbound Remittance services.

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

In PHP 'millions	For the year ended December 31, 2025		
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱9,104.17	₱455.72	₱9,559.89
Corporate	4,456.26	9.81	4,466.07
Total revenue from contracts with customers	**₱13,560.43**	**₱465.53**	**₱14,025.96**
Geographic Markets			
Domestic	₱8,433.78	₱181.09	₱8,614.87
Overseas	5,126.65	284.44	5,411.09
Total revenue from contracts with customers	**₱13,560.43**	**₱465.53**	**₱14,025.96**

In PHP 'millions	For the year ended December 31, 2024		
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	₱10,241.00	₱482.16	₱10,723.16
Corporate	3,563.92	8.98	3,572.90
Total revenue from contracts with customers	**₱13,804.92**	**₱491.14**	**₱14,296.06**
Geographic Markets			
Domestic	₱8,476.45	₱177.34	₱8,653.79
Overseas	5,328.47	313.80	5,642.27
Total revenue from contracts with customers	**₱13,804.92**	**₱491.14**	**₱14,296.06**

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

As of December 31, 2025, the Logistics business of the Group accounts for approximately 97% of its total revenues while Money Transfer Services accounts for the remaining 3%.

Retail Logistics comprised 67%, 74%, and 77% respectively, of the Group's service revenue from Logistics for the years ended December 31, 2025, 2024 and 2023. The Group's primary retail logistics offerings are its "Express" products (courier and air cargo forwarding) and balikbayan boxes.

For the year ended December 31, 2025, 2024 and 2023, service fees from international outbound remittances amounted to ₱1.17 million, ₱1.08 million, and ₱2.40 million, respectively.

For the years ended December 31, 2025, 2024 and 2023, service fees from international inbound remittances were ₱284.44 million, ₱313.80 million and ₱330.00 million, accounting for 61%, 64%, and 48%, respectively, of the Group's total service revenues from Money Transfer Services.

Logistics

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

As of December 31, 2025, the Group has offered Logistics services at 1,245 Company-owned branches in the Philippines and 48 Company-owned branches, and 908 Partner-agent branches, in 29 other countries and territories worldwide.

Retail Logistics

Retail Logistics comprised 67%, 74%, and 77%, respectively, of the Group's service revenue from Logistics for the years ended December 31, 2025, 2024 and 2023. The Group's primary Retail Logistics offerings are its "Express" products (comprised of Courier and Air Cargo forwarding) and *Balikbayan* boxes.

Courier

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

Air Cargo

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

Balikbayan Boxes

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

Corporate Logistics

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

Specialized Corporate Solutions (SCS)

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

As part of SCS, the Company provides transportation of mail, parcels and cargo via air, land and sea. The Company offers sea freight forwarding services domestically for both full container load (FCL) and less-than-container load (LCL) shipments. LCL services are particularly attractive for small and medium-sized businesses with relatively lower volume shipping requirements. Corporate clients have the option of dropping off their shipments at the Company's container freight stations located near local ports or requesting a pick-up from the Company. The Company also offers flexible payments modes, including payment at origin, payment at destination, payment on account of shipper, and payment on account of consignee. Shipping times for sea freight are more protracted than for air freight, ranging from eight (8) to sixteen (16) days for domestic shipments. In recent years, the volume of sea freight forwarding services provided by the Company has increased due to the growth in its corporate client portfolio.

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

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

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

Money Transfer Services

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

Domestic

Domestic Money Transfer services include (a) Remittances and (b) Corporate Remittance Payout services. For the years ended December 31, 2025, 2024 and 2023, service fees from domestic Money Transfer Services were ₱181.09 million, ₱177.34 million, and ₱357.50 million, respectively, representing 39%, 36%, and 52%, respectively, of the Company's total service revenues from Money Transfer Services.

Remittances

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

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

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

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

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

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

Corporate Remittance Payouts

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

The basic process for domestic remittances is as follows:

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

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

For the year ended December 31, 2025, 2024 and 2023, service fees from international outbound remittances amounted to ₱1.17 million ₱1.08 million, and ₱2.40 million, respectively.

International

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

To expand its international reach, LBCE has also entered into agreements with affiliates and remittance fulfillment agents in countries and territories outside of the Philippines. These agents include International Remittance houses such as in the Asia-Pacific region: in Hong Kong, Pacific Ace Forex H.K. Limited; in Malaysia, SMJ TERATAI SDN. BHD., TML Remittance Center SDN. BHD., Merchantrade Asia SDN. BHD., Tranglo; in Japan, in the Middle East continent; in the United Arab Emirates, Al Ansari Exchange LLC., Instant Cash FZE., Worldwide Cash Express Limited; in the North American region; Remitly Inc., XOOM Corporation, Placid NK Corporation, and Continental Exchange Solutions, Inc. dba RIA Financial Services, in the United States of America, among others.

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

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

Through the extended networks of its partners and agents, the Company provided fulfillment services for inbound remittances, although it transacts only with its direct agents. Under the terms of the fulfillment partnership agreements that the Company enters into, direct agents are permitted only limited use of the "LBC" name, trademarks and other protected signs when transacting business on behalf of the Company and still carrying on business under their own corporate and trade names. The Company receives a fixed percentage of the agent's revenues in exchange for its services in relation

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

For the years ended December 31, 2025, 2024 and 2023, service fees from international inbound remittances were ₱284.44 million, ₱313.80 million and ₱330.00 million, accounting for 61%, 64%, and 48%, respectively, of the Company's total service revenues from Money Transfer Services.

OPERATIONS

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

Logistics

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

Air Freight Forwarding

Domestic

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

- Acceptance is the receipt by the Group of the customer's parcels and cargo, either through its pick-up service or at one of the Group's 1,368 customer contact points in the Philippines where customers can drop off parcels and cargo. All parcels and cargo must be accompanied by a waybill from the customer providing the recipient's name, shipping address, description of contents, estimated value and other pertinent information. Upon receipt of the customer's parcel or cargo, the receiving agent affixes a barcode onto the package and scans the package, beginning the tracking process. The parcel or package is rescanned at every subsequent touch point throughout the transport process until its final destination.

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

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

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

- When the planes arrive at the destination airport, a team of employees withdraws shipments and again scans the barcodes and sorts the items, segregating parcels and cargo destined for different zones. The items may also be sorted at the Company's 178 regional delivery hubs (secondary distribution centers) for more efficient distribution to smaller cities and municipalities.

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

In 2020, service level agreements were extended beyond the standard timeframes. The Group's Domestic Air Forwarding services were diverted into land and sea forwarding (by way of RORO).

International

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

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

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

Ground Delivery Fleet

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

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

As of December 31, 2025, the Company has a fleet of 3,037 vehicles (including 2,326 motorcycles and 711 delivery vans). The Company's drivers and couriers are trained in vehicle operation safety,

customer service, cash handling and other procedures. Vehicles are acquired on a lease-to-own basis pursuant to finance leases with a typical term of three to five years to ownership. The Company's vehicle fleet undergoes maintenance on a regularly scheduled basis, and vehicles are typically replaced every ten years. The Group began re-fleeting most of its delivery trucks, in 2014, and motorcycles, in the latter part of 2017. Comprehensive insurance is maintained for all vehicles.

Sea Cargo Forwarding

As of the end of December 2025, the Group's Sea Cargo forwarding services are available domestically in Manila, Cebu, Bacolod, Iloilo, Davao, Cagayan de Oro and General Santos, and internationally in 29 countries and territories outside the Philippines.

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

Retail

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

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

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

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

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

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

- International inbound *Balikbayan* Boxes are in transit for seven (7) to eleven (11) days (for shipments within Asia) or 55 to 65 days (for shipments from Europe, Middle East or North America) prior to arriving in Manila. All such *Balikbayan* Boxes are received by the international freight forwarder at either of the ports in Manila, Subic, Zambales, or Cagayan de Oro and consigned to the Group at the Vitas Harbor Center Warehouse. Intra-Philippine shipments, which generally take between two and three days for Manila, three to four days for Luzon, seven to ten days Visayas and then to fifteen days for Mindanao to arrive at their destination, are received at regional warehouses and distribution centers. For international inbound shipments, the Group's customs brokers facilitate procedures necessary to be

undertaken with the Philippine Bureau of Customs, while its international freight forwarder arranges for customs brokerage in the international jurisdictions.

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

Corporate

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

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

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

Specialized Corporate Solutions

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

Money Transfer Services

Remittances

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

The Money Backroom Office is in charge of operating the Group's remittance business as well as its merchant payment disbursement and payment collection services. With respect to domestic remittances, its primary duties include, among others, reviewing daily acceptance values, enforcing daily remittance of cash collections to nominated bank accounts forecasting the daily funding needs

of each branch to meet fulfilment obligations; institute controls to ensure the proper safeguarding of cash at branches; overseeing the transport and deposit of cash into the Group's regional bank accounts (from which local managers of the branch offices can withdraw the funds), provide customer support services by attending to inquiries of remittance transaction; establishing and training branch employees in cash acceptance, Anti-Money Laundering (AML) / Counter Terrorist Financing and Proliferation Financing (CTF/PF), customer identification and other policies; and reporting covered transactions and suspicious transactions to the BSP. With respect to international remittances, its primary duties include branch funding reservations, coordination and settlement of inquiries of customers, and providing updates about statuses of international remittance products such as whether the transaction has been fulfilled or refunded. The Team uses data collected from the Group's front-end POS software to analyze end-of-day acceptance information at all of the branch locations. This enables the the team to estimate the funding requirements for each branch on a daily basis.

International Outbound Remittances

The Company also facilitates international outbound remittances from the Philippines to various countries worldwide through its partnership with PETNET, Inc., the authorized Philippine agent of Western Union. The international outbound Remittance is also called *"IPPX"*.

Through this partnership, customers may remit funds from Company-owned branches in the Philippines to beneficiaries located in over 200 countries and territories within Western Union's global network. Transactions are processed in real time through secure connectivity with PETNET's system, enabling beneficiaries to receive funds via cash pick-up, bank deposit, mobile wallet credit, or other payout channels available in the destination country.

Service fees for outbound remittances vary depending on the destination country, remittance amount, and selected payout method. The Company earns a service fee or revenue share in accordance with its agreement with PETNET for each successfully processed transaction.

This outbound remittance service enhances the Company's product portfolio by enabling customers within the Philippines — including overseas-bound workers, foreign nationals, and residents with cross-border financial obligations — to send funds internationally through a trusted and globally recognized remittance network.

Domestic Partners

To expand its domestic network for remittance services, LBC Express Inc. and Eight Under Par, Inc. (a Philippine corporation doing business under the trade name "Palawan Pawnshop") entered into a non-exclusive agreement in June 2012 to serve as reciprocal fulfillment agents within the Philippines. A similar partnership was entered into by the Company with Cebuana Lhuillier Services Corporation (under the trade name "Cebuana Lhuillier") in 2019. Through these agreements, all of Palawan Pawnshop's 3,300 branches and Cebuana Lhuillier's 3,500 branches in the Philippines are available to provide instant branch pick-up services for beneficiaries of LBCE's remittance customers, and all of LBCE's 1,245 branches in the Philippines in turn provide the same service for Palawan Pawnshop's customers. All partners collect a reciprocal percentage of service fees for performing services on behalf the other.

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

The basic process for Domestic Remittances is as follows:

- Branch Retail services enable customers who make Remittances at any of the 1,245 Company-owned branches in the Philippines to choose among the fulfillment options for their beneficiaries. Upon acceptance from the sender, there is an online facility processes the request. An encashment alert is sent to the specified branch and the latter ensures fund availability to serve the consignee.

    - *Instant branch pick-up (Instant Pera Padala "IPP")*, a real-time cash pick-up remittance facility by which funds become instantaneously available for pick-up by the remitter's beneficiary once the sending party has made the payment at any of the 1,245 Company-owned branches or Palawan Pawnshop and/or Cebuana Lhuillier partner branches; the sending party can designate any pick-up location or geographic zone within the Company's domestic network;

    - *"Pesopak*," a service by which remittances are delivered directly to the beneficiary's doorstep

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

International Remittance Agents
To expand its international reach, LBCE has also entered into agreements with affiliates and remittance fulfillment agents in countries and territories outside of the Philippines. These agents include International Remittance houses such as in the Asia-Pacific region: in Hong Kong, Pacific Ace Forex H.K. Limited; in Malaysia, SMJ TERATAI SDN. BHD., TML Remittance Center SDN. BHD., Merchantrade Asia SDN. BHD., Tranglo; in Japan, in the Middle East continent; in the United Arab Emirates, Al Ansari Exchange LLC., Instant Cash FZE., Worldwide Cash Express Limited; in the North American region; Remitly Inc., , XOOM Corporation, Placid NK Corporation, and Continental Exchange Solutions, Inc. dba RIA Financial Services, in the United States of America, among others

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

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

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

agents. In addition, most of the agreements have in place a maximum remittance value per transaction as a further risk mitigation tool, typically ranging from ₱75,000 to ₱100,000.

The basic process for international remittances is as follows:

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

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

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

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

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

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

"COD/COP" utilizes both of LBCE's core business/services: logistics, as a courier of parcels & boxes, and money remittance, as a payment collection channel and payout conduit. Furthermore, LBC serves as a venue for transactions or "trading place": COP guarantees convenient and seamless transactions between merchant and buyer, a buyer may opt for any of LBCE's 1,368 branches as a pick- up point for their items purchased. COD offers the more established delivery scheme: LBC delivery associates collect payments from buyers upon delivery of the items, and these are delivered to any designated address, be it residential, office, or any other location. The collection of payments on behalf of the merchants from the buyers offer safe, reliable and guaranteed assurance for merchants engaging in online selling transactions. LBCE's expansive nationwide network and serviceable areas also allows for buyers to shop from anywhere in the Philippines, and sellers to reach more customers nationwide. COD/COP rates are competitively priced, providing value for money for merchants and buyers, along with LBC's guaranteed service levels.

COD/COP can be availed of at any LBC branch, without any other obligations or contracts; transactions are immediately processed upon fulfillment of the prescribed forms available at the branch. There is no need to create an "account" on online shopping sites, or to maintain any minimum volume of transactions to start an online or "social selling" business. Beginning in 2021, LBC's

COD/COP service was also made available through online platforms/channels, primarily via www.lbcexpress.com

MARKETING AND SALES

The logistics industry in the Philippines continues to evolve, driven by the expansion of eCommerce, growth in social commerce, and increasing demand for fast, reliable, and digitally enabled delivery services. Customers today seek seamless experiences, flexible fulfillment options, and real-time visibility across channels. Amid this dynamic landscape, technology-enabled last-mile providers and digital platforms have intensified competition across both domestic and cross-border shipping services.

In response, LBC Express, Inc. has sharpened its marketing focus to deepen customer engagement, strengthen digital adoption, and deliver tailored logistics solutions to individual senders, online sellers, SMEs, and corporate clients. These efforts are complemented by community engagement programs and initiatives that reflect the Group's long-standing commitment to social development and national connectivity.

Brand Strength and Market Presence

LBC remains one of the most trusted and recognizable logistics brands in the Philippines, supported by a broad nationwide branch network and operations in key international markets. The Group continues to connect Filipino families, businesses, and overseas communities through reliable logistics, cargo, and money service solutions.

In 2025, LBC celebrated its **75th anniversary**, marking seven and a half decades of service since its founding in 1950. The anniversary highlighted the company's heritage and reinforced its long-standing reputation for reliability and customer trust. A commemorative thanksgiving event brought together employees, partners, and stakeholders, and the release of a thematic anniversary film underscored the brand's mission and emotional connection with customers across generations.

Throughout 2025, LBC also maintained active **brand defense and brand hygiene initiatives**, ensuring the integrity and protection of its brand assets. The Group monitored communications, digital content, and customer touchpoints to safeguard the reputation it has cultivated for over 75 years. These measures reinforced public trust, protected the brand from misuse, and ensured consistent messaging across all campaigns and platforms.

Digital Transformation and Customer Experience

As customer preferences continue shifting toward digital interactions, LBC has enhanced its online booking, payment, and shipment tracking platforms to improve convenience and transparency. These digital tools support seamless booking and shipment management across both digital and physical channels.

In 2025, LBC launched its official **TikTok page**, engaging younger audiences and participating in social media trends relevant to eCommerce and community storytelling. This platform allows the Group to showcase services, promotions, and customer experiences in short-form video content, expanding its digital reach and relevance among younger users.

The Group also expanded its range of value-focused shipping solutions, optimizing service offerings to address the needs of frequent and price-sensitive users while maintaining service reliability. Operational improvements were implemented to enhance delivery efficiency and predictability, particularly across key inter-island and provincial routes.

Support for Entrepreneurs and Online Sellers

Recognizing the increasing role of social commerce and online selling in the Philippine economy, LBC strengthened its support for small businesses and micro-entrepreneurs:

- In mid-2025, the Group launched the LBC BOSS (Bulk Order Sulit Sending) program, offering up to 60% off shipping rates, free doorstep pick-up, dedicated customer support, and exclusive business perks tailored to operational needs.
- LBC maintained its Asenso Hub program, providing training, mentoring, and localized business support to MSMEs and social sellers.

Major Campaigns and Brand Milestones in 2025

1. 75th Anniversary Brand Celebration - Nationwide campaigns and commemorative brand content reinforced LBC's heritage and emotional connection with customers.
2. LBC BOSS Program Launch - Provided targeted support to online sellers and businesses.
3. Holiday and Seasonal Engagement - World Bazaar Festival 2025 - Official courier partner, on-site service booths, exclusive deals, giveaways, and interactive customer engagement.
4. MagCashama and eCommerce Campaigns - Promoted convenient payment options like Cash-on-Delivery and Cash-On-Pick-up services for online sellers and consumers.
5. Performance-Led Digital Campaigns - Focused on measurable engagement metrics, audience targeting, and continuous optimization.
6. Localized Branch Activations - Community-centric activities reinforced local presence and improved customer engagement.

Marketing and Media Strategy

- Digital Ecosystem Optimization: Targeted advertising and strategic content across Meta Platforms, TikTok, YouTube, and X Corp. platforms.
- Analytical Targeting: Advanced audience segmentation and analytics to deliver personalized messaging.
- Search and Discovery: Enhanced presence via Google search marketing and optimization strategies.
- Collaborations: Engagement with content creators and online communities to amplify brand reach and authenticity.
- Performance Measurement: Ongoing evaluation of campaign results to ensure efficient use of marketing resources.
- Media Relations: In October 2025, LBC hosted a Media Night for key media personnel, fostering strong professional relationships and goodwill with journalists.

INFORMATION TECHNOLOGY

Operational

The Group remains steadfast in its commitment to investing in cutting-edge IT systems to uphold its competitive advantage and to deliver high-quality service to its customers more efficiently. Continuous improvements have been made to the Transport Management System, enhancing processes and leading to advancements in both customer-facing and internal systems. Additionally, significant investments have been directed towards Data Analytics by using the latest technology for its Data Warehouse architecture preparing it for the future in Digital Logistics. Moreover, the Group has fully embraced Cloud technology, facilitating the exploration of new innovations by eliminating

hardware constraints and streamlining the procurement process. This approach enables the business to rapidly adjust resources and storage to accommodate evolving business needs, without the necessity of investing in physical infrastructure.

The Group has also upgraded its current network infrastructure to allow for a more secure and reliable environment. It upgraded its connectivity bandwidth and implemented a Software Defined Wide Area Network (SD WAN) to provide added network security and reliability. This has enabled the Group to improve its network availability significantly. The group also invested on Security Operation Center (SOC) in partnership with DTSI/NTT Security to provide 24/7 real time threat detection with capabilities on global intelligence correlation, multi-stage attack detection and anomaly threat analysis.

Business Management

The Group uses a comprehensive suite of customized business management solutions software designed and licensed by SAP. The Group has utilized SAP's Financial Accounting and Controlling (SAP FICO), Sales and Distribution (SAP SD) and Materials Management (SAP MM) modules. The Group has migrated SAP System Landscape to SAP S/4 HANA CLOUD which enables scalability with low-risk deployments and leverage on SAP RISE's Fully Managed Services which covers Infrastructure and Database related activities. Thus, free-up IT resources and saves on cost for the company. SAP Financial modules were also rolled out to other countries like UAE, KSA, Kuwait, Bahrain, Qatar and Singapore for ease of financial reporting and consolidation and in compliance with the VAT Implementation in the Gulf Cooperation Council (GCC) Region.

On April 22, 2025, LBC Express successfully upgraded its enterprise resource planning (ERP) system to SAP S/4HANA 2023 Version. Following the upgrade, LBC applied for the SAP Customer Adoption Scenario (CAS) - EOPT (Extended Operations) program, which is designed to validate and certify organizations that meet SAP's standards for optimized system usage and operational excellence. After undergoing SAP's evaluation and compliance checks, LBC received the official SAP CAS EOPT certificate on July 1, 2025.

LBC has implemented nationwide updates across all company computers to comply with the new accreditation requirements of the Bureau of Internal Revenue (BIR). These updates ensure adherence to the revised invoicing standards and cover certain provisions under the Electronic Official Receipts/Invoices and Point of Sale (EOPT) framework. The Company notes that while some EOPT requirements have been addressed, not all provisions are fully implemented at this stage.

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

Online and Mobile Platform

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

innovation where customers can book packages, process shipping and manage their money remittance all in a click while at the comfort of their home.

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

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

GCash has revolutionized financial transactions in the Philippines by providing a convenient and secure digital wallet solution. By integrating GCash as a payment solution in LBC branches, the Group aims to enhance customer experience and provide a seamless cashless payment option, aligning with its commitment to digital transformation and customer convenience.

The company has also made a strategic investment in SOTI MobiControl as its mobile device management (MDM) solution. SOTI MobiControl is a robust MDM system that allows the company to monitor, manage, and secure its fleet of desktop, laptop and handheld devices. This implementation has already shown significant benefits. For instance, the IT department can now perform activities such as remote device management, troubleshooting, and configuration assistance, leading to successful outcomes like error-free printing and efficient scanning processes.

Digital Transformation

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

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

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

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

For the partners: Boundaries among suppliers, service providers and consumers are evolving quickly, as a result of rapid shifts in technological advances. This entails a fundamental rethinking about how LBC streamlines internal processes, and will prioritize, ever more, driving speed and efficiency.

LBC's Digital Transformation will accelerate business activities, processes and competencies that will, in turn, impact the stakeholders in strategic and meaningful ways. The Group will harness Digital Transformation to radically improve internal performance, partner relationships, and expand reach across different business segments. The Group aims to:

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

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

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

STATUS OF ANY PUBLICLY-ANNOUNCED NEW PRODUCT OR SERVICE

LBC Rush Service

On October 1, 2023, LBC introduced the RUSH service, an express delivery service which commits to having shipments delivered within one to two days from acceptance. This is available for shipments of National Capital Region (NCR) origin only, bound to Visayas or Mindanao, except out-of-delivery zone and remote areas.

On June 1, 2024, LBC offered the same service for shipments from Visayas or Mindanao to Luzon with two to three days lead time.

LBC assures customers, whether walk-in or online, of this faster delivery lead time.

LBC Sakto Pack

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

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

COMPETITION

Logistics

LBC remains a market leader in the Philippine logistics sector but is however challenged by other providers such as J&T Express Philippines, AP Cargo Logistics Network Corporation, JRS Business Corporation, Airfreight 2100 Inc., Cargo Padala Express Forwarding Service Corporation, Libcap Super Express Corporation, and 2GO Express Inc. to name a few. Internationally, there are DHL Express, Alin Cargo, Johny Air, UMAC, Logo, Global, Tatak Pinoy, XYZ, Forex Cargo, AFreight, Atlas, Imerex and Pinas Express Cargo.

In the corporate logistics segment, aside from those mentioned above, there's also Ninja Van Philippines, Flash Express Philippines, 2Go Freight, and Fast Cargo Inc. The Group's share in corporate logistics has continuously been growing as it expands through network optimization, enterprise partnerships, & differentiated service offerings.

LBC's Marketing Efforts Now Prioritize (2025)

LBC's marketing in 2025 focuses on cohesive customer engagement, strengthening digital adoption, supporting entrepreneurs, and driving performance-led campaigns. Key priorities include:

- Social media omnipresence: Delivering engaging content and strategic placements across Meta (Facebook, Instagram), TikTok, YouTube, and X Corp., highlighting programs such as LBC BOSS and 75th Anniversary initiatives.
- Precision-targeted marketing: Leveraging AI-driven audience segmentation, analytics, and programmatic advertising to reach customers.
- Search for visibility and discovery: Enhancing LBC's presence through Google Ads, SEM, and SEO, capturing high-intent customers actively searching for logistics solutions.
- Influencer and community collaborations: Partnering with content creators, vloggers, and eCommerce sellers to create authentic, relatable brand conversations and amplify program awareness.
- Performance-led campaigns: Using real-time analytics, conversion tracking, and campaign measurement to ensure every marketing peso delivers a measurable impact.

Through these initiatives, LBC not only keeps pace with evolving digital trends but continues to lead the logistics industry in customer engagement, brand trust, and innovation. By placing digital transformation, entrepreneurial support, and operational excellence at the core of its strategy, LBC ensures it meets the needs of Filipinos wherever they are, online or offline.

Money Transfer Services

The Group competes with both banking institutions and non-bank financial service providers for market share in the international and domestic remittance sector.

Major Philippine banks, including BDO Unibank, Inc., Bank of the Philippine Islands, Philippine National Bank, Metrobank, and RCBC, account for the majority of remittance transactions in terms of volume. However, the Group primarily serves the unbanked population, which represents a significant portion of Filipinos, providing substantial opportunities for further growth in the domestic remittance market.

The Group's primary non-bank competitors in the remittance industry include M. Lhuillier, Cebuana Lhuillier, iRemit, and Western Union. However, rather than solely competing, the Group has strategically partnered with several of these entities to extend its network reach and enhance market penetration. The industry's high barriers to entry, including stringent regulatory licensing requirements and the necessity for an extensive distribution network, limit the likelihood of new major competitors emerging in the foreseeable future.

QUALITY ASSURANCE AND INTERNAL CONTROLS

Quality Assurance

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

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

Discrepancy Reporting and Undeliverable Items

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

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

Cash Collection and Management

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

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

Business Continuity

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

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

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

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

- *Funding Insufficiencies (Remittances).* Although the Global Remittance Team monitors and makes daily estimates of the funding needs of each branch, on occasion, there may be insufficient funds at a given location to encash a remittance. In such a case, the Group has in place procedures for either nearby branches to deliver the necessary sums, or for authorized personnel to withdraw the cash from one of the Group's local bank accounts.

Post pandemic, the Group was able to continuously operate through the previous years' circumstances, within its expansive operations in the Philippines, and around the globe.

SUPPLIERS

The Group has a broad base of suppliers. The Group is not dependent on one or a limited number of suppliers. The Group adheres to a Sourcing/Purchasing procedure which begins from the receipt of request for quotation, approved purchased requisition or approved material requisition for new items or repetitive items such as Stock Items, Non-stock Items, Services and Capital Expenditures. The group also monitors delivery of stocks and/or services and interacts with the suppliers to ensure there are no deviations from existing Service Level Agreements with the vendors. These procedures adhere to Policies & Procedures such as: Three Canvassing Policy, Bids and Awards Policy, Policy on Construction of Facilities implemented by the Company's Sourcing & Procurement team. Likewise, a Procurement Manual is in place, which contains, among others, the following:

- Accreditation Requirements for Suppliers / Contractors
- Timeline for Purchase Order Processing and Delivery
- Process flow in Purchase Order creation for Regular Materials and Supplies
- Domestic Purchasing Process
- Vendor Evaluation Form

CUSTOMERS

The Group has a broad market base, including local and foreign individual and institutional clients. The Group does not have a customer that will account for 20% or more of its revenues.

TRANSACTIONS WITH RELATED PARTIES

Please refer to item 12 ("Certain Relationships and Related Transactions") of this Report.

INTERLLECTUAL PROPERTY

The Group uses a variety of registered names and marks, including the names "LBC Express, Inc.," "LBC Express," "LBC", "*Hari Ng Padala*" (Filipino for "King of Forwarding Services") and "WWW.LBCEXPRESS.COM" as well as the traditional and the re-designed "LBC" corporate logos (including the new slogan "We Like To Move It"), the "Team LBC *Hari Ng Padala*" logo and "LBC Remit Express" logo in connection with its business. Except for the "LBC Remit Express" design and logo (registered on July 26, 2012 and expires on July 26, 2022) and the LBC in rectangular box and *Pesopak* logo (registered on May 31, 2012 and expires on May 31, 2022), which are owned directly by the Company, these marks (collectively, the "LBC Marks") are owned and licensed to the Company by LBC Development Corporation, the Company's parent company, pursuant to a trademark licensing agreement. Under the terms of this agreement, the Company has the full and exclusive right to utilize the LBC Marks in consideration for a fixed royalty fee of 3.5% of the Company's annual gross revenues (defined as all revenue from sales of products and services, direct and indirect, relating to the Company's business operations). Pursuant to an addendum signed October 25, 2013, the fixed royalty fee was lowered to 2.5%, effective December 1, 2013.

Under the agreement, the Company also has the right to extend the use of the LBC marks to its subsidiaries (defined as companies in which the Company holds at least 67% of the voting rights) within the Philippines, as well as to its remittance and cargo/courier/freight forwarding fulfillment service partners and agents in the Philippines and abroad, subject to certain terms and conditions. In practice, foreign agents of the Company are granted very limited use of the "LBC" brand and logos pursuant to the individual agency agreements entered into between them and the Company.

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

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

GOVERNMENT PERMITS AND LICENSES

The Group secures various approvals, permits and licenses from the appropriate government agencies or authorities as part of the normal course of its business.

EMPLOYEES

As of December 31, 2025, the Group had, on a consolidated basis, 7,750 full-time employees, compared to 8,285 full-time employees as of December 31, 2024.

Under the Group's hiring policy, all branch employees must have at minimum a college degree, while exchange associates and drivers and couriers are generally required to have completed a two-year vocational course or the second year of college. Employees of the Group in the Philippines are primarily trained in-house.

The Group maintains a non-contributory defined benefit plan covering all qualified employees in the Philippines.

The following table sets out the number of employees of the Group by job function as of December 31, 2025:

	Number of Employees
Management and Administrative Associates	230
Central Exchange and Regional Distribution Center Associates	328
Branch Associates	2,765
Drivers and Couriers	2,219
Other	2,208
Total	**7,750**

As of the end of December 2025, four Company subsidiaries in the Philippines have entered into collective bargaining agreements with their respective employees, with approximately 700 employee memberships. Approximately 400 of these employees in the Philippines belong to one of the seven labor unions (for five subsidiaries). The Group believes that there is sufficient coverage by its other, non-unionized subsidiaries to provide back-up support in the event of a disruptive labor dispute at any given unionized subsidiary. In addition, because freight forwarding and messengerial services may be considered indispensable to national interest in the Philippines, the Secretary of the Department of Labor and Employment in the Philippines has the discretion to end strikes or certify the same to the National Labor Relations Commission for compulsory arbitration pursuant to Article 263(g) of the Philippine Labor Code, even in cases involving private providers of such services. Such cessation order or arbitration certification would have the effect of automatically enjoining an intended or impending strike or, if one has already taken place, of requiring all striking or locked out employees

to immediately return to work and all employers to immediately resume operations. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes for at least the past decade. Management believes that the Company's relationship with its employees in general is satisfactory.

The Group complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations in all of the jurisdictions in which it operates. The Group has in place internal control systems and risk management procedures, primarily overseen by its Corporate Compliance Group, Labor Department and Legal Department, to monitor its continued compliance with labor, employment and other applicable regulations.

In addition to full-time employees, the Group relies on contractors for the peak seasons, such as during the Easter and Christmas seasons, to satisfy increased demand for services.

RISKS

The Group is subject to certain operational, regulatory and financial risks as follows:

- A significant portion of the Group's business activities are conducted in the Philippines, and a significant portion of its assets are located in the Philippines, which exposes the Group to risks associated with the Philippines, including the performance of, and impacts of global conditions on, the Philippine economy.
- The Group's business is particularly dependent on the quality as well as the efficient and uninterrupted operation of its IT and computer network systems, and disruptions to these systems could adversely affect its business, financial condition and results of operations.
- The Group may not be able to expand its domestic branch network and its product offerings and expand into new geographical markets or develop its existing international operations successfully, which could limit the Group's ability to grow and increase its profitability.
- If consumer confidence in the Group and the "LBC" brand deteriorates, the Group's business, financial condition and results of operations could be adversely affected.
- The Group relies on third party contractors to provide various services, and unsatisfactory or faulty performance of these contractors could have a material adverse effect on the Group's business.
- The Group faces risks from increases in freight and transportation costs.
- The Group operates in competitive industries, which could limit its ability to maintain or increase its market share and maintain profitability.
- Any deterioration in the Group's employee relations, or any significant increases in the cost of labor, could materially and adversely affect the Group's operations.
- The Group may encounter difficulties in managing the operations of its agents and affiliates effectively.
- The Group's businesses are subject to regulation in the Philippines, and any changes in Government policies could adversely affect the Group's operations and profitability.
- The Group is subject to numerous U.S. and international laws and regulations intended to help detect and prevent money laundering, terrorist financing, fraud and other illicit activity. Failure by the Group, its agents and affiliates to comply with these laws and regulations and increased costs or loss of business associated with compliance with these laws and regulations could have a material adverse effect on the Group's business, financial condition and results of operations.
- The Group faces risks from trade restrictions.
- Any inability of the Group to secure renewals or new licenses for its money transfer operations may have a material adverse effect on its business, prospects, financial condition and results of operations.
- Risks associated with the Group's money transfer operations outside the Philippines could adversely affect the Group's business, financial condition and results of operations.

Item 2. PROPERTIES

REAL PROPERTY

On April 15, 2019, LBCE entered into a Contract to Sell (CTS) with a third party for the purchase of parcels of land for a total consideration of ₱916.89 million. As stipulated in the Contract, within 10 days of the signing of the CTS, LBCE paid the initial down payment amounting to ₱183.38 million. Subsequently, the second payment of ₱91.69 million was settled by LBCE within 15 business days upon presentation of the seller of the new subdivided title, while the remaining purchase price amounting to ₱641.82 million shall be paid through a bank financing not later than one year from the CTS date. Subsequently on February 10, 2020, LBCE availed a bank loan to settle the remaining unpaid purchase price wherein the same property was used as collateral to secure the bank loan. Capitalized direct expenses include transfer fees, capital gains tax, documentary stamp taxes and notarial fees amounting to ₱114.37 million.

On May 27, 2021, LBCE entered into an agreement with Union Bank of the Philippine (UBP) to finance the construction of the new warehouse. On August 5, 2021, the bank loan used for acquisition of land mentioned above was taken out via this contract (Note 15 of the consolidated financial statements). Various drawdowns of loans were made since 2021 to fund the construction of the LBC Central Exchange Facility in L-2 C5 Extension, Moonwalk, Paranaque City which started operations in August 2023. As of December 31, 2025, 2024 and 2023, the building has carrying value amounting to ₱1,097.82 million, ₱1,115.13 million and ₱1,141.38 million, respectively.

The Group's registered office is located at the LBC Hangar at the General Aviation Center in the Old Domestic Airport, Pasay City pursuant to a lease with the Manila International Airport Authority. The LBC Hangar houses the Central Exchange, as well as the Company's Information Technology Team and Global Remittance Team. The lease contract involving this facility ended in December 2023 and all operations were transferred to the new warehouse, simultaneous to the change in LBCE's registered office address. The Parent Company is awaiting approval for the change of address, as well, as of report date.

In addition, the Group leases the spaces for all of its 1,245 Company-owned branches in the Philippines, as well as its regional distribution centers, delivery hubs, container freight stations and warehouses. The average term of these leases is one to eleven years, except for one 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. Branch offices are refurbished approximately every five to seven years, and the Company considers strategic relocation of branch offices from time to time to meet changing market demands.

For its general and administrative activities, the Group leases a 1,651.96 sq. m. office space at the Two-E-com Centre in Pasay City, Metro Manila, and a 1,701.07 sq. m. office space at the Ocean Breeze also in Pasay City, Metro Manila, both located near its registered office at the LBC Hangar.

For the years ended December 31, 2025, 2024 and 2023, the Company's total expenses related to leases were ₱1,416.85 million, ₱1,483.63 million, and ₱1,572.06 million, respectively.

EQUIPMENT

Other property and equipment owned by the Group primarily comprises its fleet of 3,037 vehicles (2,326 motorcycles and 711 vans), servers, computers and peripheral equipment, software, vaults and handheld scanners, X-ray scanners, and its bulk mail sorting machine.

Item 3. LEGAL PROCEEDINGS

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

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

On September 9, 2011, the BSP, through Monetary Board Resolution No. 1354, resolved to close and place LBC Development Bank Inc.'s (the "Bank") assets and affairs under receivership.

On December 8, 2011, the Philippine Deposit Insurance Company (PDIC), as the official receiver and liquidator of closed banks, demanded on behalf of the Bank that LBC Holdings USA Corporation (LBC US) pay for its alleged outstanding obligations to LBC Bank amounting to approximately ₱1.00 billion, a claim that LBC US has denied as being baseless and unfounded. No further demand on this matter has been made by the PDIC since then, although there are no assurances that the claim has been waived or abandoned in whole or in part, or that the PDIC will not institute relevant proceedings in court or serve another demand letter to LBC US.

In relation to the Bank's closure and receivership, the receivables amounting to ₱295.00 million were written-off in 2011.

On March 17 and 29, 2014, the PDIC's external counsel sent letters to LBCE, demanding collection of the alleged amounts totalling ₱1.79 billion. On March 24 and 29, 2014, July 29, 2014, June 17, 2015 and June 26, 2015, the same legal counsel sent collection letters addressed to LBC Systems, Inc. [Formerly LBC Mundial Inc.] [Formerly LBC Mabuhay USA Corporation], demanding the payment of amounts aggregating to ₱911.59 million, all on behalf of the Bank.

On November 2, 2015, the Bank, represented by the PDIC, filed a case against LBC Express, Inc. (LBCE) and LBC Development Corporation (LBCDC), together with other respondents, before the Makati City Regional Trial Court (RTC) for a total collection of ₱1.82 billion. The case is in relation to the March 17, 2014 demand letter representing collection of unpaid service fees due from June 2006 to August 2011 and service charges on remittance transactions from January 2010 to September 2011. In the Complaint, the PDIC justified the increase in the amount from the demand letter to the amount claimed in the case due to their discovery that the supposed payments of LBCE were allegedly unsupported by actual cash inflow to the Bank.

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

LBCE and LBCDC, the ultimate Parent Company, together with other defendants, filed motions to dismiss the Complaint on January 12, 2016 for the collection of the sum of ₱1.82 billion. On January 21, 2016, LBCE and LBCDC filed its Urgent Motion to Approve the Counterbond and Discharge the Writ of Attachment.

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

In a Joint Resolution dated June 28, 2016, the RTC denied the motions to dismiss filed by all the defendants, including LBCE and LBCDC. Motions for reconsideration filed by the defendants were subsequently denied by the RTC in the Resolution dated February 16, 2017. On April 24, 2017, LBCE and LBCDC filed a Petition for Certiorari with the Court of Appeals, challenging the RTC's June 28, 2016 Joint Resolution. The Petition for Certiorari is entitled *"LBC Express, Inc. and LBC Development Corporation vs. Hon. Maximo M. De Leon and LBC Development Bank, as represented by its receiver/liquidator, the Philippine Deposit Insurance Corporation,"* and docketed as CA-G.R. SP No. 150698.

After filing motions for extension of time, LBCE and LBCDC filed their Answer with Counterclaims on April 10, 2017. In the Resolution dated June 15, 2017, the RTC denied the third motion for extension, declared all of the defendants including LBCE in default and ordered PDIC to present evidence ex-parte. LBCE and LBCDC filed a Verified Omnibus Motion for reconsideration and to lift the order of default. The other defendants filed similar motions, including a motion for inhibition. On July 21, 2017, LBCE received the Joint Resolution dated July 20, 2017, granting the Verified Omnibus Motions and the Motion for Inhibition, thereby lifting the order of default and admitting the Answers filed by all defendants.

The PDIC filed a Motion for Reconsideration dated August 7, 2017, seeking to reconsider the Joint Resolution dated July 20, 2017. The defendants, including LBCE and LBCDC have filed their respective comments thereto and the motion is currently pending resolution.

From August 10, 2017 to January 19, 2018, LBCE, LBCDC, the other defendants and PDIC were referred to mediation and Judicial Dispute Resolution (JDR) but were unable to reach a compromise agreement. The RTC ordered the mediation and JDR terminated and the case raffled to a new judge who will preside over the trial. The case was re-raffled to Branch 134 of the Makati Regional Trial Court.

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

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

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

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

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

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

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

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

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

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

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

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

Complaint before the Regional Trial Court, contrary to the provisions of the Rules of Court and established jurisprudence. PDIC has filed its Comment on January 11, 2020. The Supreme Court has not resolved the appeal as of today.

Meanwhile, PDIC has pre-marked its evidence during pre-marking conferences held on March 6 and 11, 2019. LBCE on the other hand pre-marked its evidence on March 22, 2019 and on April 10, 11, and 24, 2019.

LBCE was informed by the court staff that due to the order of Executive Judge for court records inventory and disposal, the pre-trial scheduled for March 28, 2019 will be reset to May 2, 2019.

On May 2, 2019, at the pre-trial hearing, the judge released his Order, whereby, among others, he granted the motion to defer pre-trial proceedings in order to have an orderly and organized pre-trial and deferred pre-trial hearing until the other defendants have received summons and filed their answers. In the meantime, the parties have proceeded to pre-mark their respective documentary exhibits in preparation for eventual pre-trial.

Later on, four of the five individual defendants received summons and then filed motions to dismiss the case, all of which were denied by the RTC. All four individual defendants filed for motions for reconsideration. The motions for reconsideration filed by the three individual defendants were eventually denied by the RTC. Thereafter, the three individual defendants filed their Answers to the Complaint with the RTC.

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

The last remaining individual defendant filed her Answer on May 24, 2021.

PDIC, LBCE, LBCDC and the other defendants pre-marked their respective documentary exhibits on May 26, 2021, July 6, 9 and 12, 2021, and November 8, 2021.

The court set the pre-trial on March 16, 2022. On May 16, 2022, one of the individual defendants moved for the resetting thereof because she was not able to compare the documents previously marked by PDIC and the other defendants. The judge allowed the comparison of documents on March 24 and 29, 2022 and reset the pre-trial to April 21, 2022.

As scheduled, PDIC, LBCE, LBCDC and the other defendants pre-marked their respective documentary exhibits on March 24 and 29, 2022.

On April 13, 2022, LBC Properties, Inc. filed a Manifestation and Motion to Resolve Affirmative Defenses, prayed that the court resolve the affirmative defenses raised in its answer.

On April 19, 2022, an individual defendant filed a similar Motion to Resolve Affirmative Defenses.

On April 21, 2022, the court allowed the cancellation of the pre-trial to afford the parties time to facilitate the early termination of the case and reset it to May 26 and June 23, 2022.

On November 8, 2021, PDIC, LBCE, LBCDC and the other defendants completed the pre-marking of their respective documentary exhibits. The parties are now waiting for notice from the RTC for the continuation of the pre-trial proper. The court has scheduled the continuation of the pre-trial proper on May 26, 2022 and June 23, 2022.

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

The presentation of PDIC's evidence commenced on January 11, 2023. PDIC initially presented Atty. Ariston P Aganon, Mr. Richard Noel M. Ponce and Mr. Benjamin Marcos as its witnesses. After several postponements, PDIC was supposed to present its last witness, Ms. Bibiana Figueroa during the hearing on February 22, 2023. However, at said hearing, PDIC was not ready to present her and the RTC ruled that PDIC is deemed to have waived its right to present Bibiana Figueroa. The RTC directed PDIC to make its oral formal offer of evidence on March 8, 2023.

On March 7, 2023, PDIC filed a Motion for Reconsideration, submitting the Judicial Affidavit of Ms. Figueroa and requesting that the RTC allow her to be presented. LBC Express, Inc., LBC Development Corporation and the other defendants filed their Comment/Opposition to the Motion for Reconsideration. Due to the pendency of the Motion for Reconsideration of the Order dated February 22, 2023, the RTC cancelled the scheduled hearing on March 8, 2023, and reset the same to April 19, 2023.

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

The RTC set the case for hearing on May 4, 2023 during which PDIC will formally offer its documentary evidence. The RTC likewise set the case for hearing on May 18, 2023 for the initial presentation of LBC's evidence and witnesses.

The RTC issued an Order dated April 20, 2023, ruling the defendants' Comment/Opposition to PDIC's Motion for Reconsideration has been rendered moot by the presentation and cross-examination of Ms. Figueroa.

LBC Express, Inc., LBC Development Corporation and the other defendants filed a Motion for Reconsideration, Motion to Resolve, and Motion to Defer Plaintiff's Formal Offer of Evidence dated May 4, 2023, which essentially sought to reconsider the RTC's April 20, 2023 Order on the ground that the cross-examination of Ms. Figueroa was made with express objections to the admissibility of her testimony and with express reservations with respect to the pending Motion for Reconsideration of the PDIC as well as to any remedy against any adverse resolution on the pending Motion for Reconsideration of the PDIC. LBC Express, Inc., LBC Development Corporation and the other defendants also requested the RTC to resolve the pending Motion for Reconsideration of the PDIC and to defer the Plaintiff's formal offer of evidence scheduled on May 4, 2023.

At the May 4, 2023 hearing, the RTC rescheduled the PDIC's formal offer to the next scheduled hearing on May 18, 2023 in light of the pending Motions.

At the hearing on May 18, 2023, the RTC issued an Order of the same date, in which Judge Redentor Cardenas ruled to voluntarily inhibit himself from further hearing the case, citing the contentious dispute over his decision to allow Ms. Figueroa to be presented as a witness.

The case was then re-raffled to Branch 132 of the Makati RTC, presided by Hon. Rommel Baybay.

Judge Baybay then conducted a clarificatory hearing on July 13, 2023 to discuss the pending motions. In an Order dated July 13, 2023, the RTC denied all the pending motions and directed the PDIC to file a written formal offer of evidence within 30 days and granted the defendants the same period to comment.

The PDIC filed its Formal Offer of Documentary Evidence dated August 14, 2023. On September 13 and 14, 2023, LBC Express, Inc., LBC Development Corporation and the other defendants filed their respective Comments and Objections to the Formal Offer.

In the Order dated September 28, 2023, the RTC resolved to admit Exhibits AA to JJ of the PDIC. LBC Express, Inc., LBC Development Corporation and the other defendants filed a Motion for

Reconsideration dated October 12, 2023. In the Order dated January 17, 2024, the RTC denied the Motion for Reconsideration.

Thus, on January 18, 2024, LBC Express filed its Demurrer to Evidence and LBC Development Corporation, LBC Properties, and the individual defendants filed a separate Demurrer to Evidence.

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

Subsequently, Defendant Berenguer filed her own Demurrer to Evidence dated February 19, 2024.

LBC Express, Inc., LBC Development Corporation, LBC Properties and the other defendants filed their Reply to the PDIC's Comment to the Demurrers to Evidence on March 20, 2024.

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

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

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

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

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 was rescheduled to August 2, 2024 and August 3, 2024.

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

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

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 defendants' 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 is scheduled on May 29, 2026. Hence, the trial of the civil case is still on-going at this time.

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

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the annual meeting of the stockholders of LBCH held on December 9, 2025, there was no other matter submitted to a vote of security holders during the period covered by this Report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

LBCH common shares are listed with the PSE. As at the end of December 31, 2025, the total number of shares held by the public was 219,457,133 common shares or 15.39% of the total issued and outstanding capital stock of the LBCH.

The following table sets forth the share prices of LBCH's common shares for each quarter of the years 2025, 2024, 2023, 2022, 2021, 2020 and 2019:

Quarter	High (P)	Low (P)
2025		
4th	9.04	6.90
3rd	8.00	6.73
2nd	9.29	6.54
1st	11.90	9.00
2024		
4th	12.98	10.52
3rd	15.96	11.98
2nd	16.92	12.3
1st	18.18	15.02
2023		
4th	19.34	16.92
3rd	20.45	17.70
2nd	17.90	13.94
1st	18.84	16.64
2022		
4th	22.95	16.02
3rd	23.85	18.10
2nd	26.00	19.02
1st	24.95	21.70
2021		
4th	24.95	16.00
3rd	18.36	16.00
2nd	18.38	15.36
1st	17.28	15.32
2020		
4th	17.00	13.20
3rd	16.10	12.12
2nd	14.90	10.50
1st	13.98	7.51
2019		
4th	15.98	11.50
3rd	14.90	13.52
2nd	15.80	13.44
1st	17.50	14.02

The stock price of common share of LBCH as of the close of the latest practicable trading date, April 13, 2026, is Php 7.10.

STOCKHOLDERS

As of December 31, 2025, LBCH has 485registered holders of common shares. The following are the top 20 registered holders of the common shares:

	Name of Stockholder	Nationality	Number Of Shares Held	Percentage
1	LBC Development Corporation	Filipino	1,205,974,632	84.58%
2	Lim, Vittorio Paulo P.	Filipino	59,663,948	4.18%
3	Martinez Jr., Mariano D.	Filipino	59,663,946	4.18%
4	Yu, Lowell L.	Filipino	59,663,946	4.18%
5	PCD Nominee Corporation	Filipino	39,800,566	2.79%
6	PCD Nominee Corporation	Non-Filipino	574,322	0.04%
7	Santos, Ferdinand S.	Filipino	10,000	Nil
8	Lantin, Andy	Filipino	5,000	Nil
9	Cabual, Alfonso B.	Filipino	3,000	Nil
10	Leong, Jennifer H.	Filipino	3,000	Nil
11	Abapo, Wilfredo M.	Filipino	2,000	Nil
12	Amoncio, Juhjeh P.	Filipino	2,000	Nil
13	Apal, Rommel	Filipino	2,000	Nil
14	Aquino, Agapito U.	Filipino	2,000	Nil
15	Balo, Jimmy P.	Filipino	2,000	Nil
16	Batalla, Wilfredo P.	Filipino	2,000	Nil
17	Bordios, Norman S.	Filipino	2,000	Nil
18	Butron, Marleta T.	Filipino	2,000	Nil
19	Cabale, Roy V.	Filipino	2,000	Nil
20	Capuno, Cristina S.	Filipino	2,000	Nil

DIVIDENDS

Dividend Policy

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

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

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

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

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

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

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

Dividend History
On May 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. These were paid in 2025.

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

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

On November 7, 2022, the BOD of LBC Mabuhay (B) Sdn. Bhd. declared cash dividends of BND 500 per share while on November 8, 2022, the BOD of LBC Mabuhay Remittance Sdn. Bhd. declared cash dividends of BND 200,000 per share, both payable on November 15.

The controlling interest of LBCH in LBC Mabuhay (B) Sdn. Bhd. and LBC Mabuhay Remittance Sdn. Bhd. amounted to BND 250,000 and BND 200,000, respectively.

On October 14, 2022, the BOD of LBC Australia Pty Ltd declared cash dividends amounting to AUD 1.80 million payable on November 15, 2022.

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

On October 13, 2022, the BOD of LBC Mabuhay (Saipan), Inc. approved the issuance of dividends amounting to USD250,000 on the outstanding common shares held by the Parent Company and paid on November 15, 2022.

On September 29, 2022, the BOD of LBC Express Airfreight (S) PTE Ltd. declared cash dividend of SGD 5.7 million and paid on November 15, 2022.

On March 21, 2022, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 600 per common share. The record date of entitlement to the said cash dividend is on November 30, 2021.

On October 19, 2020, the BOD of LBCH approved the declaration of cash dividends of amounting to ₱285.17 million or ₱0.20 for every issued and outstanding shares.

On September 12, 2019, the BOD of LBCH approved the declaration of cash dividends amounting to P356.47 million.

On December 20, 2018, the BOD of LBCH approved the declaration of cash dividends amounting to P285.17 million.

On April 19, 2017, the BOD of LBCH approved the declaration of cash dividends amounting to P827.00 million from unappropriated retained earnings as of March 31, 2017 amounting to P849.83 million.

On October 11, 2016, the BOD of LBCH approved the declaration of cash dividends amounting to P313.69 million (nil in 2015).

On February 8, 2019, June 9, 2017 and November 29, 2016, through a Memorandum of Agreement, LBCDC and LBCH agreed to offset the dividends payable by LBCH to LBCDC against the latter's payable to the Group amounting to ₱229.37 million, ₱699.47 million and ₱265.31 million, respectively. The ₱241.19 million, ₱699.47 million and ₱265.31 million pertain to the share in dividends of LBCDC while the ₱43.98 million, ₱127.54 million and ₱48.38 million pertain to the share of non-controlling interest.

RECENT SALE OF SECURITIES

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

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

KEY PERFORMANCE INDICATORS

Financial Ratios:

		2025	2024	2023
Current ratio	Total Current Assets / Total Current Liabilities	**1.21**	0.66	0.65
Acid Test Ratio	Total Current Assets - Prepayments and other current assets / Total Current Liabilities	**0.99**	0.56	0.53
Solvency Ratio	Net income after tax less non-cash expenses / Total Liabilities	**0.15**	0.13	0.14
Debt-to-equity ratio	Total Liabilities / Stockholder's equity attributable to Parent Company	**6.43**	8.14	6.91
Asset-to-equity ratio	Total Assets / Stockholder's equity attributable to Parent Company	**7.43**	9.13	7.90
Interest rate coverage ratio	Income before interest and tax expense / Interest expense	**1.48**	0.87	1.50
Return on equity	Net income attributable to Parent Company / Stockholder's equity attributable to Parent Company	**0.13**	(0.09)	0.09
Debt-to-total assets ratio	Total liabilities / Total assets	**0.87**	0.89	0.87
Return on average assets	Net income attributable to Parent Company / Average assets	**0.02**	(0.01)	0.01
Net profit margin	Net income attributable to Parent Company / Service Fee	**0.02**	(0.01)	0.01
Book value per share	Stockholder's equity attributable to Parent Company / Total number of shares	**1.34**	1.17	1.36
Basic earnings per share	Net income attributable to Parent Company / Weighted average of common shares outstanding	**0.17**	(0.11)	0.12
Diluted earnings per share	Net income attributable to Parent Company after impact of conversion of bonds payable / Adjusted weighted average number of common shares for diluted EPS	**0.17**	(0.11)	0.12

RESULTS OF OPERATIONS

Year ended December 31, 2025 compared to the year ended December 31, 2024

Service Revenue

The Company's service revenue decreased by 2% to ₱14,025.96 million for the year ended December 31, 2025, from ₱14,296.06 million for the year ended December 31, 2024, mainly from retail logistics services by 11%. This was countered by higher corporate revenue on logistics with 25% increase.

Cost of Services

Cost of services improved by 4% to ₱10,768.46 million for the year ended December 31, 2025, from ₱11,171.59 million for the year ended December 31, 2024, pertaining to reduction in cost of delivery and remittance by 5%, lower depreciation and facilities costs, e.g. utilities, supplies of branches, by 6% and manpower cost by 1%. These were countered by 16% increase in repairs and maintenance which are mostly related to branches, warehouses and vehicles.

Gross Profit

Gross profit is higher by 4% to ₱3,257.50 million for the year ended December 31, 2025, from ₱3,124.47 million for the year ended December 31, 2024, primarily attributable to reduction of cost of services.

Operating Expenses

Operating expenses increased by 3% to ₱2,526.80 million for the year ended December 31, 2025, from ₱2,458.81 million for the year ended December 31, 2024, primarily driven by increases in professional fees and subscription fees. This is offset by the decline in facilities costs e.g. rent, utilities and supplies and depreciation by 6%.

In 2025, impairment of goodwill amounting to ₱34.31 million is also recognized and reported in "Provisions" which contributed to the overall increase.

Operating Income

Operating income is higher by 10% to ₱730.70 million for the year ended December 31, 2025, from ₱665.66 million for the year ended December 31, 2024, mostly driven by the improvement in gross profit.

Other Charges, Net

Other charges, net decreased by 45% to ₱452.47 million for the year ended December 31, 2025, from ₱733.62 million for the year ended December 31, 2024, largely due to the loss on valuation of derivatives amounting to ₱66.88 million for 2025, compared to loss amounting to ₱218.34 million for 2024. Interest expense from the bond also went down due to redemption of the convertible instrument in 2025.

Foreign exchange valuation of receivables and bond payable until its redemption resulted to gain of ₱79.61 million for the year ended December 31, 2025, from loss of ₱9.30 million for the year ended December 31, 2024.

Net Income (Loss) after tax

Net income after tax is at ₱260.66 million income for the year ended December 31, 2025, from losses of ₱145.30 million for the year ended December 31, 2024 which is primarily from higher operating income by 10%, combined with reduction in other charges.

Year ended December 31, 2024 compared to the year ended December 31, 2023

Service Revenue

The Company's service revenue decreased by 1% to ₱14,296.06 million for the year ended December 31, 2024, from ₱14,513.69 million for the year ended December 31, 2023, mainly from money transfer services by 29%. Logistics is almost at par due to the offsetting impact of higher corporate revenue by 12% and the shortfall in retail by 4%.

Cost of Services

Cost of services improves by 3% to ₱11,171.59 million for the year ended December 31, 2024, from ₱11,468.23 million for the year ended December 31, 2023, pertaining to reduction in cost of delivery and remittance by 2%, facilities costs (rental, utilities, depreciation) by 8% and manpower cost by 1%. Other than the decline in volume, there are reductions in direct cost as management continues to engage in cost rationalization programs which also include consolidation of facilities, rightsizing of workforce and improving operational touchpoints.

Gross Profit

Gross profit is higher by 3% to ₱3,124.47 million for the year ended December 31, 2024, from ₱3,045.46 million for the year ended December 31, 2023, primarily attributable to reduction of cost of services.

Operating Expenses

Operating expenses decreased to ₱2,458.81 million for the year ended December 31, 2024, from ₱2,490.30 million for the year ended December 31, 2023, mainly driven by reduction in advertising, utilities and supplies, depreciation and amortization, software maintenance cost and subscription. These movements were countered by increases in professional fees, and taxes and licenses.

Further, there is a decline in provisions for impairment loss because of the write-off of receivable of one of the affiliates.

Operating Income

Operating income is higher by 20% to ₱665.66 million for the year ended December 31, 2024, from ₱555.17 million for the year ended December 31, 2023, mostly driven by the improvement in gross profit and net reduction of operating expenses.

Other Charges, Net

Other charges, net increased to ₱733.62 million for the year ended December 31, 2024, from ₱267.68 million for the year ended December 31, 2023, largely because of the loss on valuation of derivatives amounting to ₱218.34 million for 2024, compared to gain amounting to ₱150.81 million for 2023.

Foreign exchange valuation of bonds payable resulted to loss of ₱89.50 million for the year ended December 31, 2024, from gain of ₱20.69 million for the year ended December 31, 2023. This was offset by net gain in modification of liability due to extension of maturity of convertible instrument.

Interest expense mostly from bond and notes payable also went up by 15%.

Net Income (Loss) after tax

Net income (loss) after tax is at ₱145.30 million losses for the year ended December 31, 2024, from income of ₱168.19 million for the year ended December 31, 2023 which is primarily from higher non-operating losses which includes foreign exchange and valuation of convertible instrument.

This is countered by the uplift in operating income by 20% as the result of rationalization in cost.

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

Service Revenue

The Company's service revenue decreased by 4% to ₱14,513.69 million for the year ended December 31, 2023, from ₱15,189.72 million for the year ended December 31, 2022, mainly from retail logistics by 7%. This is offset by the improvement in corporate revenue by 2%.

Cost of Services

Cost of services is down by 7% to ₱11,468.23 million for the year ended December 31, 2023, from ₱12,323.24 million for the year ended December 31, 2022, pertaining to improvement in cost of delivery and remittance, and manpower cost by 9% and 6%, respectively, aligned to the decline in current sales volume and cost rationalization initiated by the management.

Utilities and depreciation also went down mainly due to closure of branches/warehouses.

Gross Profit

Gross profit improved by 6% to ₱3,045.46 million for the year ended December 31, 2023, from ₱2,866.49 million for the year ended December 31, 2022, primarily attributable to reduction of cost of services.

Operating Expenses

Operating expenses increased to ₱2,490.30 million for the year ended December 31, 2023, from ₱2,482.48 million for the year ended December 31, 2022, because of higher spend for the following:

- Provision for impairment loss primarily attributable to the write-off of receivable from one of the affiliates and additional allowances for doubtful accounts.
- Depreciation and amortization and software maintenance cost accounts are also higher because of the additional software capitalized in the latter part of 2022 and in 2023.
- Professional fees went up driven by the digitalization fees incurred this year.

The mentioned increases were offset by the decreases in controllable accounts such as sponsorship and travel and representation expenses. Taxes and licenses also went down because of the documentary stamp taxes incurred last year.

Operating Income

Operating income is higher by 45% to ₱555.17 million for the year ended December 31, 2023, from ₱384.01 million for the year ended December 31, 2022, mostly driven by the improvement in gross profit.

Other Charges, Net

Other charges, net decreased to ₱267.68 million for the year ended December 31, 2023, from ₱748.41 million for the year ended December, 2022, largely because of the foreign exchange gains amounting to ₱59.87 million for the year ended December 31, 2023, compared to losses amounting to ₱75.55 million for the year ended December 31, 2022, which are mostly related to the valuation of the bond payable.

Further, valuation of derivative resulted to gain of ₱150.81 million for the year ended December 31, 2023, from loss of ₱230.55 million for the year ended December 31, 2022.

The Parent Company also acquired Blue Eagle & LBC Service Pte. Ltd on September 28, 2023 that resulted to gain on bargain purchase amounting to ₱18.23 million.

Net Income (Loss) after tax

Net income (loss) after tax is at ₱168.19 million earnings for the year ended December 31, 2023, from loss of ₱543.24 million for the year ended December 31, 2022 mainly from the growth in gross profit margin by 2% and because of favorable valuation of derivative liability.

FINANCIAL CONDITION

As of December 31, 2025 compared to as of December 31, 2024

Assets

Current Asset
Cash and cash equivalents decreased by 24% to ₱2,064.31 million as of December 31, 2025, from ₱2,733.43 million as of December 31, 2024. Refer to analysis of cash flows in "Liquidity" section below.

Trade and other receivable, net increased to ₱2,148.57 million as of December 31, 2025, from ₱2,127.17 million as of December 31, 2024, driven by the increase in advances to officers and employees by 24% related to unliquidated business-related advances.

Due from related parties increased by 1% to ₱1,165.65 million as of December 31, 2025, from ₱1,159.78 million as of December 31, 2024, caused by the business-as-usual transactions for the current period.

Investments at fair value through profit and loss increased to ₱2.47 million as of December 31, 2025, from ₱2.36 million as of December 31, 2024, due to fair value gain amounting to ₱0.11 million during the year.

Prepayments and other current assets increased to ₱1,168.89 million as of December 31, 2025, from ₱1,144.01 million as of December 31, 2024, primarily attributable to the impact of higher creditable withholding taxes, advance payment of guarantee fee and increase in current security deposit. These were countered by transfer of restricted cash to cash in bank and lower input VAT.

Noncurrent Assets
Property and equipment, net decreased by 3% to ₱2,416.71 million as of December 31, 2025, from ₱2,487.77 million as of December 31, 2024, primarily due to depreciation and net disposal amounting to ₱145.93 million and ₱42.24 million, respectively, offset by additions of ₱116.92 million

Right-of-use assets, net is lower by 21% to ₱1,266.34 million as of December 31, 2025, from ₱1,601.24 million as of December 31, 2024, mainly attributable to amortization and early termination of contracts due to strategic closure warehouse and branches as part of the cost rationalization of the management.

Intangible assets, net is lower by 21% to ₱167.70 million as of December 31, 2025, from ₱212.28 million as of December 31, 2024, driven by amortization of ₱82.00 million, offset by ₱37.02 million additions.

Investment at fair value through other comprehensive income went down by 22% to ₱78.02 million as of December 31, 2025, from ₱99.48 million as of December 31, 2024, relative to movement in market price from ₱0.77/share to ₱0.98/share.

Investment in associates decreased to ₱368,60 million as of December 31, 2025, from ₱369.94 million as of December 31, 2024, due to share in earnings, offset by dividends declared by an associate during the year.

Deferred tax assets - net increase to ₱630.67 million as of December 31, 2025, from ₱544.57 million as of December 31, 2024, largely driven by recognition of net operating loss carry over (NOLCO). This is offset by the additional income tax deferred recognized related to undistributed earnings of foreign subsidiaries and application of MCIT.

Security deposit decreased by 6% to ₱352.08 million as of December 31, 2025, from ₱375.43 million as of December 31, 2024, due to applications to rent expense of closed branches.

Goodwill decreased by 12% to ₱252.71 million as of December 31, 2025, from ₱287.02 million as of December 31, 2024, due to impairment.

Other noncurrent assets increased to ₱2,098.82 million as of December 31, 2025, from ₱2,093.36 million as of December 31, 2024, mainly because of advance payment of guarantee fee.

Liabilities

Accounts and other payable decreased by 10% to ₱3,170.46 million as of December 31, 2025, from ₱3,518.31 million as of December 31, 2024, primary driven by settlements of trade payables to outside parties and related parties by 20% and 61%, respectively, and the lower accruals for salaries and wages and claim and losses. This is offset by higher amount of contractual liabilities by 22% and taxes payable by 19%

Notes payable (current and noncurrent) increased to ₱5,969.16 million as of December 31, 2025, from ₱1,914.69 million as of December 31, 2024, driven by total availments during the year amounting to ₱4,843.91 million, as offset by settlements of loans amounting to ₱789.44 million.

Transmissions liability decreased by 24% to ₱521.83 million as of December 31, 2025, from ₱684.86 million as of December 31, 2024, due to settlements.

Income taxes payable increase by 24% to ₱20.59 million as of December 31, 2025, from ₱16.60 million as of December 31, 2024, mainly attributable to higher taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 21% to ₱1,447.05 million as of December 31, 2025, from ₱1,838.04 million as of December 31, 2024, mainly from lease payments and pretermination of contracts related to closed branches.

Bond payable and derivative liability are nil as of December 31, 2025, from ₱2,065.56 million and ₱2,528.53 million, respectively, as of December 31, 2024, mainly due to redemption of convertible instrument.

Retirement benefit obligation increased to ₱1,017.48 million as of December 31, 2025, from ₱1,005.30 million as of December 31, 2024, primarily due to accrual of expense recognized in current year.

Other non-current liability increased to ₱102.78 million as of December 31, 2025, from nil as of December 31, 2024, mainly attributable to accumulated other employee benefits that are expected to be paid upon resignation or retirement.

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

Assets

Current Asset
Cash and cash equivalents increased by 20% to ₱2,733.43 million as of December 31, 2024, from ₱2,281.86 million as of December 31, 2023. Refer to analysis of cash flows in "Liquidity" section below.

Trade and other receivable, net increased to ₱2,127.17 million as of December 31, 2024, from ₱1,950.15 million as of December 31, 2023, driven by the increase in trade receivable from outside parties and related parties by 13% and 11%, respectively, offset by the higher allowance for expected credit losses as a factor of the additional provisions this period and decreased in advances to officers and employees.

Due from related parties increased by 2% to ₱1,159.78 million as of December 31, 2024, from ₱1,139.86 million as of December 31, 2023, mostly from receivable related to platform subscription fee, as offset by collection of notes receivables.

Investments at fair value through profit and loss increased to ₱2.36 million as of December 31, 2024, from ₱2.26 million as of December 31, 2023, due to fair value gain amounting to ₱0.10 million during the year.

Prepayments and other current assets declined by 10% to ₱1,144.01 million as of December 31, 2024, from ₱1,265.92 million as of December 31, 2023, primarily attributable to the impact of the following:

- Settlement of notes receivable;
- Transfer of restricted cash to cash in bank;
- Input value-added tax (VAT) decreased by 25% because of decline in costs and application/usage during the year; and
- Prepaid taxes went down due to application of advance tax payments in overseas.

Noncurrent Assets
Property and equipment, net decreased by 6% to ₱2,487.77 million as of December 31, 2024, from ₱2,644.17 million as of December 31, 2023, primarily due to depreciation and net disposal amounting to ₱217.10 million and ₱35.39 million, respectively, offset by additions of ₱91.64 million

Right-of-use assets, net is lower by 19% to ₱1,601.24 million as of December 31, 2024, from ₱1,980.48 million as of December 31, 2023, mainly attributable to amortization and early termination of contracts due to strategic closure warehouse and branches as part of the cost rationalization of the management.

Intangible assets, net is lower by 10% to ₱212.28 million as of December 31, 2024, from ₱236.89 million as of December 31, 2023, driven by amortization of ₱75.02 million, offset by ₱49.44 million additions.

Investment at fair value through other comprehensive income went down by 48% to ₱99.48 million as of December 31, 2024, from ₱191.16 million as of December 31, 2023, relative to movement in market price from ₱0.98/share to ₱0.51/share.

Investment in associates increased to ₱369.94 million as of December 31, 2024, from ₱355.57 million as of December 31, 2023, due to share in earnings, offset by dividends declared by an associate during the year.

Deferred tax assets - net decreased by 4% to ₱544.57 million as of December 31, 2024, from ₱525.94 million as of December 31, 2023, largely because of application of NOLCO during the year and the reduction of income tax deferred from right-of-use assets and lease liabilities. This is offset by the additional income tax deferred recognized related to retirement benefit liabilities, MCIT, and unrealized foreign exchange losses.

Security deposit decreased by 10% to ₱375.43 million as of December 31, 2024, from ₱419.20 million as of December 31, 2023, because of closed warehouses and branches.

Other noncurrent assets has a minimal decrease to ₱2,093.36 million as of December 31, 2024, from ₱2,094.31 million as of December 31, 2023.

Liabilities

Accounts and other payable increased by 4% to ₱3,518.31 million as of December 31, 2024, from ₱3,380.08 million as of December 31, 2023. Majority of the variance represents the increase in trade payables to outside parties and taxes payable by 13% and 20%, respectively. This is offset by lower amount of contractual liabilities by 37%.

Notes payable (current and noncurrent) decreased to ₱1,914.69 million as of December 31, 2024, from ₱2,322.66 million as of December 31, 2023, driven by the settlements amounting to ₱1,848.77 million, offset by total availments during the year amounting to ₱1,440.80 million.

Transmissions liability increased by 13% to ₱684.86 million as of December 31, 2024, from ₱606.73 million as of December 31, 2023. This is because of higher liability related to cash-on-delivery and pick-up.

Income taxes payable went down by 15% to ₱16.60 million as of December 31, 2024, from ₱19.44 million as of December 31, 2023, mainly attributable to lower taxable income in overseas.

Lease liabilities (current and noncurrent) is lower by 16% to ₱1,838.04 million as of December 31, 2024, from ₱2,197.83 million as of December 31, 2023, primarily pertaining to lease payments during the year amounting to ₱1,022.61 million, offset by the additions amounting to ₱590.53 million.

Bond payable increased by 4% to ₱2,065.59 million as of December 31, 2024, from ₱1,979.74million as of December 31, 2023, mainly from the accretion of interest amounting to

₱319.59 million and foreign exchange loss incurred amounting to ₱89.50 million, offset by the impact of modification of liability due to maturity extension amounting to ₱324.30 million.

Derivative liability increased to ₱2,528.53 million as of December 31, 2023, from ₱2,030.07 million as of December 31, 2023, related to the loss on valuation incurred and modification of liability due to extension for the period amounting to ₱218.34 million and ₱280.12 million, respectively.

Retirement benefit obligation increased to ₱1,005.30 million as of December 31, 2024, from ₱900.66 million as of December 31, 2023, primarily due to accrual of expense recognized in current year.

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

Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liabilities

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

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

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

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

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

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

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

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

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

LIQUIDITY

Cash Flows

Year ended December 31, 2025 compared to the year ended December 31, 2024

Cash flows from operating activities

The Company's net cash from operating activities is primarily affected by income before income tax, depreciation and amortization, gain on sale of property and equipment, interest income and expense, retirement benefit expense, unrealized foreign exchange gains, loss on derivative, equity in net earnings of associates, impairment of goodwill, loss on redemption of convertible instrument and changes in working capital. The Company's cash inflows from these activities amounted to ₱1,323.03 million and ₱2,091.49 million for the year ended December 31, 2025 and 2024, respectively.

Cash flows from investing activities

Cash used in investing activities for the year ended December 31, 2025 and 2024 amounted to ₱162.12 million and ₱78.95 million, respectively. For the year ended December 31, 2025, the Company spent ₱190.99 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the year ended December 31, 2025 and 2024 amounted to ₱1,884.60 million and ₱1,600.34 million, respectively. In 2025 and 2024, cash used comprise primarily of settlements of convertible instruments and payments of notes payable and lease liabilities.

Year ended December 31, 2024 compared to the year ended December 31, 2023

Cash flows from operating activities

The Company's net cash from operating activities is primarily affected by income before income tax, depreciation and amortization, interest expense, retirement benefit expense, unrealized foreign exchange losses, loss on derivative, equity in net earnings of associates, modification of convertible instrument and changes in working capital. The Company's cash inflows from these activities amounted to ₱2,091.49 million and ₱1,549.95 million for the year ended December 31, 2024 and 2023, respectively.

Cash flows from investing activities

Cash used in investing activities for the year ended December 31, 2024 and 2023 amounted to ₱78.95 million and ₱689.87 million, respectively. For the year ended December 31, 2024, the Company spent ₱129.92 million from the acquisition of property and equipment and intangible assets.

Cash flow from financing activities

Net cash used in financing activities for the year ended December 31, 2024 and 2023 amounted to ₱1,600.34 million and ₱2,059.82 million, respectively. In 2024 and 2023, cash used comprise primarily of payments of lease liabilities and notes payable.

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

Cash flows from operating activities

The Company's net cash from operating activities is primarily affected by income before income tax, depreciation and amortization, retirement benefit expense, interest expense, unrealized foreign exchange gain, gain on derivative, equity in net earnings of associates and changes in working capital. The Company's cash inflows from these activities amounted to ₱1,549.95 million and ₱ 1,741.05 million for the year ended December 31, 2023 and 2022, respectively.

Cash flows from investing activities

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

Cash flow from financing activities

Net cash used in financing activities for the year ended December 31, 2023 and 2022 amounted to ₱2,059.82 million and ₱1,178.42 million, respectively. In 2023, there is settlement of redemption payable amounting to ₱997.46 million. Other activities comprise primarily of payments of lease liabilities and notes payable.

Item 7. FINANCIAL STATEMENTS

The 2025 consolidated financial statements of the Company are incorporated herein the accompanying index to exhibits.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

The consolidated financial statements of the Company as of and for the year ended December 31, 2025 and 2024 were audited by SGV & Co., a member firm of Ernst & Young Global Limited.

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

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

	2025	2024
In millions (₱)		
Audit and Audit-Related Fees[(1)]	₱2.31	₱2.24
Non-audit service fees[(2)]	1.15	-
Total	₱3.46	₱2.24

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

(2) Related to transfer pricing fees

SGV & Co. did not provide services for tax accounting, compliance, advice, planning and any other form of tax services to the Company in the last two fiscal years. Other than the audit of the annual financial statements and the review of the interim financial statements, SGV & Co. did not provide any other services to the Company in the last two fiscal years.

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

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

- Perform oversight functions over the Company's external auditors. It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

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

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

- Review the reports submitted by the external auditors.

The following are the members of the Company's Audit Committee:

a) Ferdinand D. Tolentino - Chairman
b) Victor Y. Lim, Jr. - Member
c) Anthony A. Abad - Member

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

LBCH's by-laws and articles of incorporation provide for the election of nine directors, two of whom shall be independent directors. The Board of Directors is responsible for the direction and control of the business affairs, and management of the company, and the preservation of its assets and properties. No person can be elected as a director of the company unless he is pre-screened by the Corporate Governance (formerly Nomination and Renumeration) Committee and is a registered owner of at least one common share of the capital of LBCH.

The Company's Corporate Governance Committee is composed of the following:

a) Anthony A. Abad - Chairman
b) Ferdinand D. Tolentino - Member
c) Victor Y. Lim, Jr. - Member

The table below sets forth each member of the LBCH's Board of Directors:

Name	Nationality	Age	Position
Rene E. Fuentes	Filipino	52	Chairman of the Board
Enrique V. Rey, Jr.	Filipino	55	Director
Augusto G. Gan	Filipino	63	Director
Mark Werner J. Rosal	Filipino	51	Director
Rosalie H. Infantado	Filipino	50	Director
Carlos Gabriel R. Araneta	Filipino	80	Director
Anthony A. Abad	Filipino	62	Independent Director
Ferdinand D. Tolentino	Filipino	62	Independent Director
Victor Y. Lim, Jr.	Filipino	80	Independent Director

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

Rene E. Fuentes
Chairman of the Board

Mr. Rene E. Fuentes became the Chairman of LBCH on 1 October 2025. He is also the Executive Vice-President and Chief Operating Officer of the International Sales and Operations division of LBCE until he was appointed as Chief Operating Officer and Chairman effective 1 October 2025. He previously held the Senior Vice-President for Global Retail Operations position of the same company, from 2015 to 2019. Prior to joining the LBC Group in 2001, Mr. Fuentes served as President of Documents Plus, Inc. from 1996 to 2001, and as Regional Manager, Vice-President of EFC Food Corporation from 1996 to 2001. Mr. Fuentes attended the De La Salle University and completed a Key Executive Program in November 2013 at the Harvard Business School.

Enrique V. Rey, Jr.
Director

Enrique V. Rey Jr. assumed the position of Investor Relations Officer of the Company on September 2015 and serve as the Chief Finance Officer of LBCH from September 2017 to 2025. Effective 1 October 2025, Mr. Rey. Jr. was appointed as President and Chief Executive Officer of LBCH, as a result of the retirement of Mr. Miguel Angel A. Camahort. In LBCE, he serves as Chief Finance Office from 2017 until his appointment to Chief Operating Officer and President in October 2025.Mr. Rey, Jr. was also a director of LBC Systems, Inc. from 2008 to 2010 and LBC Mundial Inc. from 2005 to 2008. Prior to joining the Company, Mr. Rey, Jr. worked for Coca-Cola Phil ATS, where he was the Senior Head of Sales from 2003 to 2005 and the Associate Vice President for Institutional Sales from 2000 to 2003. Mr. Rey, Jr. attended De La Salle University and completed a Management program at the Ateneo Business School. Mr. Rey, Jr. has also attended INSEAD and received training in Finance. Since 2010, Mr. Rey, Jr. has been a member of the Institute of Internal Auditors.

Augusto G. Gan
Director

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

Mark Werner J. Rosal
Director

Atty. Mark Rosal became a Director of LBCH on 28 April 2015. Born in Cebu City, Atty. Rosal, prior to taking up Law, obtained a Bachelor’s Degree in Physical Therapy from the Cebu Velez College, and and passed the board exams for Physical Therapy, the same year. Atty. Rosal subsequently graduated in the top 5% of his law school batch at the University of San Carlos, Cebu City, in 2002, and was admitted to the Philippine Bar in 2003. He spent his early years in the practice of law at Balgos and Perez Law Offices and Angara Cruz Concepcion Regala and Abello (ACCRALAW). Currently, he is the Managing Partner of Rosal Bacalla Fortuna Helmuth and Virtudazo Law Offices, a Cebu-based law firm. Atty. Rosal's field of practice is Corporate Law, Mergers and Acquisitions, Real Estate Law, Estate Planning, and Company Labor Law matters. He

holds various positions and performs multiple roles in various private corporations such as Cebu Agaru Motors Inc., Wide Gain Property Holdings, Inc., Sem-Ros Food Corp, Rural Bank of Talisay, (Cebu) Inc., and OneMeridaLand Corp.

Rosalie H. Infantado
Director

Ms. Rosalie H. Infantado assumed the position of Treasurer of LBCH in September 2017 and was also appointed as Chief Finance Officer beginning 1 October 2025. She was the Vice-President - Financial Reporting and Analysis at LBCE until her appointment as the Chief Finance Officer in October 2025. With over 20 years of experience in accounting, audit, and financial reporting, Ms. Infantado's previous professional experiences include employment at prestigious companies such as KPMG Philippines (Manabat SanAgustin & Co.), Concordia Advisors (Bermuda) Ltd., CITI Hedge Fund Services, Ltd. (Bermuda), and PriceWaterhouseCooper Philippines. She graduated with a Bachelor of Science degree, Major in Accountancy from the Polytechnic University of the Philippines in 1997.

Carlos Gabriel R. Araneta
Director

Mr. Carlos Gabriel R. Araneta is formerly the Chairman of LBC Express, Inc. from 1978 to 2005. In 2002, he was appointed as director of LBC Development Corporation until 2007. Mr. Araneta also served as the Chairman of LBC Properties, Inc., a real estate development company, from 1989 to 2024 and was appointed as the director in 2025. He is currently the Chairman of Spathodea Campanulata Inc. since 2008 and Calamian Island Corporation since 2019. He graduated with a Bachelor of Science degree in Business Administration from Boston University in 1967 and was granted the Certificate of Acceptance for Attorney and Counselor at Law by the Supreme Court of the Philippines in 1972.

Anthony A. Abad
Independent Director

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

Victor Y. Lim, Jr.
Independent Director

Mr. Victor Y. Lim, Jr. was appointed as a Director of LBCH on 5 October 2020. He is currently serving as the President of Yuchengco Lim Development Corp. (since 1996), Chairman of V2S Property Developers Co., Inc. (since 2009), Chairman of Tune Abe Investment Corporation (since 2018), President of Banco Mexico Inc. (since 2014), a Director of Premier Horizon Alliance Corporation (since 2015), a Director of I-Pay Commerce Ventures, Inc. (since 2016), a Member of the Financial Executives Institute of the Philippines (since 1976) where he served as President in 1995, a Member of the Management Association of the Philippines (since 1996), a Trustee of Ateneo

Scholarship Foundation Inc. (since 1986) where he served as Chairman thereof from 1989 to 1991, and is a Committee Chairman and member of the Rotary Club of Pasig (since 2008). Mr. Lim holds a Bachelor of Science in Economics degree from the Ateneo de Manila University and a Master in Business Management degree from the Asian Institute of Management.

Ferdinand D. Tolentino
Independent Director

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

MANAGEMENT AND OFFICERS

LBCH's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. The table below sets forth each member of the LBCH's management:

Name	Nationality	Age	Position
Enrique V. Rey, Jr.	Filipino	55	Chief Executive Officer and President
Cristina S. Palma Gil-Fernandez	Filipino	57	Corporate Secretary
Rosalie H. Infantado	Filipino	50	Chief Finance Officer, Treasurer and Investor Relations Officer
Mahleene G. Go	Filipino	46	Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer
Ernesto C. Naval III	Filipino	33	Alternate Corporate Information Officer
Jeric C. Baquiran	Filipino	47	Chief Audit Executive

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

Enrique V. Rey Jr.
Chief Executive Officer and President

Please refer to the table of directors above.

Rosalie H. Infantado
Chief Finance Officer, Treasurer and Investor Relations Officer

Please refer to the table of directors above.

Cristina S. Palma-Gil Fernandez
Corporate Secretary

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

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

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

Anthony A. Abad
Lead Independent Director

Please refer to the table of directors above.

Ernesto C. Naval III
Alternate Corporate Information Officer

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

Jeric C. Baquiran
Chief Audit Executive

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

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

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

SIGNIFICANT EMPLOYEES

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

FAMILY RELATIONSHIPS

As at the date of this Report, there are no family relationships between Directors and members of the Company's senior management known to the Company.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

At the May 4, 2023 hearing, the RTC rescheduled the PDIC's formal offer to the next scheduled hearing on May 18, 2023 in light of the pending Motions.

At the hearing on May 18, 2023, the RTC issued an Order of the same date, in which Judge Redentor Cardenas ruled to voluntarily inhibit himself from further hearing the case, citing the contentious dispute over his decision to allow Ms. Figueroa to be presented as a witness.

The case was then re-raffled to Branch 132 of the Makati RTC, presided by Hon. Rommel Baybay.

Judge Baybay then conducted a clarificatory hearing on July 13, 2023 to discuss the pending motions. In an Order dated July 13, 2023, the RTC denied all the pending motions and directed the PDIC to file a written formal offer of evidence within 30 days and granted the defendants the same period to comment.

The PDIC filed its Formal Offer of Documentary Evidence dated August 14, 2023. On September 14 and 13, 2023, LBC Express, Inc., LBC Development Corporation and the other defendants filed their respective Comments and Objections to the Formal Offer.

In the Order dated September 28, 2023, the RTC resolved to admit Exhibits AA to JJ of the PDIC. LBC Express, Inc., LBC Development Corporation and the other defendants filed a Motion for Reconsideration dated October 12, 2023. In the Order dated January 17, 2024, the RTC denied the Motion for Reconsideration.

Thus, on January 18, 2024, LBC Express filed its Demurrer to Evidence and LBC Development Corporation, LBC Properties, and the individual defendants filed a separate Demurrer to Evidence.

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

Subsequently, Defendant Berenguer filed her own Demurrer to Evidence dated February 19, 2024.

LBC Express, Inc., LBC Development Corporation, LBC Properties and the other defendants filed their Reply to the PDIC's Comment to the Demurrers to Evidence on March 20, 2024.

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

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

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

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

On 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 defendants' 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 is scheduled on May 29, 2026. Hence, the trial of the civil case is still on-going at this time.

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

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

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

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

Item 10. EXECUTIVE COMPENSATION

COMPENSATION

There are no employees under LBC Express Holdings, Inc.

Standard Arrangements

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

Other Arrangements

There are no other arrangements pursuant to which any director of LBCH was compensated, or to be compensated, directly or indirectly, during 2025 for any service provided as a Director.

EMPLOYMENT CONTRACTS

LBCH has no special employment contracts with the named Executive Officers.

WARRANTS AND OPTIONS OUTSTANDING

There are no outstanding warrants or options held by the President, the named Executive Officers, and all Officers and Directors as a group.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the LBCH's voting securities as of December 31, 2025.

Title of Class	Name and Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner	Citizenship	No. of Common Shares Held in LBCH	% of Total Outstanding Shares of LBCH
Common	LBC Development Corporation 11th floor 13 Ocean Breeze Building Coral Way Drive, Barangay 191 1300 Pasay City, Fourth District, National Capital Region (NCR)	The record owner is the beneficial owner of the shares indicated	Filipino	1,206,178,232	84.59%

Security Ownership of Directors and Officers as of December 31, 2025

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Rene E. Fuentes	1- direct	Filipino	0.0%
Common	Enrique V. Rey, Jr.	1- direct	Filipino	0.0%
Common	Augusto G. Gan	1- direct	Filipino	0.0%
Common	Rosalie H. Infantado	1- direct	Filipino	0.0%
Common	Mark Werner J. Rosal	1,000 - direct	Filipino	0.0%
Common	Ferdinand D. Tolentino	100 - indirect	Filipino	0.0%
Common	Victor Y. Lim, Jr.	1- direct; 228,899 indirect	Filipino	0.0%
Common	Antonio A. Abad	101-direct	Filipino	0.0%
Common	Carlos Gabriel R. Araneta	1-direct	Filipino	0.0%

Voting Trust Holders of Five Percent or More

There were no persons holding more than five percent of a class of shares of LBCH under a voting trust or similar agreement as at the date of this report.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RELATED PARTY TRANSACTIONS

The Company and its subsidiaries in their ordinary course of business, engage in transactions with related parties and affiliates consisting of its parent company (LBC Development Corporation) and entities under common control. These transactions include royalty, delivery and management fees and loans and expense reimbursements.

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

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.

Please refer to Note 18 ("Related Party Transactions") to the notes to the 2025 consolidated financial statements of the Company which is incorporated herein in the accompanying index to exhibits.
The Company has the following major transactions with related parties:

Fulfilment, Delivery and Management Fees

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.

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.

Expense Reimbursements with Related Parties

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

Royalty Fee and Licensing Agreement with Parent Company

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

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

Guarantee Fee

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

On April 15, 2021, the Board of Directors of LBCH approved to guarantee the loan and allowed to hold out its time deposit. The current amount of time deposit as of December 31, 2025 is ₱49.21 million. Such guarantee shall substitute the existing real estate mortgage on the affiliate's real estate properties as security.

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 ten 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 ₱128.04 million, of which ₱94.00 million 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 ₱16.00 million in 2025.

Business Combinations

On May 29, 2019, LBCH sold all its 1,860,214 common shares in QUADX Inc. to LBCE for ₱186,021,400 or ₱100 per share payable no later than two years from the execution of deed of absolute sale of share, subject to any extension as may be agreed in writing by the parties. This was settled in 2025.

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 becomes 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 P1,018.66 million. The pledge agreement was renewed in 2025.

Notes receivable

In November 2011, LBC Mundial Corporation paid-off LBC Holdings USA Corporation's outstanding mortgage loan which is consolidated into a long-term promissory note amounting to $1,105,148 at 4%

interest, payable in 180 equal monthly installments. As of December 31, 2023, total outstanding notes receivable amounted to ₱15.31 million, ₱10.45 million of which is presented as noncurrent under "Other noncurrent assets". This note were fully collected in 2024. Interest income earned from notes receivable amounted to nil, ₱0.30 million, and ₱1.75 million, in 2025, 2024 and 2023, respectively.

Dividends

On July 11, 2025, June 26, 2024, and August 9, 2023, LBCH recognized cash dividend from OFII amounting to ₱33.00 million, ₱30.00 million, and ₱39.60 million, respectively, for its 30% interest on OFII.

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. These were paid in 2025.

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

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

On November 7, 2022, the BOD of LBC Mabuhay (B) Sdn. Bhd. declared cash dividends of BND 500 per share while on November 8, 2022, the BOD of LBC Mabuhay Remittance Sdn. Bhd. declared cash dividends of BND 200,000 per share, both payable on November 15.

The controlling interest of LBCH in LBC Mabuhay (B) Sdn. Bhd. and LBC Mabuhay Remittance Sdn. Bhd. amounted to BND 250,000 and BND 200,000, respectively.

On October 14, 2022, the BOD of LBC Australia Pty Ltd declared cash dividends amounting to AUD 1.80 million payable on November 15, 2022.

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

On October 13, 2022, the BOD of LBC Mabuhay (Saipan), Inc. approved the issuance of dividends amounting to USD250,000 on the outstanding common shares held by the Parent Company and paid on November 15, 2022.

On September 29, 2022, the BOD of LBC Express Airfreight (S) PTE Ltd. declared cash dividend of SGD 5.7 million and paid on November 15, 2022.

On August 9, 2023, May 31, 2022 and July 16, 2021, LBCH recognized cash dividend from OFII amounting to ₱39.60 million, ₱36.00 million and ₱25.50 million, respectively, for its 30% interest on OFII.

On March 21, 2022, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 600 per common share. The record date of entitlement to the said cash dividend is on November 30, 2021.

On October 19, 2020, the BOD of LBCH approved the declaration of cash dividends of amounting to 285.17 million.

On October 27, 2020, the BOD of LBC Mabuhay Remittance Sdn Bhd declared cash dividends of BND300,000 (₱10.74 million). The related noncontrolling interest amounting to BND150,000 (₱5.38 million) is presented in the consolidated statement of changes in equity.

On November 5, 2020, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 800 per common share held by stockholders. The related noncontrolling interest amounting to ₱6.51 million is presented in the consolidated statement of changes in equity.

On July 16, 2020, LBCH recognized cash dividend from OFII amounting to ₱21.00 million for its 30% interest on OFII.

On November 15, 2020, the BOD of LBC Mabuhay (Malaysia) Sdn Bhd declared cash dividends of ₱20.18 million (MYR1,700,000). The related noncontrolling interest amounting to ₱1.75 million (MYR127,503) remains unpaid and is presented in the consolidated statement of changes in equity as of December 31, 2020.

PARENT COMPANY/MAJOR HOLDERS

As of the date of this Report, LBC Development Corporation owns 84.59% of the total issued and outstanding capital stock of the Company.

PART IV - CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

Please refer to the Integrated Annual Corporate Governance Report submitted on May 29, 2025.

PART V - EXHIBITS AND SCHEDULES

Item 14. REPORTS ON SEC FORM 17-C

(a) Exhibits - Please see accompanying index to exhibits
(b) Reports on SEC Form 17-C

The following current reports have been reported by LBC Express Holdings, Inc. during the year 2025:

	Disclosure	Date of Report
1	Approval of the Consolidated Audited Financial Statements of the Company and its Subsidiaries (and standalone audited financial statement of the parent company) as of 31 December 2024	April 15, 2025
2	Payment of Penalty	June 13, 2025
3	SEC Assessment of Fines and Penalties	August 04, 2025
4	Availment of Credit Facility with BDO Unibank, Inc. and Continuing Suretyship for LBC Express Inc.	August 07, 2025
5	Maturity Payment of Convertible Instrument	August 15, 2025
6	Material Information/Transactions	August 27, 2025
7	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	August 27, 2025
8	Resignation of Mr. Miguel Angel A. Camahort as Chairman of the Board, Chief Executive Officer and President	August 28, 2025
9	Settlement of Obligations to CP Briks Pte. Ltd. under Convertible Instrument	September 16, 2025
10	SEC-CGFD Show Cause Letter	September 30, 2025
11	SEC-CGFD Show Cause Letter dated 6 August 2025	September 30, 2025
12	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	October 01, 2025
13	Resignation of Mr. Miguel Angel A. Camahort and Mr. Jason Michael Rosenblatt as Directors of the Company	October 01, 2025
14	Notice of Annual or Special Stockholders' Meeting	October 14, 2025
15	[Amend-2]Amendments to Articles of Incorporation	October 14, 2025
16	[Amend-3]Amendments to By-Laws	October 14, 2025
17	Results of Annual or Special Stockholders' Meeting	December 10, 2025
18	Results of Organizational Meeting of Board of Directors	December 10, 2025
19	[Amend-3]Amendments to Articles of Incorporation	December 10, 2025
20	[Amend-4]Amendments to By-Laws	December 10, 2025
21	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	December 10, 2025

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in the City of PASAY CITY on 14 APR 2026.

LBC EXPRESS HOLDINGS, INC.

By:

Enrique V. Rey, Jr.
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this 14 APR 2026 day of _____ 2026, affiants exhibiting to me his respective competent evidence of identity, as follows:

Name	Competent ID	Date and Place of Issue
Enrique V. Rey, Jr.	Passport No. P9504935B	05 April 2022 / DFA Manila

Doc. No. 467;
Book No. 95;
Page No. VI;
Series of 2026.

NOEL L. DUQUE
NOTARY PUBLIC
Until December 31, 2026 Comm. 25-09
10 E-COM Center MOA, Pasay City
IBP No. 586795/01-05-26/PPLM
PTR No. 9236857/01-05-26/PC
Roll No. 48387 MCLE VIII-0040191/4-14-28

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in the City of PASAY CITY on 14 APR 2026.

LBC EXPRESS HOLDINGS, INC.

By:

Rosalie H. Infantado
Chief Finance Officer and Treasurer

SUBSCRIBED AND SWORN to before me this 14 APR 2026 day of _____ 2026, affiants exhibiting to me her respective competent evidence of identity, as follows:

Name	Competent ID	Date and Place of Issue
Rosalie H. Infantado	Passport No. P3399617B	01 October 2019 / DFA Manila

Doc. No. 468;
Book No. VI;
Page No. VI;
Series of 2026.

NOEL L. DUQUE
NOTARY PUBLIC
Until December 31, 2026 Comm. 25-09
10 E-COM Center MOA, Pasay City
IBP No. 586795/01-05-26/PPLM
PTR No. 9236857/01-05-26/PC
Roll No. 48387 MCLE VIII-0040191/4-14-28

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this is to certify that the undersigned reviewed the contents of the document and to the best of her knowledge, belief, and on the basis of certain representations of the relevant officers of the Corporation, the information set forth in this document are true, complete, and correct. This report is signed on behalf of the issuer by the undersigned thereunto duly authorized, in the City of MAKATI CITY on APR 14 2026.

LBC EXPRESS HOLDINGS, INC.

By:

Mahleene G. Go
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2026 day of April 2026, affiant exhibiting to me her respective competent evidence of identity, as follows:

Name	Competent ID	Date and Place of Issue
Mahleene G. Go	Passport ID No. P8881940A	25 September 2018 / DFA NCR East

Doc. No. 173;
Book No. V;
Page No. 36;
Series of 2026.

VIVIEN ROSE C. DE GUZMAN
Appointment No. M-318
Notary Public for Makati City
Until December 31, 2026
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 85310
PTR No. 10766609/Makati City/01-02-2026
IBP No. 536187 Quezon City/12-23-2025
MCLE No. VIII-0026215/April 7, 2025

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	3	0	0	5	2	7	7	

COMPANY NAME

L	B	C		E	X	P	R	E	S	S		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D
	S	U	B	S	I	D	I	A	R	I	E	S																		

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

L	B	C		C	E	N	T	R	A	L		E	X	C	H	A	N	G	E	,		L	-	2		C	5		E
X	T	E	N	S	I	O	N	,		M	O	O	N	W	A	L	K	,		P	A	R	A	N	A	Q	U	E	
C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A	,		P	H	I	L	I	P	P	I	N	E
S																													

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - A	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	8-856-8522	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
485	2nd Monday of 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	8-856-8510	–

CONTACT PERSON's ADDRESS

LBC Central Exchange, L2 C5 Extension, Moonwalk Parañaque 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.*

LBC Express Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of LBC Express Holdings, Inc. and its subsidiaries (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of and for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SGV & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: _____

RENE ERNESTO SANTIAGO E. FUENTES
Chairman of the Board

Signature: _____

ENRIQUE V. REY, JR.
Chief Executive Officer and President

Signature: _____

ROSALIE H. INFANTADO
Chief Finance Officer

Signed this 14 APR 2026 day of _____ 2026.

SUBSCRIBED AND SWORN to before me in City of Pasay on 14 APR 2026 affiants personally appeared before me and exhibited to me their Tax Identification Nos.

NAME	TIN
Rene Ernesto Santiago E. Fuentes	181-043-202
Enrique V. Rey, Jr.	172-264-046
Rosalie H. Infantado	201-403-368

Doc. No. 465 :
Page No. 94 :
Book No. VI :
Series of 2026.

NOEL V. DUQUE
NOTARY PUBLIC
Until December 31, 2026 Comm. 25-09
10 E-COM Center MOA, Pasay City
IBP No. 586795/01-05-26/PPLM
PTR No. 9236857/01-05-26/PC
Roll No. 48387 MCLE VIII-0040191/4-14-28

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Cc LBC EXPRESS HOLDINGS INC-BIR-TAX <lbcholdingsbirtax@lbcexpress.com>

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SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
LBC Express Holdings, Inc. and Subsidiaries
LBC Central Exchange, L2 C5 Extension, Moonwalk
Parañaque City, Metro Manila

Opinion

We have audited the consolidated financial statements of LBC Express Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 29 to the consolidated financial statements which describes the uncertainty related to the outcome of the case filed against LBC Express, Inc. (LBCE), among other respondents, by LBC Development Bank, Inc., as represented by its receiver and liquidator, the Philippine Deposit Insurance Corporation (PDIC) for collection of an alleged amount of ₱1.82 billion, and the recoverability of advance tax payments amounting to ₱2.03 billion as an asset in relation to the ongoing assessment for national taxes of LBCE and its certain subsidiaries. Our opinion is not modified in respect of these matters.

Key Audit Matters

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

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

National Taxes and Provisions and Contingencies

The Group is involved in assessments for national taxes and paid ₱2.03 billion tax advance to the tax authority. Also, the Parent Company's subsidiary, LBCE, among other respondents, is involved in a case filed by LBC Development Bank, Inc., as represented by its receiver and liquidator, the PDIC, for collection of an alleged amount of ₱1.82 billion. The claim pertains to alleged unpaid service fees from June 2006 to August 2011 and unpaid service charges on remittance transactions from January 2010 to September 2011.

The matter on the legal case is significant to our audit because the determination of whether any provision for potential liability should be recognized and the estimation of such amount, if any, require significant judgment by management. We also considered the recoverability of tax advance payment as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether it is recoverable. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of the laws and tax rulings.

The Group's disclosures about these matters are included in Notes 3, 7 and 29 to the consolidated financial statements.

Audit Response

We involved our internal specialists in the evaluation of management's assessment on (a) whether any provision for potential liability should be recognized and the estimation of such amount on the legal case; and (b) whether the tax advance payment is recoverable. We held discussions with and obtained the written replies of the Group's external legal/tax counsels on the status of the case/assessment and their assessment of any potential liability and the recoverability of the tax advance payments and related timing. For the tax assessment and tax advance payment, we obtained correspondences with the relevant tax authorities and evaluated the tax position of the management including the recoverability the tax advance payment by considering the tax laws, rulings and jurisprudence. We also reviewed the Group's disclosures about these matters and the basis of management's assessment.

Recoverability of Goodwill

The Group is required to perform an impairment test on goodwill annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. As of December 31, 2025, the Group has goodwill amounting to ₱252.71 million which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically for the annual and long-term revenue growth rates and discount rates.

The Group's disclosures on goodwill are included in Note 4 to the consolidated financial statements.



Audit Response

We updated our understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialist in reviewing the discount rate used and the parameters utilized. We compared the key assumptions used such as the annual and long-term revenue growth rates against the historical performance of the cash-generating units (CGU), market and industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of the significant assumptions to evaluate the change in the fair value of the CGU. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2025 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) for the year ended December 31, 2025, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue ais a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of group audit. We remain solely responsible for our audit opinion.

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

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

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

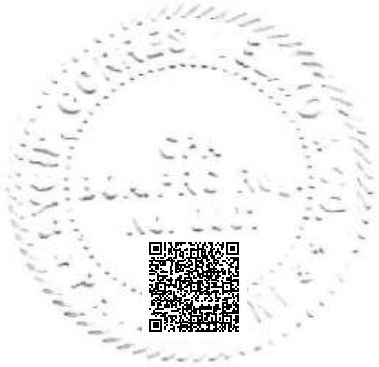
The engagement partner on the audit resulting in this independent auditor's report is Dolmar C. Montañez.

SYCIP GORRES VELAYO & CO.



Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 112004-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-119-2025, December 16, 2024, valid until December 15, 2027
PTR No. 10765095, January 2, 2026, Makati City

April 14, 2026



LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 24)	**₱2,064,314,672**	₱2,733,428,898
Trade and other receivables (Notes 6, 18, 24 and 25)	**2,148,571,205**	2,127,168,683
Due from related parties (Notes 18, 24 and 25)	**1,165,649,896**	1,159,775,626
Investment at fair value through profit or loss (Notes 10, 24 and 25)	**2,469,792**	2,360,759
Prepayments and other current assets (Notes 7, 12, 24 and 25)	**1,168,885,487**	1,144,894,737
Total Current Assets	**6,549,891,052**	7,167,628,703
Noncurrent Assets		
Property and equipment (Note 8)	**2,416,712,242**	2,487,768,051
Right-of-use assets (Note 22)	**1,266,339,272**	1,601,239,442
Intangible assets (Note 9)	**167,701,043**	212,276,151
Investment at fair value through other comprehensive income (Notes 10, 24 and 25)	**78,024,029**	99,480,637
Deferred tax assets - net (Note 21)	**630,671,376**	544,565,012
Security deposits (Note 22)	**352,082,287**	375,426,973
Investment in associates (Note 11)	**368,601,037**	369,935,605
Goodwill (Note 4)	**252,712,090**	287,024,985
Other noncurrent assets (Notes 7, 12, 18 and 24)	**2,098,819,710**	2,093,359,358
Total Noncurrent Assets	**7,631,663,086**	8,071,076,214
	₱14,181,554,138	₱15,238,704,917
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13, 18, 24 and 25)	**₱3,170,457,139**	₱3,518,304,281
Due to related parties (Notes 18 and 24)	**20,953,673**	10,721,895
Current portion of notes payable (Notes 15, 24 and 25)	**1,074,354,992**	1,238,540,861
Transmissions liability (Notes 14, 18 and 24)	**521,833,372**	684,859,401
Income tax payable	**20,590,001**	16,602,117
Current portion of lease liabilities (Notes 22 and 24)	**625,796,357**	763,676,898
Derivative liability (Notes 16, 24 and 25)	**–**	2,528,532,365
Bonds payable (Notes 16, 24 and 25)	**–**	2,065,585,876
Total Current Liabilities	**5,433,985,534**	10,826,823,694
Noncurrent Liabilities		
Retirement benefit liability - net (Note 23)	**1,017,476,380**	1,005,302,601
Notes payable - net of current portion (Notes 15, 24 and 25)	**4,894,804,722**	676,151,276
Lease liabilities - net of current portion (Notes 22, 24 and 25)	**821,252,966**	1,074,366,140
Other noncurrent liabilities (Notes 13, 24 and 25)	**102,775,842**	–
Total Noncurrent Liabilities	**6,836,309,910**	2,755,820,017
Total Liabilities	**12,270,295,444**	13,582,643,711
Equity		
Equity attributable to shareholders of the Parent Company		
Capital stock (Note 17)	**1,425,865,471**	1,425,865,471
Retained earnings (Note 17)	**398,777,587**	152,721,270
Accumulated comprehensive income (Note 17)	**78,439,423**	90,918,199
Equity reserves (Note 4)	**5,411,097**	–
	1,908,493,578	1,669,504,940
Non-controlling interests (Note 17)	**2,765,116**	(13,443,734)
Total Equity	**1,911,258,694**	1,656,061,206
	₱14,181,554,138	₱15,238,704,917

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2025	2024	2023
SERVICE REVENUE (Note 26)	**₱14,025,956,097**	₱14,296,058,157	₱14,513,690,842
COST OF SERVICES (Note 19)	**10,768,460,616**	11,171,592,505	11,468,232,196
GROSS PROFIT	**3,257,495,481**	3,124,465,652	3,045,458,646
OPERATING EXPENSES (Note 20)	**2,526,795,586**	2,458,806,514	2,490,289,107
OPERATING INCOME	**730,699,895**	665,659,138	555,169,539
OTHER INCOME (CHARGES)			
Foreign exchange gains (losses) - net (Notes 20 and 24)	**79,608,302**	(9,254,598)	59,874,458
Equity in net earnings of associates (Note 11)	**31,629,367**	45,378,483	16,164,364
Interest income (Notes 5, 7, 12 and 18)	**12,876,555**	14,699,557	15,293,926
Fair value gain on investment at fair value through profit or loss (Note 10)	**109,033**	97,191	96,505
Loss on redemption of convertible instruments (Note 16)	**(4,708,473)**	–	–
Gain (loss) on derivative liability (Note 16)	**(66,880,574)**	(218,344,697)	150,810,960
Interest expense (Notes 9, 15, 16, 18 and 22)	**(549,069,088)**	(624,017,665)	(541,524,134)
Gain on bargain purchase (Note 4)	**–**	–	18,233,464
Gain on modification of convertible instrument (Note 16)	**–**	44,184,116	–
Others - net (Notes 8 and 22)	**43,964,178**	13,636,501	13,372,548
	(452,470,700)	(733,621,112)	(267,677,909)
INCOME (LOSS) BEFORE INCOME TAX	**278,229,195**	(67,961,974)	287,491,630
PROVISION FOR INCOME TAX (Note 21)	**17,564,210**	77,334,070	119,306,595
NET INCOME (LOSS)	**260,664,985**	(145,296,044)	168,185,035
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods			
Share in other comprehensive income (loss) of associate (Notes 11 and 17)	**36,065**	(1,012,493)	7,341,546
Remeasurement loss on retirement benefit plan - net of tax (Notes 17 and 23)	**(20,974,784)**	(6,495,277)	(19,883,943)
Unrealized fair value loss on equity investment at fair value through other comprehensive income (Notes 10 and 17)	**(21,456,608)**	(91,678,234)	(7,802,403)
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation gain (loss) - net	**31,882,632**	(25,536,606)	(1,821,881)
	(10,512,695)	(124,722,610)	(22,166,681)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱250,152,290**	(₱270,018,654)	₱146,018,354
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of the Parent Company (Note 28)	**₱246,056,317**	(₱151,842,508)	₱176,290,488
Non-controlling interests	**14,608,668**	6,546,464	(8,105,453)
NET INCOME (LOSS)	**₱260,664,985**	(₱145,296,044)	₱168,185,035
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of the Parent Company	**₱233,577,541**	(₱276,211,401)	₱153,439,840
Non-controlling interests	**16,574,749**	6,192,747	(7,421,486)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱250,152,290**	(₱270,018,654)	₱146,018,354
EARNINGS (LOSS) PER SHARE (Note 28)			
Basic	**₱0.17**	(₱0.11)	₱0.12
Diluted	**₱0.17**	(₱0.11)	₱0.12

See accompanying Notes to Consolidated Financial Statements.

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

	For the Year Ended December 31, 2025						
	Equity Attributable to Shareholders of the Parent Company						
	Capital Stock (Note 17)	**Retained Earnings** (Note 17)	**Accumulated Comprehensive Income** (Note 17)	**Equity Reserves** (Note 4)	**Total**	**Non-controlling Interests**	**Total Equity**
Balances at beginning of year	**₱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	**–**	**246,056,317**	**–**	**–**	**246,056,317**	**14,608,668**	**260,664,985**
Other comprehensive income (loss)	**–**	**–**	**(12,478,776)**	**–**	**(12,478,776)**	**1,966,081**	**(10,512,695)**
Total comprehensive income (loss)	**–**	**246,056,317**	**(12,478,776)**	**–**	**233,577,541**	**16,574,749**	**250,152,290**
Non-controlling interest from a subsidiary (Note 4)	**–**	**–**	**–**	**5,411,097**	**5,411,097**	**1,638,843**	**7,049,940**
Dividend declared (Note 17)	**–**	**–**	**–**	**–**	**–**	**(2,004,742)**	**(2,004,742)**
Balances at end of year	**₱1,425,865,471**	**₱398,777,587**	**₱78,439,423**	**₱5,411,097**	**₱1,908,493,578**	**₱2,765,116**	**₱1,911,258,694**

	For the Year Ended December 31, 2024					
	Equity Attributable to Shareholders of the Parent Company					
	Capital Stock (Note 17)	Retained Earnings (Note 17)	Accumulated Comprehensive Income (Note 17)	Total	Non-controlling Interests	Total Equity
Balances at beginning of year	₱1,425,865,471	₱304,563,778	₱215,287,092	₱1,945,716,341	(₱19,636,481)	₱1,926,079,860
Comprehensive income (loss):						
Net income (loss)	–	(151,842,508)	–	(151,842,508)	6,546,464	(145,296,044)
Other comprehensive loss	–	–	(124,368,893)	(124,368,893)	(353,717)	(124,722,610)
Total comprehensive income (loss)	–	(151,842,508)	(124,368,893)	(276,211,401)	6,192,747	(270,018,654)
Balances at end of year	₱1,425,865,471	₱152,721,270	₱90,918,199	₱1,669,504,940	(₱13,443,734)	₱1,656,061,206

	For the Year Ended December 31, 2023					
	Equity Attributable to Shareholders of the Parent Company					
	Capital Stock (Note 17)	Retained Earnings (Note 17)	Accumulated Comprehensive Income (Note 17)	Total	Non-controlling Interests	Total Equity
Balances at beginning of year	₱1,425,865,471	₱128,273,290	₱238,137,740	₱1,792,276,501	(₱10,301,750)	₱1,781,974,751
Comprehensive income (loss):						
Net income (loss)	–	176,290,488	–	176,290,488	(8,105,453)	168,185,035
Other comprehensive income (loss)	–	–	(22,850,648)	(22,850,648)	683,967	(22,166,681)
Total comprehensive income (loss)	–	176,290,488	(22,850,648)	153,439,840	(7,421,486)	146,018,354
Dividends declared (Note 17)	–	–	–	–	(1,913,245)	(1,913,245)
Balances at end of year	₱1,425,865,471	₱304,563,778	₱215,287,092	₱1,945,716,341	(₱19,636,481)	₱1,926,079,860

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱278,229,195**	(₱67,961,974)	₱287,491,630
Adjustments for:			
Depreciation and amortization (Notes 2, 8, 9, 19, 20 and 22)	**1,021,439,252**	1,166,488,225	1,385,459,806
Interest expense (Notes 8, 9, 15, 16, 18 and 22)	**549,069,088**	624,017,665	541,524,134
Loss (gain) on derivative liability (Note 16)	**66,880,574**	218,344,697	(150,810,960)
Impairment of goodwill (Note 4)	**34,312,895**	–	–
Loss on redemption of convertible instruments	**4,708,473**	–	–
Fair value gain on investment at fair value through profit or loss (Note 10)	**(109,033)**	(97,191)	(96,505)
Retirement expense, net of benefits paid and contribution to retirement plan (Notes 19, 20 and 23)	**(8,801,005)**	98,151,328	89,567,679
Interest income (Notes 5, 7, 12 and 18)	**(12,876,555)**	(14,699,557)	(15,293,926)
Gain on disposal and retirement of assets (Notes 8 and 22)	**(27,361,654)**	(4,983,046)	(9,040,408)
Equity in net earnings of associates (Note 11)	**(31,629,367)**	(45,378,483)	(16,164,364)
Unrealized foreign exchange loss (gain)	**(71,173,811)**	47,747,254	(7,356,451)
Gain on modification of convertible instrument (Note 16)	**–**	(44,184,116)	–
Gain on bargain purchase (Note 4)	**–**	–	(18,233,464)
Operating income before changes in working capital	**1,802,688,052**	1,977,444,802	2,087,047,171
Changes in working capital:			
Decrease (increase) in:			
Trade and other receivables	**(14,352,582)**	(177,017,798)	84,507,600
Prepayments and other assets	**(23,990,751)**	169,395,135	214,922,811
Security deposits	**23,344,686**	16,083,397	12,562,384
Other noncurrent assets	**(5,460,355)**	(19,736,877)	11,755,016
Increase (decrease) in:			
Accounts and other payables (Note 27)	**(214,518,022)**	128,318,050	(554,563,029)
Transmission liability	**(163,026,029)**	78,125,827	(250,769,116)
Net cash generated from operations	**1,404,684,999**	2,172,612,536	1,605,462,837
Interest received	**12,876,555**	14,699,557	15,293,926
Income tax paid	**(94,522,620)**	(95,820,880)	(72,702,306)
Net cash provided by operating activities	**1,323,038,934**	2,091,491,213	1,548,054,457
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received (Note 18)	**33,000,000**	30,000,000	39,600,000
Decrease (increase) in due from related parties (Note 27)	**(5,874,270)**	(19,919,481)	37,976,808
Proceeds from disposal of property and equipment and intangible assets (Notes 8 and 9)	**1,744,193**	40,888,839	32,415,505
Acquisitions of:			
Intangible assets (Notes 9 and 27)	**(35,182,410)**	(49,443,047)	(55,237,437)
Property and equipment (Notes 8 and 27)	**(155,805,344)**	(80,479,073)	(745,128,256)
Subsidiaries, net of cash acquired (Note 4)	–	–	501,875
Net cash used in investing activities	**(162,117,831)**	(78,952,762)	(689,871,505)

(Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable (Notes 15 and 27)	**4,843,910,878**	1,440,802,109	999,122,465
Increase (decrease) in due to related parties (Note 27)	**10,231,778**	(758,715)	(19,168,129)
Payments of:			
Interest (Note 27)	**(239,807,029)**	(162,527,467)	(107,306,901)
Lease and other noncurrent liabilities (Notes 22 and 27)	**(879,280,518)**	(1,029,084,746)	(1,153,240,832)
Notes payable (Notes 15 and 27)	**(789,443,301)**	(1,848,771,345)	(779,851,700)
Dividends (Note 27)	**(2,004,742)**	–	(1,913,245)
Redemption of convertible instrument	**(4,828,207,357)**	–	(997,458,943)
Net cash used in financing activities	**(1,884,600,291)**	(1,600,340,164)	(2,059,817,285)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(723,679,188)**	412,198,287	(1,201,634,333)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**54,564,962**	39,375,141	(34,134,368)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,733,428,898**	2,281,855,470	3,517,624,171
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱2,064,314,672**	₱2,733,428,898	₱2,281,855,470

See accompanying Notes to Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

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

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 Securities and Exchange Commission on March 24, 2026.

The accompanying consolidated financial statements of the Group have been approved and authorized for issue by the BOD on April 14, 2026.

2. Basis of Preparation and Summary of Material Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis except for fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and derivatives that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Group's functional currency. Details of the functional currencies of the Group's subsidiaries are disclosed as part of material accounting policies. All amounts are rounded off to the nearest peso unit unless otherwise indicated.

Difference in accounting periods

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

Management exercised judgment in determining whether adjustments should be made in the consolidated financial statements of the Group pertaining to the effects of significant transactions or

events of its subsidiaries that occur between December 1, 2025 and 2024 and the year-end date of the Parent Company's financial statements which is December 31, 2025 and 2024.

The consolidated financial statements as of December 31, 2025 were adjusted to effect LBC Express, Inc.'s (LBCE) availment and settlement of bank loans for the period December 1 to 31, 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; adjustment to reflect equity share in net loss of Terra Barbaza Aviation, Inc. (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.

The consolidated financial statements as of December 31, 2024 were adjusted to effect LBCE's availment and settlement of bank loans for the period December 1 to 31, 2024 amounting to ₱136.78 million and ₱100.16 million, respectively, adjustment to reflect the decrease in fair value of investment at FVOCI by ₱9.75 million, maturity of time deposit amounting ₱100.58 million; and adjustment to reflect equity share in net loss of Terra Barbaza Aviation, Inc. (TBAI) amounting to ₱2.67 million for the period December 1 to 31, 2024.

Aside from these, there were no other significant transactions that transpired between December 1, 2025 to December 31, 2025, and between December 1, 2024 to December 31, 2024.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025.

Non-controlling interests (NCI) represent the portion of profit or loss and net assets in subsidiaries not owned by the Group and are presented separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from the Parent Company's equity. Any equity instruments issued by a subsidiary that are not owned by LBCH are non-controlling interests.

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



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

	Country of incorporation	Principal activities	Ownership Interest 2025	2024
LBC Express, Inc. (LBCE)	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - MM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - CL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - NL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - VIS, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SCS, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express Corporate Solutions, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - CMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - EMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - MIN, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SEL, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - WV, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SEM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - SCC, Inc.	Philippines	Logistics and money remittance	**100%**	100%
South Mindanao Courier Co., Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - NEMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express - NWMM, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Systems, Inc.	Philippines	Logistics and money remittance	**100%**	100%
LBC Express Bahrain WLL	Bahrain	Logistics	**49%**	49%
LBC Express Shipping Company WLL	Kuwait	Logistics	**49%**	49%
LBC Express LLC [1]	Qatar	Logistics	**49%**	49%
LBC Express, Inc. Limited [2]	Kingdom of Saudi Arabia	Logistics	**70%**	–
LBC Mabuhay Saipan Inc.	Saipan	Logistics and money remittance	**100%**	100%
LBC Aircargo (S) PTE. LTD	Singapore	Logistics	**100%**	100%
LBC Aircargo (S) PTE. LTD Taiwan Cargo branch	Taiwan	Logistics	**100%**	100%
LBC Express Airfreight (S) PTE. LTD.	Singapore	Logistics	**100%**	100%
LBC Money Transfer PTY Limited	Australia	Money remittance	**100%**	100%
LBC Australia PTY Limited	Australia	Logistics	**100%**	100%
LBC Mabuhay (Malaysia) SDN BHD.	Malaysia	Logistics	**93%**	93%
QuadX Pte. Ltd.	Singapore	Digital logistics	**86%**	86%
LBC Mabuhay (B) Sdn Bhd	Brunei	Logistics	**50%**	50%
LBC Mabuhay Remittance Sdn Bhd	Brunei	Money remittance	**50%**	50%
LBC Mundial Corporation	United States of America	Logistics and money remittance	**100%**	100%
LBC Mundial Nevada Corporation	United States of America	Logistics and money remittance	**100%**	100%
LBC Business Solutions North America Corp.	United States of America	Logistics	**100%**	100%
LBC Mabuhay North America Corporation	United States of America	Logistics and money remittance	**100%**	100%
LBC Mundial Cargo Corporation	Canada	Logistics	**100%**	100%
LBC Mabuhay Remittance Corporation	Canada	Money remittance	**100%**	100%
LBC Mabuhay Hawaii Corporation	United States of America	Logistics and money remittance	**100%**	100%
Mermaid Co., Ltd	Japan	Logistics	**100%**	100%
Blue Eagle and LBC Service Pte. Ltd. [3]	Taiwan	Employment services including remittance	**100%**	100%

Note:

1) This entity is a subsidiary of LBC Express Shipping Company WLL which owns a 49% equity interest in the entity. The Group's effective ownership is 74%.
2) LBC Express, Inc. Limited is formerly a branch, converted to Limited Liability Corporation (LLC) on December 1, 2024.
3) On September 28, 2023, the Parent Company acquired 100% equity in Blue Eagle and LBC Service Ltd. (see Note 4).

Although the Parent Company owns 49%-50% only of the voting share of LBC Express Bahrain WLL, LBC Express Shipping Company WLL, LBC Express LLC, LBC Mabuhay (B) Sdn Bhd and LBC Mabuhay Remittance Sdn Bhd, in substance it controls the said entities since: (a) the activities of the subsidiaries are being conducted on behalf of the Parent Company according to its specific business need so that the Parent Company obtains benefits from the subsidiaries' operations through a service agreement to provide courier, door-to-door, freight forwarding services for the general public; and (b) the Parent Company has the decision-making powers to obtain the majority of the benefits of the activities of the subsidiaries.

The money remittance business in the Philippines is performed by LBCE and the subsidiaries only act as service agents for LBCE.

Non-Controlling Interests

As at December 31, 2025, the Group has subsidiaries with non-controlling interests. Percentage of equity held by non-controlling interests in 2025 and 2024 are as follows:

	Country of incorporation	**2025**	2024
LBC Express Bahrain, WLL	Bahrain	**51%**	51%
LBC Express Shipping Company WLL	Kuwait	**51%**	51%
LBC Express LLC	Qatar	**26%**	26%
LBC Mabuhay (Malaysia) SDN BHD.	Malaysia	**7%**	7%
QuadX Pte. Ltd.	Singapore	**14%**	14%
LBC Mabuhay (B) Sdn Bhd	Brunei	**50%**	50%
LBC Mabuhay Remittance Sdn Bhd	Brunei	**50%**	50%
LBC Express, Inc. Limited	Kingdom of Saudi Arabia	**30%**	–

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amended standards effective beginning January 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amended standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 21, *Lack of exchangeability*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- 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*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  The new standard will have an impact on the presentation of income and expenses and additional disclosures on management-defined performance measures but will not have an impact on the recognition and measurement in the consolidated financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Fair Value Measurement

The Group measures some financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

Financial Assets and Financial Liabilities

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.



The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instrument)
This category is the most relevant to the Group. The Group measures its financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

This category generally applies to cash and cash equivalents, short-term cash investments under other current assets, electronic wallet under other current assets, trade and other receivables, due from related parties and restricted cash under other current assets.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

After initial measurement, such equity investments are subsequently measured at fair value with unrealized gains and losses recognized in OCI. Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such dividends are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

As at December 31, 2025 and 2024, the Group measures its quoted investment in share of stock at FVOCI (see Note 10).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective



hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

As at December 31, 2025 and 2024, the Group measures its investment in unquoted unit investment trust fund at FVPL (see Note 10).

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group has elected to use the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix based on loss rate approach that is based on the Group's historical credit loss experience for the past five years, adjusted for forward looking factors specific to the debtors and the economic environment (i.e., non-performing loans and gross domestic product).

For due from related parties and cash and cash equivalents, restricted cash, and other receivables, the Group applies the general approach.

The Group considers a financial asset in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of served invoices which is administrative in nature which may extend the definition of default to 180 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



The Group's financial liabilities include accounts and other payables (excluding taxes and government contribution payable), due to related parties, notes payable, transmissions liability, lease liabilities and bond payable.

Embedded Derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The Parent Company assesses whether embedded derivatives are required to be separated from the host contracts when the Parent Company first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives are bifurcated from their host contracts, when the following conditions are met:

(a) the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial assets and liabilities at FVPL;
(b) when their economic risks and characteristics are not closely related to those of their respective host contracts; and
(c) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL. Changes in fair values are included in profit or loss. The embedded derivatives of the Parent Company pertain to the equity conversion and redemption options components of the issued convertible debt instrument.

Prior to settlement, the Group's derivative liability is classified under this category (see Notes 16, 24 and 25)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.



This category generally applies to 'accounts and other payables' (except taxes and government contribution payable), 'due to related parties', 'notes payable', 'transmissions liability' and 'lease liabilities' presented in the consolidated statement of financial position.

Derecognition of Financial Assets and Financial Liabilities

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a) the rights to receive cash flows from the asset have expired, or
b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Offsetting of Financial Assets and Financial Liabilities
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting arrangements, where the related assets and liabilities are presented at gross in the statement of financial position.

Prepayments and Other Assets
Prepayments are recognized when payment has been made in advance for the purchase of goods or services for which delivery or performance has not yet occurred. This also includes advance payments of the Group to the tax authority in relation to an ongoing tax assessment. The Group recognizes the advance payments as an asset if it gives a right to receive future economic benefits in the form of a refund, or by using it to settle tax liabilities, or as tax credit in the future. Prepayments are measured at undiscounted amounts and derecognized in the consolidated statement of financial position as they expire with the passage of time, or through use and consumption.

Creditable withholding taxes (CWT) are amounts withheld from income, which are applied as credit against income taxes, subject to documentary requirements. Creditable withholding taxes that are expected to be utilized as payment for income taxes within 12 months are classified as current assets.

Materials and supplies are initially measured at the cost of purchase, which comprise the purchase price less trade discounts, rebates and other similar deductions. Materials and supplies are subsequently measured at the lower of cost and net realizable value. Cost is determined using average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies are derecognized when consumed.

Input tax represents the value-added tax (VAT) due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the tax authority for output VAT on sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit under certain circumstances against future income tax liability of the Group upon approval of



the BIR. Input tax is stated at its estimated net realizable values. Input tax also includes deferred input VAT on unpaid purchase of services which are incurred and billings which have been received as of reporting date. Noncurrent portion of input VAT represents input VAT on unpaid purchase of goods and/or services.

Short-term cash investments are time deposits with maturity of more than three months from the date of acquisition but not exceeding one year.

Guarantee fee represents advance payment to a related party for the use of its property as collateral in the Group's notes payable.

Property and Equipment
Property and equipment, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment loss.

Depreciation and amortization is calculated on a straight-line method over the following estimated useful lives of the property and equipment:

	Years
Computer hardware	3
Furniture, fixtures and office equipment	3 to 5
Transportation equipment	3 to 10
Leasehold improvements	8 years or lease term (whichever is shorter)
Building	50

Construction in progress is stated at cost. Construction in progress is not depreciated until such time as the relevant assets are completed and available for use.

The assets' residual value, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment or if constructed in a leased asset, whichever is shorter between the lease term and the useful life.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is credited to or charged against profit or loss in the year the property and equipment is derecognized.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are

reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets. The useful life of the Group's software is three to five years.

Intangible assets with indefinite useful lives, including goodwill, are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Security Deposits
Security deposits are recognized when payment has been made to suppliers which will be applied to outstanding payables of the Group on the termination of the related agreements and are recognized at cost.

Investment in Associates
An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in the associate is accounted for under the equity method of accounting. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset (i.e. prepayments and other assets except for 'short term investments' and 'restricted cash', property and equipment, intangible assets, investment in associates and right-of-use assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

Employee Benefits
The Group has a noncontributory defined retirement benefit plan. The net defined retirement benefit liability or asset is the aggregate of the present value of the defined retirement benefit liability at the end of reporting date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any

economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- service costs
- net interest on the net defined benefit liability or asset
- remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined retirement benefit liability or asset is the change during the period in the net defined retirement benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined retirement benefit liability or asset. Net interest on the net defined retirement benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined retirement benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account, "Remeasurement gains (losses) on retirement benefit plan", are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related liabilities). If the fair value of the plan assets is higher than the present value of the defined retirement benefit liability, the measurement of the resulting defined retirement benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit retirement liability is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with



the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave credits in excess of 45 days is expected to be settled wholly within twelve months after the end of the annual reporting date. Employees of certain foreign subsidiaries are also entitled to long service leaves as mandated by local laws over and above their annual leave if they work for a certain length of time which are taken on a pro-rata basis when the employee ceases to work. Earned leave credits of 45 days is recognized as a liability and settled when the employee leaves the Group subject to certain conditions (e.g. retirement or resignation).

Revenue Recognition

Revenue from contracts with customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Service revenue
The Group is in the business of logistics and money remittance which are sold separately as identified and have distinct contracts with customers.

The Group recognizes logistics revenue over time using output method wherein revenue is recognized on the basis of direct measurement of the value to the customer relative to the remaining services promised under the contract. The measurement of progress used the estimated period travelled (measured in days) of the goods being delivered over the period of the date of acceptance up to the delivery date.

Service arising from money transfer is considered to have been rendered when the principal amount of money has been transferred to the intended branch and the same is ready for withdrawal by the intended beneficiary.

Contract liability
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). A contract liability is recognized as revenue when the Group performs under the contract. This applies to deferred revenue for which the Group has received the consideration from the customer, but the logistics service has not been completely fulfilled. These are subsequently charged as service revenue over the period of delivery.

Interest income
Interest income is recognized on a time-proportion basis using the effective interest method. Interest income from bank deposits is presented net of applicable tax withheld by the banks.

Other income
Other income is recognized when earned.



Costs and Expense Recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured.

Costs and expenses are recognized in profit or loss:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets of 2 to 25 years.

The right-of-use assets are also subject to impairment. See discussion on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Short-term leases (STL) and leases of low-value assets

The Group applies the STL recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of



US$5,000 or ₱300,000 and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes

The tax expense for the period comprises of current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating losses carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences except for certain conditions. Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. Deferred tax liabilities are also not provided on taxable temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Foreign Currency-Denominated Transactions and Translations

The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. The functional currency of each entity within the Group is determined separately, and all transactions and balances included in the financial statements of each entity are measured using its respective functional currency.

The financial statements of subsidiaries whose functional currencies differ from the Group's presentation currency are translated into Philippine Peso in accordance with the Group's accounting policies. The functional currencies of these subsidiaries are set out below:

Entity	Foreign Currency
LBC Express Bahrain WLL	Bahraini Dinar
LBC Express Shipping Company WLL	Kuwaiti Dinar
LBC Express LLC	Qatari Riyal
LBC Express, Inc. Limited	Saudi Riyal
LBC Mabuhay Saipan Inc.	US Dollar
LBC Aircargo (S) PTE. LTD	Singapore Dollar
LBC Aircargo (S) PTE. LTD Taiwan Cargo branch	New Taiwan Dollar
LBC LBC Express Airfreight (S) PTE. LTD	Singapore Dollar
LBC Money Transfer PTY Limited	Australian Dollar
LBC Australia PTY Limited	Australian Dollar
LBC Mabuhay (Malaysia) SDN BHD	Malaysian Ringgit
QuadX Pte. Ltd.	US Dollar
LBC Mabuhay (B) Sdn Bhd	Brunei Dollar
LBC Mabuhay Remittance Sdn Bhd	Brunei Dollar
LBC Mundial Corporation	US Dollar
LBC Mundial Nevada Corporation	US Dollar
LBC Business Solutions North America Corp.	US Dollar
LBC Mabuhay North America Corporation	US Dollar
LBC Mundial Cargo Corporation	Canada Dollar
LBC Mabuhay Remittance Corporation	Canada Dollar
LBC Mabuhay Hawaii Corporation	US Dollar
Mermaid Co., Ltd.	Japanese Yen
Blue Eagle and LBC Service Pte. Ltd.	New Taiwan Dollar

The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances
Transactions in foreign currencies are initially recorded by the entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss except for monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially



recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group consolidation
On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Earnings Per Share ("EPS")
Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Executive Committee of the Parent Company is the Group's chief operating decision-maker. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee. The Executive Committee, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Provisions
A provision is recognized when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made on the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Events after the Reporting Date
Post year-end events up to the date when the consolidated financial statements are authorized for issue that provide additional information about the Group's position at each reporting date (adjusting



events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements, when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management believes the following represent a summary of these significant judgments, estimates and assumptions:

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Consolidation of entities in which the Group holds 50% or less than 50% ownership

LBCE has assessed that it controls the entities located in Bahrain, Kuwait, Qatar and Brunei even at 49% - 50% ownership due to the following reasons:

(a) it has the power to direct the relevant activities (e.g. operations, hiring of people, setting up of rates) of the entities. It has the full discretion on its day to day operations and decides on major transactions these entities enter into.
(b) it is exposed to variable returns of the entities.
(c) given its participation in the relevant activities of the entities, it is able to affect the returns of the entities.

Determining timing of revenue recognition and measurement of progress of performance obligation

The Group determined that the revenue for its logistics services is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance of the obligation as the Group delivers the goods.

The Group has determined that the output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in delivering the services. The measurement of progress used the estimated period travelled (measured in days) of the goods being delivered over the period of the date of acceptance up to the delivery date. The Group regularly assesses the period of delivery and revises its assumptions in determining revenue and contract liability as necessary.

Determining provisions and contingencies and recoverability of tax advance payments

The Group is currently involved in various legal proceedings and assessments for national taxes.

The estimate of the probable costs for the resolutions of these claims has been developed in consultation with outside legal and tax counsels handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings and assessments.

The Group recognizes the tax advance payments as an asset since it gives a right to receive future economic benefits, either in the form of (1) a refund, (2) or by using it to settle tax liability, (3) or as tax credit in the future. The Group assessed, in consultation with its legal counsel, that the right is not a contingent asset despite the ambiguity in tax regulations and process that governs the payment.

The Group assessed that it is probable that a portion of the tax advance will be recovered through tax credit that can be used to pay future taxes with the tax authority. The Group classified a portion of the tax advance payment to noncurrent assets considering the expected timing of usage in future periods. As of December 31, 2025 and 2024, the Group assessed that the amount is fully recoverable and there are no indicators of impairment on the recognized asset.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Assessing impairment losses on financial assets

The Group uses a provision matrix to calculate ECLs for financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., non-performing loans and gross domestic product) are expected to deteriorate over the next year which can lead to an increase in prices of basic goods and services, the historical default rates are adjusted.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions, and ECLs, which have been adjusted to consider a range of possible outcomes, is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered the current economic condition in its calculation of ECL by revisiting the propriety of customer segmentation, ensuring that the loss rates have been appropriately adjusted for forward-looking information, and revising the probability weighting rates for each macroeconomic scenario per customer segment.

Further details on the expected credit losses are disclosed in Notes 6 and 24.

Evaluating impairment of goodwill

Goodwill impairment testing requires an estimation of the recoverable amount which is the higher between fair value less cost to sell or value-in-use of the cash-generating units to which the goodwill is allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows for the cash-generating units and to choose suitable discount rates to

calculate the present value of cash flows. The Group's impairment test for goodwill discussed in Note 4 is based on value-in-use calculations using a discounted cash flow model.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the annual revenue growth rate and long-term growth rate used.

Further details on goodwill are disclosed in Note 4.

Estimating pension cost
The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and attrition. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rate of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation adjusted based on the manner of cash outflow of settling the pension liability.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increase is based on expected salary rate increase over the duration of the obligation. Attrition rate is based on historical experiences. Further details about the assumptions used are provided in Note 23.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Further details on lease liabilities are disclosed in Note 22.

Evaluation of nonfinancial assets for impairment other than goodwill
The Group reviews its nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in the asset's market value of net realizable value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

Based on management's assessment, its nonfinancial assets (such as property and equipment, right-of-use assets, intangible assets, security deposits, investment in associates and other current and noncurrent assets) are recoverable as of December 31, 2025 and 2024. Further details on the nonfinancial assets are disclosed in Notes 7, 8, 9, 11 and 22.



Recognizing deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Realization of future tax benefit related to deferred tax assets is dependent on the Group's ability to generate future taxable income during the periods in which they are expected to be recovered. The Group has considered factors in reaching a conclusion as to the amount of deferred tax assets recognized as at December 31, 2025 and 2024. Management believes that the Group will be able to generate future taxable income to allow for the realization of recognized deferred tax assets.

In 2025, the Group recognized deferred tax liabilities on taxable temporary differences related to the undistributed earnings of select foreign subsidiaries where the timing of the dividend declaration is expected to finance the payment of principal and interest of a new loan obtained from a local bank.

Further details on recognized and unrecognized deferred tax assets are disclosed in Note 21.

4. Acquisition of Subsidiary, Business Combination and Goodwill

Acquisition of Blue Eagle and LBC Services Ltd.
On September 28, 2023, the Parent Company acquired, through business combination, 100% of the capital of Blue Eagle and LBC Service Ltd., a corporation registered in Taiwan, for a total purchase price of New Taiwan Dollar (NTD) 5.00 million. This acquisition is part of the agreement entered by the Parent Company for the issuance of convertible instrument in 2017 (see Note 16).

Details of the net assets and purchase consideration follows:

Net assets attributable to Parent Company	₱27,077,464
Less: purchase consideration	8,844,000
Gain on bargain purchase	₱18,233,464

Net cash related to acquisition of the above entities as shown in the 2023 consolidated statement of cash flow amounted to ₱501,875.

The gain on bargain purchase amounting to ₱18.23 million was presented under "Other income (charges)" in the consolidated statements of comprehensive income.

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.

There were no other acquisitions and disposal of subsidiaries for the years ended December 31, 2025 and 2024.

Impairment testing of Goodwill
The Group performed its annual impairment testing of goodwill amounting to ₱252.71 million and ₱287.02 million as of December 31, 2025 and 2024, respectively, 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 and 2024 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% and 3.61% to 6.01% in 2025 and 2024, respectively, and long-term growth rate of 1.00% to 2.00% in 2025 and 2024. 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 and 2024 range from 5.70% to 12.41% and 8.04% to 13.90%, respectively. This is based on a risk adjusted discount rate using the weighted average cost of capital adjusted to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Based on the assessment of the value-in-use of the 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 (see Note 20). No impairment of goodwill was recognized in 2024 and 2023.

As of December 31, 2025 and 2024, the carrying value of goodwill amounted to ₱252.71 million and ₱287.02 million, respectively.

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱154,039,496**	₱167,493,160
Cash in banks	**1,835,212,224**	2,565,921,170
Cash equivalents	**75,062,952**	14,568
	₱2,064,314,672	₱2,733,428,898

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

Cash in banks and cash equivalents earn interest ranging from 0.05% to 5.50%, 0.06% to 2.75%, and 0.05% to 0.38%, per annum in 2025, 2024 and 2023, respectively. Interest income earned from cash and cash equivalents amounted to ₱0.92 million, ₱1.81 million, and ₱0.60 million in 2025, 2024 and 2023, respectively.

6. Trade and Other Receivables

This account consists of:

	2025	2024
Trade receivable - outside parties	**₱1,961,865,931**	₱1,985,699,950
Trace receivable - related parties (Note 18)	**382,581,338**	360,338,701
	2,344,447,269	2,346,038,651
Less allowance for impairment losses	**333,147,196**	338,223,650
	2,011,300,073	2,007,815,001
Other receivables:		
Advances to officers and employees	**115,645,909**	93,510,501
Others	**21,625,223**	25,843,181
	₱2,148,571,205	₱2,127,168,683

Trade receivables arise from sale of services related to inbound and outbound courier services handling and consolidation services with normal credit terms of 30 to 90 days. In 2023, the Group has directly written-off trade receivables from a related party amounting to ₱56.15 million (see Notes 18 and 20).

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

Others mainly consist of SSS benefit receivable to be reimbursed within a year and 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:

	2025	2024
Balance at beginning of year	**₱338,223,650**	₱257,482,114
Provision for expected credit losses (Note 20)	**39,889,611**	80,741,536
Accounts written-off and others	**(44,966,065)**	–
Balance at end of year	**₱333,147,196**	₱338,223,650

7. Prepayments and Other Assets

This account consists of:

	2025	2024
Prepayments:		
Taxes	**₱2,074,237,900**	₱2,080,621,361
Guarantee fees (Notes 15 and 18)	**128,039,630**	–
Insurance	**61,372,515**	53,672,732
Employee benefits	**24,305,897**	19,781,457
Rent	**19,561,104**	14,627,985
Transportation supplies	**6,439,031**	7,957,537
Software maintenance	**6,017,588**	5,388,171
Dues and subscriptions	**878,706**	2,994,853
Advertising	**286,339**	63,905
Others	**50,176,269**	44,409,884
Creditable withholding taxes (CWTs)	**396,837,696**	394,967,837
Materials and supplies	**196,900,207**	198,058,276
Restricted cash	**89,999,513**	180,330,339
Loans receivable (Note 12)	**72,075,846**	76,656,440
Input VAT	**59,738,874**	83,273,389
Security deposits	**41,786,091**	27,686,637
Short-term cash investments	**30,753,458**	29,710,204
Electronic wallet	**12,479,507**	15,143,278
Others	**2,778,133**	2,909,810
	3,274,664,304	3,238,254,095
Less allowance for impairment losses (Note 20)	**6,959,107**	–
	3,267,705,197	3,238,254,095
Less: noncurrent portion	**2,098,819,710**	2,093,359,358
	₱1,168,885,487	₱1,144,894,737

Details of noncurrent portion follow:

	2025	2024
Prepaid taxes	**₱1,786,734,538**	₱1,786,734,538
Creditable withholding taxes (CWTs)	**152,237,367**	242,130,536
Guarantee fees (Notes 15 and 18)	**94,000,000**	–
Loans receivable (Note 12)	**55,739,292**	62,308,929
Prepaid rent	**1,620,933**	1,769,248
Others	**8,487,580**	416,107
	₱2,098,819,710	₱2,093,359,358

Prepaid taxes include disputed tax payments which can be refunded or be used to settle specific tax liabilities, if there's any, or be used as tax credit for future tax liabilities (see Note 29). The Group assessed that it is probable that a portion of the tax advance will be recovered through tax credit that can be used to pay future taxes. Prepaid taxes also include unamortized portion of business permits.

Prepaid guarantee fee pertains to advance payments to related party guarantor to secure the loan from a local bank.

Prepaid insurance, software maintenance, transportation supplies, and advertising are payments made in advance which will be applied against future billings due within 12 months.

Prepaid employee benefits pertain to advance payments to employees which will be consumed through future employee services.

CWTs are attributable to taxes withheld by the withholding agents which are creditable against income tax payable.

Materials and supplies consist of office supplies, packing materials and official receipts to be used in the Group's operations. Materials and supplies recognized under cost of services in profit or loss in 2025, 2024 and 2023 amounted to ₱587.67 million, ₱447.53 million, and ₱655.34 million, respectively (see Note 19).

Restricted cash represents cash deposits, in the name of LBCE, with a maturity of one year and assigned to specific customers as a performance guarantee. This also includes time deposits of the Parent Company used as loan guarantee. Interest ranging from 4.30% to 5.75% and 5.00% to 6.00% in 2025 and 2024, respectively.

Short-term cash investments are time deposits with maturity of more than three months from the date of acquisition but not exceeding one year.

The interest income earned from the short-term cash investments and restricted cash amounted to ₱10.47 million, ₱10.94 million, and ₱12.23 million, in 2025, 2024 and 2023, respectively.

Input VAT is applied against output VAT. Management believes that the remaining balance is recoverable in future periods.

Loans receivable pertains to receivable of the Parent Company from Transtech Co., Ltd (see Note 12).

Security deposits pertain to lease deposits associated with terminated and expired lease contracts which are expected to be recovered within a year.

Electronic wallet represents revolving fund intended for the G-Cash wallet loading services offered by the Group.

Other prepayments pertain to advance payments to suppliers and service providers.

The noncurrent portion of prepaid rent pertains to advance payments for rental of the Group's leases of low-value assets. These payments are to be applied in the last two to three months of the lease term which is beyond 12 months after balance sheet date.

In 2025, the Group recognized allowance for impairment loss amounting to ₱6.96 million on prepayments and other assets (see Note 20).

8. Property and Equipment

The rollforward analysis of this account follows:

	2025							
	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 19 and 20)	**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**

	2024							
	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of year	₱544,846,554	₱1,712,944,342	₱480,575,069	₱911,883,344	₱1,141,380,612	₱1,031,257,734	₱9,815,434	₱5,832,703,089
Additions	1,872,751	3,110,048	5,017,524	41,906,174	–	–	39,735,541	91,642,038
Reclassifications	–	21,928,206	–	–	–	–	(21,928,206)	–
Disposals	(106,830,905)	(628,294,492)	(145,463,133)	(427,229,544)	(3,490,462)	–	(7,730,144)	(1,319,038,680)
Effect of changes in foreign currency exchange rates	6,364,965	3,333,798	1,990,072	904,018	–	–	–	12,592,853
Balances at end 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
Accumulated depreciation and amortization								
Balances at beginning of year	439,408,024	1,507,917,188	380,602,992	860,609,857	–	–	–	3,188,538,061
Depreciation (Notes 19 and 20)	38,532,017	71,232,499	40,381,182	44,195,143	22,757,803	–	–	217,098,644
Disposals	(106,652,170)	(611,482,435)	(142,300,159)	(423,217,834)	–	–	–	(1,283,652,598)
Effect of changes in foreign currency exchange rates	6,249,281	2,680,964	613,623	(1,396,726)	–	–	–	8,147,142
Balances at end of year	377,537,152	970,348,216	279,297,638	480,190,440	22,757,803	–	–	2,130,131,249
Net book value	₱68,716,213	₱142,673,686	₱62,821,894	₱47,273,552	₱1,115,132,347	₱1,031,257,734	₱19,892,625	₱2,487,768,051

Depreciation charges were recognized as follows:

	2025	2024	2023
Cost of services (Note 19)	**₱137,066,997**	₱204,680,615	₱265,292,116
Operating expenses (Note 20)	**8,867,643**	12,418,029	21,660,301
	₱145,934,640	₱217,098,644	₱286,952,417

Land with carrying amount of ₱1,031.26 million was used as collateral to secure the bank loan (see Note 15).

In 2025 and 2024, the Group disposed and retired property and equipment with carrying values of ₱42.24 million and ₱27.66 million, respectively, for a total consideration of ₱1.74 million and ₱35.90 million, respectively. The Group recognized (loss)/gain on sale and retirement of assets amounting to (₱40.50 million), ₱4.98 million and in ₱9.04 million in 2025, 2024 and 2023, respectively. This is presented under 'Others-net" in 'Other charges, in the consolidated statements of comprehensive income.

The Group has unpaid property and equipment amounting to ₱22.24 million and ₱61.13 million for 2025 and 2024, respectively (see Note 27).

There were no capitalized borrowing costs in 2025 and 2024.

There are no other property and equipment pledged as security for liabilities except for Land (see Note 15).

9. Intangible Assets

The rollforward analysis of this account follows:

	2025		
	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**

	2024		
	Software	Development in Progress	Total
Costs			
Balances at beginning of year	₱663,927,585	₱26,761,878	₱690,689,463
Additions	31,068,843	18,374,204	49,443,047
Disposal and retirement	(107,483,520)	–	(107,483,520)
Reclassification	102,500	(102,500)	–
Effect of changes in foreign currency exchange rates	4,093,395	610,250	4,703,645
Balances at end of year	591,708,803	45,643,832	637,352,635
Accumulated Amortization			
Balances at beginning of year	453,804,192	–	453,804,192
Amortization (Notes 19 and 20)	75,022,453	–	75,022,453
Disposal and retirement	(106,963,809)	–	(106,963,809)
Effect of changes in foreign currency exchange rates	3,213,648	–	3,213,648
Balances at end of year	425,076,484	–	425,076,484
Net book value	₱166,632,319	₱45,643,832	₱212,276,151

In 2017, LBCE purchased a software on a non-interest bearing long-term payment arrangement which was fully settled in 2023. Interest expense arising from the amortization of deferred interest amounted to ₱0.05 million in 2023.

Development in progress pertains to costs related to ongoing development of software, user license and implementation costs.

The Group has unpaid intangible assets amounting to ₱1.83 million and nil for 2025 and 2024, respectively.

In 2025, the Group acquired services in relation to the implementation of a new version of accounting system. Upon its completion, the Group retired the entire amount related to its previous version. There is no gain or loss on retirement of intangible assets recognized in 2025 and 2024.

There were no capitalized borrowing costs in 2025 and 2024.

Amortization charges were recognized as follows:

	2025	2024	2023
Cost of services (Note 19)	**₱392,036**	₱1,191,007	₱3,326,364
Operating expenses (Note 20)	**81,605,594**	73,831,446	70,478,102
	₱81,997,630	₱75,022,453	₱73,804,466

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

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

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

Movements of the investments at FVPL and FVOCI follow:

FVPL	**2025**	2024
Balance at beginning of year	**₱2,360,759**	₱2,263,568
Unrealized fair value gain during the year	**109,033**	97,191
Balance at end of year	**₱2,469,792**	₱2,360,759

FVOCI	**2025**	2024
Balance at beginning of year	**₱99,480,637**	₱191,158,872
Unrealized fair value loss during the year	**(21,456,608)**	(91,678,235)
Balance at end of year	**₱78,024,029**	₱99,480,637

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

Movement in unrealized loss on investment at FVOCI follow:

	2025	2024
Balance at beginning of year	**(₱164,631,125)**	(₱72,952,890)
Unrealized loss during the year from quoted investments	**(21,456,608)**	(91,678,235)
Balance at end of year (Note 17)	**(₱186,087,733)**	(₱164,631,125)

11. Investment in Associates

Investment in Terra Barbaza Aviation, Inc. (TBAI)
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 December 31, 2025 and 2024. 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:

	2025	2024
Costs		
Balances at beginning and end of year	**₱79,809,022**	₱79,809,022
Accumulated Equity on Net Earnings		
Balances at beginning of year	**11,251,681**	2,408,713
Equity share in net earnings (losses)	**(4,025,585)**	8,842,968
Balances at end of year	**7,226,096**	11,251,681
Carrying Value	**₱87,035,118**	₱91,060,703

The summarized statements of financial position of TBAI follows:

	2025	2024
Current assets	**₱84,848,044**	₱98,764,744
Noncurrent assets	**398,242,961**	408,589,267
Current liabilities	**(6,394,300)**	(13,395,197)
Noncurrent liabilities	**(36,873,025)**	(37,878,024)
Equity	**439,823,680**	456,080,790
Less: total preferred shares	**(286,058,916)**	(286,058,916)
Sub-total	**153,764,764**	170,021,874
Proportion of Group's ownership	**24.762%**	24.762%
Group's share in identifiable asset	**38,075,231**	42,100,816
Group's share on preferred shares	**49,436,988**	49,436,988
Implied goodwill	**(477,101)**	(477,101)
Carrying amount of the investment	**₱87,035,118**	₱91,060,703

The summarized statement of comprehensive income of TBAI follows:

	2025	2024
Revenue	**₱71,635,592**	₱99,577,885
Cost and expenses	**87,892,701**	63,866,035
Net income (loss)	**(₱16,257,109)**	₱35,711,850
Group's share in total comprehensive income (loss)	**(₱4,025,585)**	₱8,842,968

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:

	2025	2024
Costs		
Balances at beginning and end of year	**₱227,916,452**	₱227,916,452
Accumulated Equity on Net Earnings		
Balances at beginning of year	**47,345,117**	40,809,602
Equity share in net earnings	**35,654,952**	36,535,515
Less dividend income (Note 18)	**(33,000,000)**	(30,000,000)
Balances at end of year	**50,000,069**	47,345,117
Other Comprehensive Income		
Balances at beginning of year	**3,613,333**	4,625,826
Equity share in other comprehensive income	**36,065**	(1,012,493)
Balances at end of year	**3,649,398**	3,613,333
Carrying Value	**₱281,565,919**	₱278,874,902

The summarized statements of financial position of OFII follows:

	2025	2024
Current assets	**₱653,085,981**	₱619,467,749
Noncurrent assets	**166,932,128**	196,606,554
Current liabilities	**(224,875,327)**	(223,988,556)
Noncurrent liabilities	**(97,788,051)**	(103,701,073)
Equity	**497,354,731**	488,384,674
Proportion of Group's ownership	**30.00%**	30.00%
Group's share in identifiable asset	**149,206,419**	146,515,402
Implied goodwill	**132,359,500**	132,359,500
Carrying amount of the investment	**₱281,565,919**	₱278,874,902

The summarized statement of comprehensive income of OFII follows:

	2025	2024
Revenue	**₱967,386,980**	₱933,381,150
Cost and expenses	**848,537,138**	811,596,100
Net income	**118,849,842**	121,785,050
Other comprehensive income	**120,216**	(3,374,977)
Total comprehensive income	**118,970,058**	118,410,073
Group's share in total comprehensive income	**₱35,691,017**	₱35,523,022

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 2025 and 2024, OFII declared dividends amounting to ₱33.00 million and ₱30.00 million, respectively (see Note 18).

No impairment loss was recognized for the investment in associates in 2025 and 2024.

12. Loans Receivables and Trademark Agreement with Transtech

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

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

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

In 2025, 2024 and 2023, LBCH incurred royalty fees amounting to ₱7.20 million, ₱7.18 million, and ₱6.96 million, respectively. The related payable was offset to LBCH's interest receivable and loan receivable from Transtech amounting to ₱1.49 million and ₱5.71 million, respectively in 2025 and to ₱1.65 million and ₱5.53 million, respectively in 2024. Effect of foreign currency exchange rate related to interest receivable and loan receivable amounted to (₱1.13 million), ₱1.43 million and ₱2.14 million in 2025, 2024 and 2023, respectively.

Loans receivable as at December 31, 2025 and 2024 is as follows:

	2025	2024
Current portion*	**₱16,336,554**	₱14,347,511
Noncurrent portion**	**55,739,292**	62,308,929
	₱72,075,846	₱76,656,440

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

Interest income earned amounted to ₱1.49 million, ₱1.65 million, and ₱1.75 million, in 2025, 2024, and 2023, respectively.

13. Accounts and Other Payables and Other Noncurrent Liabilities

This account consists of:

	2025	2024
Trade payable - outside parties	**₱1,191,387,524**	₱1,487,433,293
Trade payable - related parties (Note 18)	**14,009,050**	35,542,042
Accruals:		
Salaries, wages and other benefits	**255,877,829**	346,688,822
Claims	**110,361,531**	201,867,232
Taxes	**90,569,168**	96,122,244
Rent and utilities	**89,047,272**	114,258,130
Contracted jobs	**86,259,906**	81,312,503
Advertising	**45,179,669**	40,833,849
Software maintenance	**34,185,298**	25,943,477
Professional fees	**33,888,898**	29,065,510
Outside services	**15,713,963**	21,126,291
Others	**48,123,878**	50,065,050
Taxes payable	**767,050,128**	644,568,764
Contract liabilities	**303,949,758**	248,208,450
Government agencies contributions payables	**42,396,156**	39,968,667
Others	**42,457,111**	55,299,957
	₱3,170,457,139	₱3,518,304,281

Trade payable and accrued expenses arise from regular transactions with suppliers and service providers. These are noninterest-bearing and are normally settled on one to 60-day term.

Accrued salaries and wages pertain to unpaid salaries including other employee benefits payable within one year.

Software maintenance cost includes fees related to an enterprise agreement in which the Group incurred interest expense amounting to ₱0.84 million and ₱1.12 million for 2025 and 2024, respectively.

Other accruals mainly pertain to liabilities of the Group related to operations which are awaiting actual billings from suppliers (except for taxes).

Taxes payable mainly include withholding taxes on payment to suppliers and employees' compensation which are settled on a monthly basis and deferred output VAT on uncollected receivables from VATable sales and withholding taxes on dividends paid by subsidiaries.

Contract liabilities pertain to payments received in advance from customers for services which have not yet been performed and are expected to be realized within the year.

Government agencies contribution payable pertains to monthly required remittances to government agencies such as SSS, Pag-IBIG and PhilHealth.

Other payables include employees' salary loan deductions payable to third parties and payables arising from expenses incurred in relation to transactions with nontrade suppliers.

Other noncurrent liabilities, amounting to ₱102.78 million and nil as of December 31, 2025 and 2024, respectively, pertains to accumulated other employee benefits that are expected to be paid upon resignation or retirement.

14. Transmissions Liability

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

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 ₱521.83 million (₱4.35 million of which is payable to an affiliate) and ₱684.86 million (₱8.95 million of which is payable to an affiliate) as at December 31, 2025 and 2024, respectively (see Note 18).

15. Notes Payable

The Group has outstanding notes payable to various local banks. The details of these notes as at December 31, 2025 and 2024 are described below:

	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

(Forward)

	Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
			December 31, 2025			
	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
	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	Oct 2021	42,375,000	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
d.	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
e.	Banco de Oro	Sep 2025	20,000,000	Mar 2026	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
f.	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
g.	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
p.	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

(Forward)

		December 31, 2025				
Bank		**Date of Availment**	**Outstanding Balance**	**Maturity**	**Interest Rate**	**Terms**
s.	**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.**
t.	**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**
u.	**Banco de Oro**	**Aug 2025**	**4,676,357,338**	**Aug 2035**	**6.25%, subject to repricing**	**With mortgage; Interest payable every month and principal payable semi-annually**
Total			**₱5,969,159,714**			
Current portion			**₱1,074,354,992**			
Noncurrent portion			**₱4,894,804,722**			

		December 31, 2024				
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
a.	Unionbank of the Philippines	Aug 2021	₱193,398,052	Aug 2026	7.12%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2021	12,500,880	Dec 2031	8.21%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Feb 2022	13,919,015	Dec 2031	8.18%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Mar 2022	21,915,815	Dec 2031	8.18%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2022	18,376,185	Dec 2031	7.15%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2022	19,363,077	Dec 2031	8.18%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2022	13,679,077	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2022	4,434,769	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Oct 2022	8,782,421	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Nov 2022	5,705,368	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jan 2023	51,814,378	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jan 2023	36,935,027	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter

(*Forward*)

	Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
			December 31, 2024			
	Unionbank of the Philippines	Mar 2023	₱47,908,000	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2023	30,247,000	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2023	24,360,000	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jun 2023	43,012,800	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2023	64,380,000	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2023	5,297,315	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Jul 2023	4,054,470	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Aug 2023	47,258,331	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Sep 2023	60,447,895	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2023	43,902,490	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Dec 2023	48,582,892	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	Apr 2024	4,771,406	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
	Unionbank of the Philippines	May 2024	7,661,613	Dec 2031	8.19%, subject to repricing	With mortgage; Interest and principal payable every quarter
b.	Unionbank of the Philippines	Aug 2024	6,100,000	Feb 2025	9.00%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
c.	Banco de Oro	Oct 2021	127,125,000	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
d.	Banco de Oro	Sep 2024, Nov 2024	100,000,000	Mar 2025, May 2025	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
e.	Banco de Oro	Oct 2024	20,000,000	Mar 2025	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
f.	Banco de Oro	Oct 2024	45,000,000	Apr 2025	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date

(Forward)



	Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
			December 31, 2024			
g.	Banco de Oro	Nov 2024	₱125,000,000	May 2025	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
h.	Banco de Oro	Nov 2024	10,000,000	Mar 2025	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
i.	Rizal Commercial Banking Corporation	Apr 2024	115,304,000	Apr 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
j.	Rizal Commercial Banking Corporation	May 2024	10,600,000	May 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
k.	Rizal Commercial Banking Corporation	May 2024	64,996,000	May 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
l.	Rizal Commercial Banking Corporation	Jun 2024	7,290,000	Jun 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
m.	Rizal Commercial Banking Corporation	Mar 2024	24,300,000	Mar 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
n.	Rizal Commercial Banking Corporation	Jun 2024	21,800,000	Jun 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
o.	Rizal Commercial Banking Corporation	Jun 2024	22,000,000	Jun 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
p.	Rizal Commercial Banking Corporation	Dec 2024	96,691,000	Jan 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
q.	Rizal Commercial Banking Corporation	May 2024	19,000,000	May 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
r.	Rizal Commercial Banking Corporation	Dec 2024	16,777,861	Jan 2025, Feb 2025	8.00%, subject to repricing	AR Assignment, Interest deducted in full, Principal payable upon maturity
s.	Banco de Oro	Oct 2024	200,000,000	Oct 2025	6.63%, subject to repricing	Clean; Interest payable every month, Principal amount of P50M due on the 6th month and every 2 months thereafter. Interest payable monthly
t.	Unionbank of the Philippines	Dec 2024	50,000,000	Jun 2025	9.00%, subject to repricing	Clean; Interest payable every quarter, principal payable upon maturity
	Total		₱1,914,692,137			
	Current portion		₱1,238,540,861			
	Noncurrent portion		₱676,151,276			

a. In 2020, the Company availed a 5-year interest bearing loan from 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 ₱110.51 million in 2025 and 2024, each year. As of November 30, 2025, the outstanding amount of loan is ₱82.88 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 ₱14.61 million in 2025 and 2024, 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 2025 and 2024 amounted to ₱2.00 million, respectively.

In 2023, additional availments were made in an aggregate amount of ₱509.30 million and settled ₱70.10 million in 2025 and 2024, respectively.

In 2024 and 2025, additional availments were made in an aggregate amount of ₱118.70 million and ₱63.59 million, respectively. Settlements made in 2025 and 2024 amounted to ₱1.71 million and ₱13.78 million, respectively.

On August 28, 2025, additional availment was made in the amount of ₱63.59 million and settled ₱2.54 million in 2025.

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 with maturity date of January 2026.

c. The Notes Facility Agreement entered into by LBCE with Banco De Oro (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. Settlements made in 2025 and 2024 amounted to ₱84.75 million, respectively.

On April 15, 2021, the Board of Directors of LBCH approved to guarantee the loan and allowed to hold out its time deposit. The current amount of time deposit as of December 31, 2025 is ₱49.21 million. Such guarantee shall substitute the existing real estate mortgage on the affiliate's real estate properties as security.

d. 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, and September 2024, the loan was rolled over at the amount of ₱90.00 million. The maturity date is in March 2025. 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, April 2024, November 2024, March 2025, May 2025, September 2025 and November 2026. The maturity dates are in May 2026 and March 2026.

e. 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, and September 2025 with maturity date in March 2026.

f. 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 and October 2025 with maturity date in April 2026.

g. 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, it was rolled at the amount of ₱115.00 million with maturity date in May 2026. Settlements made in 2025 amounted to ₱10.00 million.

h. On May 31, 2022, LBCE availed six-month loan with BDO amounting to ₱10.00 million in aggregate to finance working capital requirement. This was rolled over in November 2022, May 2023, November 2023, May 2024 and November 2024 with maturity date in March 2025. This was fully settled in 2025.

i. On April 21, 2021, LBCE availed a short-term interest-bearing loan with Rizal Commercial Banking Corporation (RCBC) amounting to ₱176.00 million to finance its working capital requirements. This was rolled over in October 2021 and April 2022 with maturity date in April 2023. It was further rolled over at the amount of ₱128.30 million and ₱103.77 million with maturity date of April 2024 and November 2025, respectively. This was fully settled in 2025. Settlements made in 2025 and 2024 amounted to ₱115.30 million and ₱13.00 million, respectively.

j. In November 2023, LBCE availed a short-term interest-bearing loan with Rizal Commercial Banking Corporation (RCBC) amounting to ₱11.80 million to finance working capital. ₱10.60 million was rolled over in May 2024 with settlement date of May 2025. It was further rolled over in May 2025 with maturity date of November 2025. This was fully settled in 2025. Total amount paid in 2025 and 2024 amounted to ₱10.6 million and ₱1.20 million, respectively.

k. On November 18, 2022, LBCE availed a short-term loan with RCBC amounting to ₱100.44 million to finance other capital expenditures with maturity in May 2023. This was rolled over in May 2023, November 2023, May 2024 and May 2025 with maturity date of November 2025. This was fully settled in 2025. Total amount paid in 2025 and 2024 amounted to ₱65.00 million and ₱7.30 million, respectively.

l. On December 21, 2022, LBCE availed six-month loan with RCBC amounting to ₱10.00 million in aggregate to finance working capital requirement. This was rolled over in June 2023, December 2023, June 2024, June 2025 with maturity date of December 2025. This was fully settled in 2025. Settlements in 2025 and 2024 amounted to ₱7.29 million and ₱1.71 million, respectively.

m. On March 24, 2022, LBCE availed one-year loan with RCBC amounting to ₱30.00 million in aggregate to finance working capital requirement. In March 2023 and March 2024, it was rolled over at the amount of ₱27.00 million for another year. In May 2025, it was rolled over in the amount of ₱21.87 million with maturity date of November 2025. This was fully settled in 2025. Total amount paid in 2025 and 2024 amounted to ₱24.30 million and ₱2.70 million, respectively.

n. On June 10, 2023, LBCE availed a short-term loan interest bearing with RCBC amounting to ₱24.30 million to finance working capital. This was rolled over in June 2024 and June 2025 with outstanding balance amounting to ₱21.80 million and maturity date of December 2025. This was fully settled in 2025. Settlements made in 2025 and 2024 amounted to ₱21.80 million and ₱2.50 million, respectively.

o. On June 14, 2023, LBCE availed a short-term loan interest bearing with RCBC amounting to ₱27.30 million to finance working capital. This was rolled over in December 2023, June 2024 and June 2025 with outstanding balance amounting to ₱22.50 million and maturity date of November 2025. This was fully settled in 2025. Settlements made in 2025 and 2024 amounted to ₱22.00 million and ₱2.50 million, respectively.

p. 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.

q. On May 22, 2024, LBCE availed a one-year loan interest bearing with RCBC amounting to ₱19.00 million to finance working capital. This was fully settled in 2025.

r. In December 2024, LBCE availed short-term loans interest bearing with RCBC amounting to ₱16.77 million to finance working capital with maturity dates in January 2025 and February 2025. The loan is secured by accounts receivable amounting to ₱200.00 million. This was fully settled in 2025.

s. 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.

t. 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 and December 2025 with maturity date of June 2026.

u. 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 ₱16.00 million in 2025.

Interest expense amounted to ₱245.46 million, ₱159.57 million, and ₱108.79 million, in 2025, 2024 and 2023, respectively.

The loans were used primarily for working capital requirements and are not subject to any loan covenants with exception to the matters discussed above. As of December 31, 2025 and 2024, the Group is compliant with its debt covenants.

Movements in the notes payable account are as follows:

	2025	2024
Balance at beginning of year	**₱1,914,692,137**	₱2,322,661,373
Availments	**4,843,910,878**	1,440,802,109
Payments	**(789,443,301)**	(1,848,771,345)
Balance at end of year	**₱5,969,159,714**	₱1,914,692,137

The maturity analysis of the notes payable follows:

	December 31, 2025	**Interest rate**	December 31, 2024	Interest rate
Due 2025	**₱–**	**–**	₱1,238,540,861	6.625%-9.00%
Due 2026	**1,074,354,992**	**6.25-8.25%**	234,057,136	6.625%-8.21%
Due 2027	**543,493,790**	**6.25-7.47%**	88,418,828	6.625%-8.21%
Due 2028	**543,493,790**	**6.25-7.47%**	88,418,828	6.625%-8.21%
Due 2029	**593,493,790**	**6.25-7.47%**	88,418,828	6.625%-8.21%
Due 2030	**3,095,451,128**	**6.25-7.47%**	88,418,828	6.625%-8.21%
Due 2031	**118,872,224**	**6.25-7.47%**	88,418,828	6.625%-8.21%
	₱5,969,159,714		₱1,914,692,137	

16. **Convertible Instrument**

This account consists of:

	2025	2024
Derivative liability		
Balances at beginning of year	**₱2,528,532,365**	₱2,030,069,446
Fair value loss on derivative	**66,880,573**	218,344,697
Modification of maturity date	**–**	280,118,222
Loss on redemption	**4,708,473**	–
Redemption	**(2,600,121,411)**	–
Balances at end of year	**₱–**	₱2,528,532,365
Bond payable		
Balances at beginning of year	**₱2,065,585,876**	₱1,979,740,743
Accretion of interest	**187,020,306**	319,594,107
Amortization of issuance cost	**–**	1,049,271
Modification of maturity date	**–**	(324,302,338)
Unrealized foreign exchange (gain) loss	**(24,520,236)**	89,504,093
Redemption	**(2,228,085,946)**	–
Balances at end of year	**₱–**	₱2,065,585,876

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

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

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

The Parent Company also has full or partial right to convert the shares subject to various conditions including pre-approval of the PSE of the listing of the conversion shares and other conditions to include closing sale price and daily trading volume of common shares trading on the Principal Market and upon plan of offering, placement of shares or similar transaction with common share price at a certain minimum share price. On August 9, 2021, the Parent Company's stockholders approved the issuance of common shares for potential exercise of conversion rights.

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

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

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

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

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

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

The determination and calculation of the foregoing financial ratios are based on the agreement and interpretation of relevant parties subject to the terms of the convertible instrument. The Group is in compliance with the above covenants as at December 31, 2024, the latest Relevant Period subsequent to the issuance of the convertible instrument and prior to the final settlement. Relevant period means each period of twelve (12) months ending on the last day of the Parent Company's financial year.



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

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

b. On various dates, the Parent Company entered into the following transactions for the acquisition of certain overseas entities:

   i. Effective January 1, 2019, the Parent Company was granted the regulatory approvals on the purchase of the following entities under LBC USA Corporation:

      - LBC Mundial Corporation (LBC Mundial) which operates as a cargo and remittance company in California. The Parent Company purchased 4,192,546 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation.
      - LBC Mabuhay North America Corporation (LBC North America) which operates as a cargo and remittance company in New Jersey. The Parent Company purchased 1,605,273 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation.

   ii. Effective July 1, 2019, the Parent Company's purchase of LBC Mabuhay Hawaii Corporation, who operates as a cargo and remittance company in Hawaii, was completed upon the approval by the US regulatory bodies. The Parent Company purchased 1,536,408 shares or 100% of the total outstanding shares from LBC Holdings USA Corporation.

   iii. On March 7, 2018, the Parent Company acquired 100% ownership of LBC Mabuhay Saipan, Inc. (LBC Saipan) for a total purchase price of US $207,652 or ₱10.80 million.

   iv. On June 27, 2018, the BOD of the Parent Company approved the purchase of shares of some overseas entities. The acquisition is expected to benefit the Parent Company by contributing to its global revenue streams. On the same date, the SPAs were executed by the Group and Jamal Limited, as follow:

      - LBC Aircargo (S) PTE. LTD. which operates as a cargo branch in Taiwan. The Parent Company purchased 94,901 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US $146,013;
      - LBC Money Transfer PTY Limited which operates as a remittance company in Australia. The Parent Company purchased 10 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US $194,535;
      - LBC Express Airfreight (S) PTE. LTD. which operates as a cargo company in Singapore. The Parent Company purchased 10,000 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US $2,415,035; and
      - LBC Australia PTY Limited which operates as a cargo company in Australia. The Parent Company purchased 223,500 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US $1,843,149.

   v. On August 15, 2018, the Parent Company approved the acquisition of 92.5% equity ownership of LBC Mabuhay (Malaysia) SDN BHD (LBC Malaysia) for a total purchase price of $461,782 or ₱24.68 million.

vi. On October 15, 2018, the Parent Company acquired the following overseas entities:

- LBC Mabuhay Remittance Sdn. Bhd. which operates as a remittance company in Brunei. The Parent Company purchased one (1) share which represents 50% equity interest at the subscription price of US $557,804 per share.
- LBC Mabuhay (B) SDN BHD which operates as a cargo company in Brunei. The Parent Company acquired 50% of LBC Mabuhay (B) SDN BHD for a total purchase price of US $225,965.

vii. On September 28, 2023, the Parent Company acquired 100% equity in Blue Eagle and LBC Service Ltd., a corporation organized under the Republic of China (Taiwan) for NTD 5.00 million.

Upon completion of the acquisitions discussed in (i) to (vii) 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. 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 original 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 Stated 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 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 $39.0 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.



17. **Equity**

Capital Stock
As of December 31, 2025 and 2024, the details of the Parent Company's capital stock follow:

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

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

	Number of shares registered	Issue/ Offer price	Date of approval	Number of holders as of yearend
At January 1, 2015	40,899,000	₱1/share		
Add: Additional issuance	1,384,966,471	₱1/share	July 22, October 16 and October 21, 2015	
December 31, 2015-2016	1,425,865,471			485
Add: Movement	–			1
December 31, 2017	1,425,865,471			486
Add: Movement	–			1
December 31, 2018-2021	1,425,865,471			487
Less: Movement	–			2
December 31, 2022-2023	1,425,865,471			485
Less: Movement	–			–
December 31, 2023-2024	1,425,865,471			485
Less: Movement	–			–
December 31, 2024-2025	1,425,865,471			485

Retained earnings
The unappropriated retained earnings include accumulated equity in undistributed net earnings of the consolidated subsidiaries which amounted to ₱1,236.14 million, ₱1,282.91 million, and ₱850.51 million as of December 31, 2025, 2024 and 2023, respectively. These are not available for dividend declaration until declared by the BOD of the respective subsidiaries.

In accordance with the Revised Securities Regulation Code Rule 68, the Parent Company has no retained earnings available for dividend declaration as of December 31, 2025.

Cash dividends
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.

On May 4, 2023, the BOD of LBC Express Shipping Company WLL (Kuwait) declared cash dividends of KWD 200 per common share. The record date of entitlement to the said cash dividend is on November 30, 2022. This was paid in May 2023 which amounted to ₱3.75 million of which ₱1.91 million is attributed to noncontrolling interest.

No dividends were declared in 2024.

Accumulated comprehensive income (loss)
Details of accumulated comprehensive income (loss) as at December 31 follow:

	2025	2024	2023
Remeasurement gain on retirement benefit plan, net of tax (Note 23)	**₱221,194,737**	₱242,169,521	₱248,664,798
Unrealized fair value loss on investment at FVOCI (Note 10)	**(186,087,733)**	(164,631,125)	(72,952,890)
Share in other comprehensive income of an associate (Note 11)	**3,649,398**	3,613,333	4,625,826
Currency translation gain, net of tax	**39,370,755**	7,488,123	33,024,728
	₱78,127,157	₱88,639,852	₱213,362,462
Accumulated comprehensive loss attributable to:			
Controlling interest	**₱78,439,423**	₱90,918,199	₱215,287,092
Non-controlling interest	**(312,266)**	(2,278,347)	(1,924,630)
	₱78,127,157	₱88,639,852	₱213,362,462

18. Related Party Transactions

In the normal course of business, the Group transacts with related parties consisting of its ultimate parent, LBCDC and affiliates. Affiliates include those entities in which the owners of the Group have ownership interests outside the Group. These transactions include royalty, delivery, service and management fees and loans and 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 as at and for the years ended December 31 follow:

	2025			
	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)	**₱92,522,862**	**₱382,581,338**	**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	**₱551,589**	**₱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	**29,521,128**	**89,274,372**	**Noninterest-bearing; due and demandable**	**Unsecured**
b.) Expense reimbursements	**3,247,035**	**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		

(*Forward*)

	2025			
	Amount/Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Dividend receivable				
f.) Associate (Note 11)	**₱33,000,000**	**₱–**	**Noninterest-bearing; due and demandable**	**Unsecured**
Due to related parties (Trade payables)				
Ultimate Parent Company				
c.) Royalty fee (Note 13)	**₱–**	**(₱129,109)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Associate				
d.) Sea freight and brokerage (Note 13)	**582,022,255**	**(13,879,941)**	**Noninterest-bearing; due and demandable**	**Unsecured**
		(₱14,009,050)		
Due to a related party (Non-trade payables)				
Ultimate Parent Company				
g.) Guarantee fee	**₱16,000,152**	**(₱15,752,371)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Entities under common control				
b.) Payable under regular trade agreement	**49,139,446**	**(4,676,737)**	**Noninterest-bearing; due and demandable**	**Unsecured**
Officer				
b.) Advances	–	**(524,565)**	**Noninterest-bearing; due and demandable**	**Unsecured**
		(₱20,953,673)		
Due to a related party (Transmissions liability)				
Subsidiaries - under common control				
a.) Money remittance payable (Note 14)	**₱466,841,855**	**(₱4,353,178)**	**Noninterest-bearing; due and demandable**	**Unsecured**

	2024			
	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)	₱105,737,420	₱360,338,701	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	₱398,642	₱1,018,714,525	Noninterest-bearing; due and demandable	Unsecured
Entities under common control				
b.) Advances	–	7,545,048	Noninterest-bearing; due and demandable	Unsecured
b.) Receivable under regular trade agreements	17,690,424	67,811,338	Noninterest-bearing; due and demandable	Unsecured
b.) Expense reimbursements	4,730,693	27,995,638	Noninterest-bearing; due and demandable	Unsecured
Beneficial Owners				
b.) Advances	–	37,709,077	Noninterest-bearing; due and demandable	Unsecured
		₱1,159,775,626		
Dividend receivable				
f.) Associate (Note 11)	₱30,000,000	₱–	Noninterest-bearing; due and demandable	Unsecured

	2024			
	Amount/Volume	Receivable (Payable)	Terms	Conditions
Due to related parties (Trade payables)				
Ultimate Parent Company				
c.) Royalty fee (Note 13)	₱–	(₱128,915)	Noninterest-bearing; due and demandable	Unsecured
Associate				
d.) Sea freight and brokerage (Note 13)	607,746,956	(35,413,127)	Noninterest-bearing; due and demandable	Unsecured
		(₱35,542,042)		
Due to a related party (Non-trade payables)				
Entities under common control				
b.) Payable under regular trade agreement	₱31,145,139	(₱10,214,364)	Noninterest-bearing; due and demandable	Unsecured
Officer				
b.) Advances	–	(507,531)	Noninterest-bearing; due and demandable	Unsecured
		(₱10,721,895)		
Due to a related party (Transmissions liability)				
Subsidiaries - under common control				
a.) Money remittance payable (Note 14)	₱535,938,108	(₱8,947,731)	Noninterest-bearing; due and demandable	Unsecured

Compensation of Key Management Personnel:

	2025	2024
Salaries and wages	**₱118,967,874**	₱119,855,340
Retirement benefits (Note 23)	**18,031,625**	21,081,137
Other short-term employee benefits	**6,380,235**	6,125,999
	₱143,379,734	₱147,062,476

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 charges penalties to affiliates that fail to pay within 30 calendar days upon receipt of billings from LBCE. The amount is recognized by the Group as penalty income and is equivalent to 1/10 of 1% of the total amount of unpaid receivable due per day of delay. No penalty income was recognized in 2025 and 2024.

   Accordingly, the Group is also charged penalties by its affiliates for the Group's failure to meet the maximum period of delivery as contained in the service level agreement. There are no claims and losses recognized in both years.

   In 2023, a related party ceased its operation and the Group has directly written-off trade receivables from the related party amounting to ₱56.15 million.

   Allowance for impairment loss recognized amounted to nil and ₱9.21 million as of December 31, 2025 and 2024, respectively.

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 has outstanding advances of ₱295.00 million to LBC Development Bank, an entity under common control of LBCDC. In 2011, management assessed that these advances are not recoverable. Accordingly, the said asset was written-off from the books in 2011 (see Note 29).

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

On July 1, 2019, LBCE sold all its QUADX shares to LBCDC for ₱186.02 million, payable no later than two years from the date of sale, subject to any extension as may be agreed in writing by the parties. On the same date, LBCE, LBCDC and QUADX Inc. entered into a Deed of Assignment of Receivables whereas LBCE agreed to assign, transfer and convey its receivables from QUADX as of March 31, 2019 amounting to ₱832.64 million to LBCDC which shall be paid in full, from time to time starting July 1, 2019 and no later than two years from the date of the execution of the Deed, subject to any extension as may be agreed in writing by LBCE and LBCDC. In July 2021, LBCE and LBCDC entered into amended agreements to extend the payment of consideration for the sale of QUADX shares and the Assignment of Receivables to a date no later than two years from the amendment. Subsequently, this was further extended for an additional two years in 2023. In July 2025, the receivable become 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. As of December 2025, and 2024 the remaining balance of royalty fee amounted to ₱129,109 and ₱128,915, respectively.

d. In the normal course of business, LBCE acquires services from OFII which include sea freight and brokerage mainly for the cargoes coming from international origins. These expenses are billed to the origins at cost.

e. In November 2011, LBC Mundial Corporation paid-off LBC Holdings USA Corporation’s outstanding mortgage loan which is consolidated into a long-term promissory note amounting to $1,105,148 at 4% interest, payable in 180 equal monthly installments. As of December 31, 2023, total outstanding notes receivable amounted to ₱15.31 million, ₱10.45 million of which is presented as noncurrent under “Other noncurrent assets”. This note was fully collected in 2024. Interest income earned from notes receivable amounted to nil, ₱0.30 million, and ₱0.72 million in 2025, 2024 and 2023, respectively.



f. On June 11, 2025 and June 26, 2024, LBCH recognized cash dividend from OFII amounting to ₱33.00 million and ₱30.00 million, respectively, for its 30% interest on OFII.

g. 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 ten 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 ₱128.04 million, of which ₱94.00 million 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 ₱16.00 million in 2025.

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

19. Cost of Services

This account consists of:

	2025	2024	2023
Cost of delivery and remittance	**₱3,907,720,528**	₱4,106,612,062	₱4,264,749,929
Salaries, wages and employee benefits	**3,255,160,504**	3,317,388,311	3,354,282,170
Utilities and supplies (Note 7)	**1,093,803,331**	1,183,400,717	1,282,095,388
Depreciation and amortization (Notes 8, 9 and 22)	**865,623,999**	1,015,315,066	1,217,080,358
Rent (Note 22)	**497,681,613**	449,820,275	386,830,311
Contracted services	**484,419,589**	462,455,596	385,996,126
Repairs and maintenance	**223,548,116**	193,488,787	181,348,542
Transportation and travel	**159,128,487**	152,136,106	150,242,949
Insurance	**116,994,823**	120,667,624	97,846,344
Retirement benefit expense (Note 23)	**103,394,011**	101,926,024	87,289,558
Software subscriptions	**11,355,975**	14,309,026	12,806,497
Others	**49,629,640**	54,072,911	47,664,024
	₱10,768,460,616	₱11,171,592,505	₱11,468,232,196

Others pertain to bank charges, bank service fees related to remittances, restoration, and demolition of closed branches.

20. Operating Expenses and Foreign Exchange Gains (Loses) - net

Operating expenses consist of:

	2025	2024	2023
Salaries, wages and employee benefits	**₱630,522,997**	₱619,028,589	₱587,426,288
Professional fees	**265,343,852**	212,054,134	131,242,650
Commissions	**264,351,969**	270,349,711	249,690,635
Taxes and licenses	**217,843,053**	226,050,631	196,753,929
Advertising and promotion	**179,131,444**	183,846,992	203,750,053
Depreciation and amortization (Notes 8, 9 and 22)	**155,815,260**	151,173,159	168,379,448
Dues and subscriptions	**137,157,482**	120,008,961	153,336,349
Utilities and supplies	**130,522,276**	151,377,497	208,665,638
Travel and representation	**111,140,064**	108,637,232	109,912,380
Contracted services	**109,980,652**	131,820,223	122,758,882
Provisions (Notes 4, 6, 7 and 29)	**81,161,613**	80,741,536	105,011,631
Software maintenance costs	**78,988,772**	73,496,900	105,525,497
Retirement benefit expense (Note 23)	**43,984,343**	39,417,026	38,570,885
Losses	**29,329,288**	5,658,743	22,236,595
Insurance	**23,535,206**	24,347,001	22,761,992
Donations	**12,740,887**	12,115,513	7,494,750
Rent (Note 22)	**7,380,024**	10,861,699	12,840,997
Royalty (Note 12)	**7,201,961**	7,183,778	6,956,506
Repairs and maintenance	**6,052,107**	5,375,043	5,608,741
Others	**34,612,336**	25,262,146	31,365,261
	₱2,526,795,586	₱2,458,806,514	₱2,490,289,107

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

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

	2025	2024	2023
Advances to affiliates – net	**₱45,463,223**	₱38,771,870	₱4,865,987
Bond payable and redemption payable	**24,520,236**	(89,504,093)	37,972,495
Cash and cash equivalents	**10,219,377**	43,077,961	17,781,653
Trade payable	**1,025,873**	(2,909,468)	1,756,048
Loans receivable	**(1,131,026)**	1,430,208	(2,305,572)
Receivable	**(489,381)**	(121,076)	(196,153)
	₱79,608,302	(₱9,254,598)	₱59,874,458

21. Income Taxes

Provision for (benefit from) income tax consists of:

	2025	2024	2023
Current	**₱152,449,457**	₱92,986,697	₱67,113,465
Deferred	**(134,885,247)**	(15,652,627)	52,193,130
	₱17,564,210	₱77,334,070	₱119,306,595

Details of the Group's deferred tax assets as at December 31 are as follow:

	2025	2024
Deferred tax assets on:		
NOLCO	**₱358,312,289**	₱18,245,156
Lease liabilities	**261,326,674**	324,007,286
Retirement benefit liability	**209,184,644**	220,659,921
Allowance for impairment losses	**71,250,577**	71,111,913
Accrued employee benefits	**13,066,840**	28,903,168
Unrealized foreign exchange losses	**17,459,601**	26,701,038
Contract liabilities	**23,509,331**	22,435,650
MCIT	**–**	96,678,685
Others	**57,119,416**	12,965,622
	1,011,229,372	821,708,439
Deferred tax liabilities on:		
Undistributed earnings (Note 3)	**(158,211,901)**	–
Right of use assets	**(222,346,095)**	(277,143,427)
	₱630,671,376	₱544,565,012

The movements in deferred tax assets for the years ended December 31 are as follow:

	2025	2024
Balance at beginning of year	**₱544,565,012**	₱525,938,028
Charged to profit or loss	**134,885,247**	15,652,627
Applied MCIT against tax due	**(53,938,953)**	–
Recorded under other comprehensive income	**5,160,070**	2,974,357
Balance at end of year	**₱630,671,376**	₱544,565,012

As of December 31, 2025 and 2024, the deductible temporary differences for which no deferred tax assets are recognized pertains to NOLCO, MCIT and allowance for impairment losses recorded under 'Prepayments and Other Assets' of the Group amounting to ₱1,162.56 million and ₱0.58 million, respectively, since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized.

The reconciliation between income tax expense at the statutory rate and the actual income tax expense presented in the consolidated statements of comprehensive income for the years ended December 31 follows:

	2025	2024	2023
Income tax at the statutory income tax rate	**₱69,557,298**	(₱16,990,494)	₱71,872,908
Tax effects of items not subject to statutory rate:			
Movement in unrecognized deferred tax assets	**(308,999,283)**	–	–
Undistributed earnings	**158,211,901**	–	–
MCIT	**–**	23,926,969	–
Nondeductible expenses	**76,056,580**	206,842,020	103,660,498
Change to OSD of subsidiaries	**(732,861)**	7,792,802	(13,402,543)
Nontaxable income	**(28,851,863)**	(82,404,613)	(51,513,910)
Others	**52,322,438**	(61,832,614)	8,689,642
	₱17,564,210	₱77,334,070	₱119,306,595

The carryforward NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deduction against income tax liabilities:

NOLCO

Year Incurred	Amount	Used/Expired/Others	Balance	Expiry Date
2025	₱2,510,721,770	₱–	₱2,510,721,770	2028
2024	72,980,625	–	72,980,625	2027
	₱2,583,702,395	₱–	₱2,583,702,395	

MCIT

Year Incurred	Amount	Used/Expired/Others	Balance	Year of Expiration
2025	₱4,926,893	₱–	₱4,926,893	2028
2024	46,474,485	(45,896,487)	577,998	2027
2023	31,336,982	(31,336,982)	–	2026
2022	19,445,216	(19,445,216)	–	2025
	₱102,183,576	(₱96,678,685)	₱5,504,891	

The NOLCO and excess of MCIT over RCIT came from LBCH and other subsidiaries.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Optional Standard Deduction
On December 18, 2008, the Bureau of Internal Revenue issued Revenue Regulation No. 16-2008 which implemented the provisions of Republic Act (R.A.) No. 9504, as amended by R.A. 10963 or the Tax Reform Acceleration and Inclusion Act (TRAIN), on Optional Standard Deduction (OSD). This regulation allows individuals and corporate taxpayers to use OSD in computing their taxable income. For corporate taxpayers, they may elect a standard deduction in the amount equivalent to 40% gross income in lieu of the itemized deductions.

In 2025 and 2024, eighteen (18) of LBCE's Subsidiaries opted to use OSD in computing the current provision for income tax.

22. 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 foreign branches 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.

The amounts recognized in the consolidated statements of financial position and consolidated statements of comprehensive income is shown below:

(a) Right-of-use assets

	For the year ended December 31, 2025			
	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**

	For the year ended December 31, 2024			
	Right-of-use assets			
	Office and Warehouses	Vehicles	Equipment	Total
Costs				
Balances at beginning of year	₱3,664,388,730	₱170,172,744	₱74,528,480	₱3,909,089,954
Additions	537,660,564	25,325,265	27,544,452	590,530,281
Pretermination and end of contracts	(900,871,254)	(74,238,764)	(25,010,822)	(1,000,120,840)
Effect of changes in foreign currency exchange rates	49,787,447	5,555,525	4,212,163	59,555,135
Balances at end of year	3,350,965,487	126,814,770	81,274,273	3,559,054,530
Accumulated amortization				
Balances at beginning of year	1,778,434,959	108,120,129	42,057,038	1,928,612,126
Amortization (Notes 19 and 20)	833,556,046	34,397,802	12,890,991	880,844,839
Pretermination and end of contracts	(802,958,994)	(73,782,897)	(25,010,824)	(901,752,715)
Effect of changes in foreign currency exchange rates	2,746,295	28,502,443	18,862,100	50,110,838
Balances at end of year	1,811,778,306	97,237,477	48,799,305	1,957,815,088
Net book value	₱1,539,187,181	₱29,577,293	₱32,474,968	₱1,601,239,442

In 2025, 2024 and 2023, the amortization expense recognized under cost of services in the statement of comprehensive income amounted to ₱728.16 million, ₱809.44 million, and ₱948.46 million, respectively. In 2025, 2024 and 2023, the amortization expense recognized under operating expenses in the statement of comprehensive income amounted to ₱65.34 million, ₱64.92 million, ₱76.24 million, respectively (see Notes 19 and 20).

Amortization of right-of-use assets recorded in the consolidated statements of comprehensive income is net of the recognized rent concessions amounting to ₱2.54 million, ₱6.48 million and ₱6.23 million in 2025, 2024 and 2023, respectively.

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 year and moving forward. This resulted in a gain amounting to ₱67.91 million in 2025 (nil in 2024 and 2023). This is presented under 'Others-net" in 'Other charges, in the consolidated statements of comprehensive income.

(b) Lease liabilities

	December 31, 2025	December 31, 2024
Balances at beginning of year	**₱1,838,043,038**	₱2,197,826,675
Additions	**619,683,812**	590,530,281
Lease modification	**(245,613,300)**	(98,368,125)
Rent concessions	**(2,542,373)**	(6,477,711)
Payments	**(879,280,518)**	(1,022,607,037)
Accretion of interest	**115,742,395**	142,107,397
Effect of changes in foreign currency exchange rates	**1,016,269**	35,031,558
Balances at end of year	**1,447,049,323**	1,838,043,038
Less: current portion	**625,796,357**	763,676,898
Noncurrent portion	**₱821,252,966**	₱1,074,366,140

Interest expense arising from the accretion of lease liability amounted to ₱115.74 million, ₱142.11 million, and ₱147.69 million in 2025, 2024 and 2023, respectively, recognized under 'Interest expense' in the consolidated statements of comprehensive income.

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

	2025	2024
Less than 1 year	**₱670,933,341**	₱763,676,898
More than 1 year to 2 years	**407,747,893**	527,342,357
More than 2 years to 3 years	**267,002,587**	280,356,807
More than 3 years to 4 years	**199,080,527**	194,874,668
More than 5 years	**406,186,589**	458,982,617
	₱1,950,950,937	₱2,225,233,347

(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.

	2025	2024	2023
Cost of services (Note 19)	**₱497,681,613**	₱449,820,275	₱386,830,311
Operating expenses (Note 20)	**7,380,024**	10,861,699	12,840,997
	₱505,061,637	₱460,681,974	₱399,671,308

The Group maintains security deposits arising from the said lease agreements amounting to ₱352.08 million and ₱375.43 million as of December 31, 2025 and 2024, respectively.

23. Retirement Benefits

The entities under LBC Express, Inc. and Subsidiaries have funded noncontributory defined benefit retirement plans covering all qualified employees. The retirement plan is intended to provide for benefit payments to employees equivalent to 25% to 130% of the employee's final monthly basic salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the Plan. The Group updates the actuarial valuation every year by hiring the services of a third-party qualified actuary. The latest actuarial valuation report was as of reporting date.

The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed between the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The Retirement Plan Trustee may seek the advice of a counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Retirement Fund. The Group has no transaction either directly or indirectly through its subsidiaries or with its employees' retirement benefit fund.

Under the existing Philippine regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The Group's retirement plan meets the minimum retirement benefit specified under Republic Act 7641.

For the Group's Philippine entities and foreign branches, any qualified employee who voluntarily resigns from the service of the Group after completing at least 10 years of service, shall receive a benefit equal to a percentage of his accrued retirement benefits.

Changes in net defined benefit liability in 2025 and 2024 are as follow:

	2025													
		Net benefit cost in consolidated statements of comprehensive income					Remeasurements in other comprehensive income (Note 14)							
	January 1, 2025	Current Service cost	Net interest	Subtotal	Benefits paid from plan assets	Benefits paid by the Group	Business Development	Return on plan assets	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal	Contributions	December 31, 2025
Present value of defined / benefit obligation	₱1,085,366,547	₱85,570,912	₱67,262,811	₱152,833,723	(₱148,070,718)	(₱7,398,411)	₱–	₱–	(₱4,979,439)	₱315,142	₱20,264,780	₱15,600,483	₱–	₱1,098,331,624
Fair value of plan assets	(80,063,946)	–	(5,455,369)	(5,455,369)	148,070,718	–	–	553,353	–	–	–	553,353	(143,960,000)	(80,855,244)
Net defined benefit liability	₱1,005,302,601	₱85,570,912	₱61,807,442	₱147,378,354	₱–	(₱7,398,411)	₱–	₱553,353	(₱4,979,439)	₱315,142	₱20,264,780	₱16,153,836	(₱143,960,000)	₱1,017,476,380

	2024													
		Net benefit cost in consolidated statements of comprehensive income					Remeasurements in other comprehensive income (Note 13)							
	January 1, 2024	Current Service cost	Net interest	Subtotal	Benefits paid from plan assets	Benefits paid by the Group	Business Development	Return on plan assets	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal	Contributions	December 31, 2024
Present value of defined / benefit obligation	₱1,016,075,225	₱83,798,104	₱64,897,791	₱148,695,895	(₱87,022,987)	(₱1,761,587)	₱–	₱–	₱5,146,589	₱9,725,914	(₱5,492,502)	₱9,380,001	₱–	₱1,085,366,547
Fair value of plan assets	(115,419,229)	–	(7,352,845)	(7,352,845)	87,022,987	–	–	885,141	–	–	–	885,141	(45,200,000)	(80,063,946)
Net defined benefit liability	₱900,655,996	₱83,798,104	₱57,544,946	₱141,343,050	₱–	(₱1,761,587)	₱–	₱885,141	₱5,146,589	₱9,725,914	(₱5,492,502)	₱10,265,142	(₱45,200,000)	₱1,005,302,601

The major categories of the Group's plan assets follow:

	2025	2024	2023
Cash and cash equivalents	**₱24,984,270**	₱10,448,345	₱17,820,729
Debt instruments:			
Government bonds	**55,393,928**	69,111,198	96,582,811
Others	**477,046**	504,403	1,015,689
	₱80,855,244	₱80,063,946	₱115,419,229

All debt instruments held have quoted prices in active market.

Others include market gain or loss, accrued receivables net of payables and etc.

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation.

The Group is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Group's discretion. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable by the Group to the Retirement Fund.

The Retirement Plan Trustee monitors regularly the status of the plan assets and liabilities to ensure availability of funds upon retirement of personnel.

The Group expects to contribute ₱165.00 million to the retirement plan in 2026. The retirement plan does not have a formal funding policy. The funding requirement is mainly driven by the availability of excess fund from the Group's operations.

The movement in actuarial gain recognized in other comprehensive income follows:

	2025	2024	2023
Balance at beginning of year	**(₱268,373,185)**	(₱278,638,327)	(₱355,242,320)
Actuarial loss from defined benefit obligation	**15,600,483**	9,380,001	74,069,196
Plan asset remeasurement loss	**553,353**	885,141	2,534,797
Balance at end of year, gross	**(252,219,349)**	(268,373,185)	(278,638,327)
Deferred tax effect	**31,024,612**	26,203,664	29,973,529
Balance at end of year, net of tax	**(₱221,194,737)**	(₱242,169,521)	(₱248,664,798)

The principal assumptions used in determining retirement for the defined benefit plans are shown below:

	2025	2024	2023
Discount rate	**5.05% to 6.24%**	6.05% to 6.11%	5.20% to 6.27%
Salary increase	**2.00%**	2.00%	2.00%

Discount rate
The discount rate is determined by reference to spot yield curve at the end of the reporting period based on government bonds with currency and term similar to the estimated term of the benefit obligation. The Group used as reference long-term Philippine Treasury Bonds adjusted to create virtual zero-coupon bonds as of the reporting date and to reflect the term similar to the estimated term of the benefit obligation as determined by the actuary.

Salary increase
This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increase comprises of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions
Assumptions regarding mortality experience are set based on published statistics and experience in the Philippines. Is also considers attrition experience of the Group.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit liability as of the end of reporting date, assuming if all other assumptions were held constant.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

		2025	2024
	Increase (decrease)	**Net defined benefit liability**	Net defined benefit liability
Discount rate	+1.00%	**(₱57,258,813)**	(₱57,422,339)
	-1.00%	**63,429,419**	63,918,598
Salary increase	+1.00%	**65,424,180**	65,936,942
	-1.00%	**(59,983,272)**	(60,155,257)

The weighted average duration of the defined benefit obligation at the end of the reporting period ranges from 4.40 to 7.10 years.

Shown below is the maturity analysis of retirement benefit payments up to ten years:

	2025	2024
Less than 1 year	**₱242,329,652**	₱308,257,456
More than 1 year to 5 years	**598,859,015**	539,932,213
More than 5 years to 10 years	**712,145,305**	688,647,949
	₱1,553,333,972	₱1,536,837,618

24. Financial Risk Management Objectives and Policies

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

The Group's financial liabilities comprise of accounts and other payables (excluding statutory liabilities, accrued taxes and contract liabilities), due to related parties, notes payable, transmissions liability, lease liabilities, dividends payable, convertible instrument, derivative liability and other noncurrent liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

The main risks arising from the Group's financial instruments are price risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. The BOD reviews and approves policies for managing each of these risks which are summarized below.

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

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

The following table shows the effect on total comprehensive income should the change in the close share price of quoted equity securities occur as of December 31, 2025, 2024, and 2023 with all other variables held constant.

	Effect on total comprehensive income		
	2025	2024	2023
Change in share price			
+5.00%	**₱3,901,201**	₱4,974,032	₱9,557,944
-5.00%	**(3,901,201)**	(4,974,032)	(9,557,944)
Change in NAV			
+5.00%	**₱123,490**	₱118,038	₱113,178
-5.00%	**(123,490)**	(118,038)	(113,178)

The Group is also exposed to equity price risk in the fair value of the derivative liability due to the embedded equity conversion feature. Furthermore, at a given point in time in the future until maturity date, the derivative liability has a redemption option offering a minimum return in case the value of the conversion feature is low. In 2025, 2024 and 2023, a 5% increase (5% decrease) in the close stock price of the Parent Company's shares has minimal impact in the total comprehensive income.

Interest rate risk and credit spread sensitivity analysis
The Group's exposure to the risk of changes in market interest rate relates primarily to its notes payable that are subject to repricing. The Group regularly monitors its interest rate exposure in interest rates movements. Management minimizes its interest rate risk by resorting to short-term financing, as needed, and believes that cash generated from normal operations are sufficient to pay its obligation as they fall due.

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

	Effect in fair value	
	2025	2024
Credit spread +1%	**₱–**	₱12,117,306
Credit spread -1%	**–**	(12,189,551)

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
2025	**100**	**(₱49,133,474)**
	(100)	**49,133,474**
2024	100	(₱6,715,227)
	(100)	6,715,227

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 and unit investment trust fund which seek to ensure the security and liquidity of investment while optimizing yield.

The following summarizes the maturity profile of the Group's financial assets based on remaining contractual undiscounted collections:

	2025		
	Due in less than one year	**Due in more than one year**	**Total**
Cash and cash equivalents			
Cash in bank	**₱1,835,212,224**	**₱–**	**₱1,835,212,224**
Cash equivalents	**75,062,952**	**–**	**75,062,952**
Short-term investments	**30,753,458**	**–**	**30,753,458**
Restricted cash	**89,999,513**	**–**	**89,999,513**
Receivables			
Trade	**2,011,300,073**	**–**	**2,011,300,073**
Others	**21,625,223**	**–**	**21,625,223**
Due from related parties	**1,165,649,896**	**–**	**1,165,649,896**
FVPL	**2,469,792**	**–**	**2,469,792**
FVOCI	**–**	**78,024,029**	**78,024,029**
Loans receivable	**–**	**55,739,292**	**55,739,292**
	₱5,232,073,131	**₱133,763,321**	**₱5,365,836,452**

	2024		
	Due in less than one year	Due in more than one year	Total
Cash and cash equivalents			
Cash in bank	₱2,565,921,170	₱–	₱2,565,921,170
Cash equivalents	14,568	–	14,568
Short-term investments	29,710,204	–	29,710,204
Restricted cash	180,330,339	–	180,330,339
Receivables			
Trade	2,007,815,001	–	2,007,815,001
Others	25,843,181	–	25,843,181
Due from related parties	1,159,775,626	–	1,159,775,626
FVPL	2,360,759	–	2,360,759
FVOCI	–	99,480,637	99,480,637
Loans receivable	–	62,308,929	62,308,929
	₱5,971,770,848	₱161,789,566	₱6,133,560,414

Except as indicated, the Group's financial liabilities based on undiscounted cash flows as shown below are due and expected to be paid within 12 months after the reporting period, which is the earlier of the contractual maturity date or the expected settlement date:

	2025		
	Due in less than one year	**Due in more than one year**	**Total**
Accounts payable and accrued expenses			
Trade payable	**₱1,205,396,575**	**₱–**	**₱1,205,396,575**
Accrued expenses*	**718,638,244**	**–**	**718,638,244**
Others	**42,457,110**	**–**	**42,457,110**
Due to related parties	**20,953,673**	**–**	**20,953,673**
Notes payable	**1,074,354,992**	**4,894,804,722**	**5,969,159,714**
Transmissions liability	**521,833,372**	**–**	**521,833,372**
Lease liabilities	**670,933,341**	**1,280,017,596**	**1,950,950,937**
	₱4,254,567,307	**₱6,174,822,318**	**₱10,429,389,625**

**Excluding accrued taxes*

	2024		
	Due in less than one year	Due in more than one year	Total
Accounts payable and accrued expenses			
Trade payable	₱1,522,975,335	₱–	₱1,522,975,335
Accrued expenses*	911,160,864	–	911,160,864
Others	55,299,956	–	55,299,956
Due to related parties	10,721,895	–	10,721,895
Notes payable	1,238,540,861	676,151,276	1,914,692,137
Transmissions liability	684,859,401	–	684,859,401
Derivative liability	2,528,532,365	–	2,528,532,365
Bond payable	2,065,585,876	–	2,065,585,876
Lease liabilities	763,676,898	1,461,556,449	2,225,233,347
	₱9,781,353,451	₱2,137,707,725	₱11,919,061,176

**Excluding accrued taxes*

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

The undrawn loan commitments as of December 31, 2025 and 2024 is ₱143.62 million and ₱510.94 million, respectively.

Foreign currency risk

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

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

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

Information on the Group's foreign currency-denominated monetary assets and liability recorded under 'cash and cash equivalents', 'trade and other receivables' and liabilities related to convertible instrument in the consolidated statements of financial position and their Philippine Peso equivalents follow:

	2025	
	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.

	2024	
	Foreign currency	Peso equivalent
Assets:		
Euro	4,077,780	252,672,705
Hongkong Dollar	8,234,766	62,095,900
US Dollars	2,625,955	151,898,367
Japanese yen	26,010	9,699
Liabilities:		
US Dollars	(35,708,979)	(2,065,585,876)

The translation exchange rates used were ₱61.96 to EUR 1, ₱7.54 to HKD 1, ₱57.84 to USD 1, ₱0.37 to JPY 1in 2024.

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

Reasonably possible change in foreign exchange rate for every two units of Philippine Peso	Increase (decrease) in income before tax	
	2025	2024
₱2	**₱28,804,189**	₱41,488,936
(2)	**(28,804,189)**	(41,488,936)

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

The Group recognized foreign exchange gains(losses) - net amounted to ₱79.61 million, (₱9.25 million), and ₱59.87 million for the years ended December 31, 2025, 2024, and 2023, respectively, arising from settled transactions and translation of the Group's cash and cash equivalents, trade receivables and payables, advances to affiliates - net and bond payable (see Note 20).

Credit risk

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

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

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

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

Cash in banks and cash equivalents are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Group is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as at December 31:

	2025				
		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**

	2024				
		Past Due			
	Current	1-30 days	31-90 days	Over 90 days	Total
Trade receivables -					
Expected credit loss rate	6.14%	19.26%	4.97%	41.89%	
Estimated total gross carrying amount at default	₱1,495,332,877	₱373,191,187	₱69,240,396	₱408,274,191	₱2,346,038,651
Expected credit loss	91,878,591	71,882,764	3,437,918	171,024,377	338,223,650

There are no collaterals held by the Group with respect to trade receivables that have been identified as past due but not impaired.

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

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

The Group is subject to externally imposed capital requirements due to debt covenants. The Group is in compliance with the covenants as at December 31, 2025 and 2024. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2025 and 2024.

The capital that the Group manages is equal to the total equity as shown in the consolidated statements of financial position at December 31, 2025 and 2024 amounting to ₱1,911.26 million and ₱1,656.06, respectively.

25. Fair Values and Offsetting Arrangements

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

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

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

The estimated fair value of long-term portion of notes payable is based on the discounted value of future cash flow using applicable rates ranging from 5.03% to 6.06% in 2025 and 5.93% to 6.03% in 2024.

The fair value of the long-term portion of lease liabilities is based on the discounted value of future cash flow using applicable interest rates ranging from 5.37% to 5.79% in 2025 and 5.93% to 5.96% in 2024.

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

The significant unobservable input in the fair value is the stock price volatility of nil and 16.92% in 2025 and 2024, respectively. In 2024, a 5% increase (5% decrease) in the stock volatility has very minimal effect to the total comprehensive income.

The plain bond is determined by discounting the cash flows, which is simply the principal at maturity, using discount rate of nil and 17.80% in 2025 and 2024, respectively. The discount rate is composed of the matched to maturity risk free rate and the option adjusted spread (OAS) of 12%.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Except for the fair values of financial asset at FVOCI which are classified as Level 1, the discounting used inputs such as cash flows, discount rates and other market data, hence are classified as Level 3.

The financial asset at FVPL is under the Level 3 category.

The quantitative disclosures on fair value measurement hierarchy for financial assets and financial liabilities as of December 31 follow:

	2025				
		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**

	2024				
		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	₱99,480,637	₱99,480,637	₱99,480,637	₱–	₱–
FVPL	2,360,759	2,360,759	–	–	2,360,759
Liability measured at fair value					
Derivative liability	2,528,532,365	2,528,532,365	–	–	2,528,532,365
Liabilities for which fair value are disclosed					
Bond payable	2,065,585,876	2,044,490,003	–	–	2,044,490,003
Long-term notes payable	676,151,276	663,929,143	–	–	663,929,143
Noncurrent lease liabilities	1,074,366,140	1,200,863,348	–	–	1,200,863,348

For the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Offsetting of Financial Instruments

The following table represents the recognized financial instruments that are offset as of December 31, 2025 and 2024, respectively, and shows in the 'Net' column the net impact on the consolidated statements of financial position as a result of the offsetting rights.

	December 31, 2025			
Royalty offsetting	**Gross Amount**	**Offsetting**	**Forex**	**Net Amount**
Loans receivable	**₱76,656,676**	**(₱5,711,857)**	**₱1,131,027**	**₱72,075,846**
Interest receivable [(1)]	**1,490,104**	**(1,490,104)**	**–**	**–**
Royalty payable [(2)]	**(7,201,961)**	**7,201,961**	**–**	**–**
	₱70,944,819	**₱–**	**₱1,131,027**	**₱72,075,846**

[(1)]included in other receivables in trade and other receivables
[(2)]included in others in accounts and other payables

	December 31, 2024			
Royalty offsetting	Gross Amount	Offsetting	Forex	Net Amount
Loans receivable	₱80,760,428	(₱5,534,196)	₱1,430,208	₱76,656,440
Interest receivable [(1)]	1,649,582	(1,649,582)	–	–
Royalty payable [(2)]	(7,183,778)	7,183,778	–	–
	₱75,226,232	₱–	₱ 1,430,208	₱76,656,440

[(1)]included in other receivables in trade and other receivables
[(2)]included in others in accounts and other payables

The Parent Company's royalty payable has been offset to its loan receivable and interest receivable (see Note 12).

26. Segment Reporting

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

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

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

Money transfer services comprise of remittance services (including branch retail services and online and mobile remit) and bills payment collection and corporate remittance payout services. Money transfer services include international presence through its branches which comprises international inbound remittance services.

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

The Group has no significant customer which contributes 10.00% or more to the revenue of the Group.

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

	For the year ended December 31, 2025		
Segments	**Logistics**	**Money transfer services**	**Total**
Type of Customer			
Retail	**₱9,104,165,076**	**₱455,715,005**	**₱9,559,880,081**
Corporate	**4,456,264,053**	**9,811,963**	**4,466,076,016**
Total revenue from contracts with customer	**₱13,560,429,129**	**₱465,526,968**	**₱14,025,956,097**
Geographic Markets			
Domestic	**₱8,433,783,607**	**₱181,090,161**	**₱8,614,873,768**
Overseas	**5,126,645,522**	**284,436,807**	**5,411,082,329**
Total revenue from contracts with customer	**₱13,560,429,129**	**₱465,526,968**	**₱14,025,956,097**

Segments	For the year ended December 31, 2024 Logistics	Money transfer services	Total
Type of Customer			
Retail	₱10,241,001,615	₱482,161,617	₱10,723,163,232
Corporate	3,563,917,366	8,977,559	3,572,894,925
Total revenue from contracts with customer	₱13,804,918,981	₱491,139,176	₱14,296,058,157
Geographic Markets			
Domestic	₱8,476,445,516	₱177,336,837	₱8,653,782,353
Overseas	5,328,473,465	313,802,339	5,642,275,804
Total revenue from contracts with customer	₱13,804,918,981	₱491,139,176	₱14,296,058,157

Segments	For the year ended December 31, 2023 Logistics	Money transfer services	Total
Type of Customer			
Retail	₱10,632,638,901	₱676,733,469	₱11,309,372,370
Corporate	3,193,559,210	10,759,262	3,204,318,472
Total revenue from contracts with customer	₱13,826,198,111	₱687,492,731	₱14,513,690,842
Geographic Markets			
Domestic	₱8,240,518,664	₱357,497,443	₱8,598,016,107
Overseas	5,585,679,447	329,995,288	5,915,674,735
Total revenue from contracts with customer	₱13,826,198,111	₱687,492,731	₱14,513,690,842

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 ₱92.52 million, ₱105.74 million, and ₱143.99 million, in 2025, 2024, and 2023, respectively (see Note 18).

27. **Notes to Consolidated Statement of Cash Flows**

In 2025, the Group has the following non-cash transactions under:

Investing Activities

a.) Unpaid acquisition of property and equipment amounting to ₱22.24 million.
b.) Unpaid acquisition of intangible assets amounting to ₱1.83 million.
c.) Offsetting of loans receivable and interest against royalty fee recorded under 'accounts and other payables' (see Note 12) amounting to ₱7.20 million.

Financing Activities

			Non-cash activities						
	December 31, 2024	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Loss on redemption	Dividends Declared	December 31, 2025
Notes payable	**₱1,914,692,137**	**₱4,054,467,577**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱5,969,159,714**
Lease and other noncurrent liabilities	**1,838,043,038**	**(879,280,518)**	**371,528,139**	**115,742,395**	**1,016,269**	**–**	**–**	**–**	**1,447,049,323**
Convertible instrument (bond payable and derivative liability)	**4,594,118,241**	**(4,828,207,357)**	**–**	**187,020,306**	**(24,520,236)**	**66,880,573**	**4,708,473**	**–**	**–**
Interest payable	**7,953,425**	**(239,807,029)**	**–**	**246,306,387**	**–**	**–**	**–**	**–**	**14,452,783**
Due to related parties	**10,721,895**	**10,231,778**	**–**	**–**	**–**	**–**	**–**	**–**	**20,953,673**
Dividends	**–**	**(2,004,742)**	**–**	**–**	**–**	**–**	**–**	**2,004,742**	**–**
Total liabilities from financing activities	**₱8,365,528,736**	**(₱1,884,600,291)**	**₱371,528,139**	**₱549,069,088**	**(₱23,503,967)**	**₱66,880,573**	**₱4,708,473**	**₱2,004,742**	**₱7,451,615,493**

In 2024, the Group has the following non-cash transactions under:

Investing Activities

d.) Unpaid acquisition of property and equipment amounting to ₱61.13 million.
e.) Offsetting of loans receivable and interest against royalty fee recorded under 'accounts and other payables' (see Note 12) amounting to ₱5.53 million.

Financing Activities

			Non-cash activities					
	December 31, 2023	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Modification	December 31, 2024
Notes payable	₱2,322,661,373	(₱407,969,236)	₱–	₱–	₱–	₱–	₱–	₱1,914,692,137
Lease and other noncurrent liabilities	2,197,826,675	(1,029,084,746)	492,162,154	142,107,397	35,031,558	–	–	1,838,043,038
Convertible instrument (bond payable and derivative liability)	4,009,810,189	–	–	320,643,378	89,504,093	218,344,698	(44,184,116)	4,594,118,242
Interest payable	9,214,002	(162,527,467)	–	161,266,890	–	–	–	7,953,425
Due to related parties	11,480,610	(758,715)	–	–	–	–	–	10,721,895
Total liabilities from financing activities	₱8,550,992,849	(₱1,600,340,164)	₱492,162,154	₱624,017,665	₱124,535,651	₱218,344,698	(₱44,184,116)	₱8,365,528,737

In 2023, the Group has the following non-cash transactions under:

Investing Activities

a.) Unpaid acquisition of property and equipment amounting to ₱49.97 million.

b.) Offsetting of loans receivable and interest against royalty fee recorded under ‘accounts and other payables’ (see Note 12) amounting to ₱5.20 million.

Financing Activities

			Non-cash activities					
	December 31, 2022	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividend declaration	December 31, 2023
Notes payable	₱2,103,390,608	₱219,270,765	₱–	₱–	₱–	₱–	₱–	₱2,322,661,373
Lease and other noncurrent liabilities	2,262,939,874	(1,153,240,832)	952,070,089	147,686,326	(11,628,782)	–	–	2,197,826,675
Convertible instrument (bond payable and derivative liability)	3,896,261,030	–	–	285,046,541	(20,686,422)	(150,810,960)	–	4,009,810,189
Redemption payable	1,014,743,085	(997,458,943)	–	–	(17,284,142)			–
Dividends payable	–	(1,913,245)	–	–	–	–	1,913,245	–
Interest payable	7,729,636	(107,306,901)	–	108,791,267	–	–	–	9,214,002
Due to related parties	30,648,739	(19,168,129)	–	–	–	–	–	11,480,610
Total liabilities from financing activities	₱9,315,712,972	(₱2,059,817,285)	₱952,070,089	₱541,524,134	(₱49,599,346)	(₱150,810,960)	₱1,913,245	₱8,550,992,849

28. Basic/Diluted Earnings (Loss) Per Share

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

	2025	2024	2023
Net income (loss) attributable to equity holder of the Parent Company	**₱246,056,317**	(₱151,842,508)	₱176,290,488
Add: profit impact of assumed conversion of bond payable	**235,510,703**	561,932,030	118,720,764
	₱481,567,020	₱410,089,522	₱295,011,252
Weighted average number of common shares outstanding	**1,425,865,471**	1,425,865,471	1,425,865,471
Dilutive shares arising from convertible debt	**139,661,875**	173,535,000	166,701,000
Adjusted weighted average number of common shares for diluted EPS	**1,565,527,346**	1,599,400,471	1,592,566,471
Basic/Diluted EPS	**₱0.17**	(₱0.11)	₱0.12

The effect of the assumed conversion of convertible debt is anti-dilutive, as such, the diluted EPS presented in the consolidated statements of comprehensive income is the same value as the basic EPS.

29. Provisions and Contingencies

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

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

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

PDIC's external counsel sent demand/collection letters to LBC Systems, Inc. [Formerly LBC Mundial Inc.] [Formerly LBC Mabuhay USA Corporation], demanding the payment of various amounts aggregating to ₱911.59 million on March 24 and 29, 2014, and June 17, 2015 and June 24 and 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 ₱30.00 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's April 20, 2023 Order on the ground that the cross-examination of the last witness was made with express objections to the admissibility of her testimony and with express reservations with respect to the pending Motion for Reconsideration of the PDIC as well as to any remedy against any adverse resolution on the pending Motion for Reconsideration of the PDIC.



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 another judge.

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 filed their Reply to the PDIC's Comment to the Demurrers to Evidence, which was 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 was set on April 19, 2024, April 26, 2024, and May 10, 2024.

At the hearing on April 19, 2024, the RTC noted that the Demurrers were not yet resolved. 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. Another defendant 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 is scheduled on May 29, 2026. Hence, the trial of the civil case is still on-going at this time.

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. 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). As of December 31, 2025, the Company assessed that the amount is fully recoverable and there are no indicators of impairment on the recognized asset.

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.



30. **Other Matters**

Impact of the Macroeconomic, Regulatory and Geopolitical Environment
Recently there has been significant commodity price volatility, high inflation, changes in interest rates and increasing energy prices linked to geopolitical uncertainty and tensions that have significantly affected the current economic environment.

While these developments had no material impact on the Group's business, their scale and duration remain uncertain to date. It is not possible to estimate the impact of the near-term and longer effects of such events. The Group will continue to monitor the progress of these situations.

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
LBC Express Holdings, Inc. and Subsidiaries
LBC Central Exchange, L2 C5 Extension, Moonwalk
Parañaque City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of LBC Express Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 14, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and, are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 112004-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-119-2025, December 16, 2024, valid until December 15, 2027
PTR No. 10765095, January 2, 2026, Makati City

April 14, 2026





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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
LBC Express Holdings, Inc. and Subsidiaries
LBC Central Exchange, L2 C5 Extension, Moonwalk
Parañaque City, Metro Manila

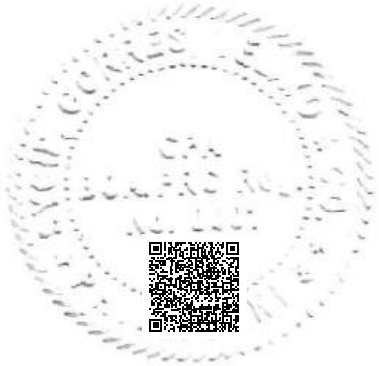
We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of LBC Express Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 14, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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BIR Accreditation No. 08-001998-119-2025, December 16, 2024, valid until December 15, 2027
PTR No. 10765095, January 2, 2026, Makati City

April 14, 2026



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

SUPPLEMENTARY SCHEDULES

- Supplementary schedules required by Annex 68-J

  Schedule A: Financial Assets

  Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholder (Other Than Related Parties)

  Schedule C: Amounts Receivables/Payables from/to Related Parties Which are Eliminated During the Consolidation of Financial Statements

  Schedule D: Long Term Debt

  Schedule E: Indebtedness to Related Parties (Long-term loans from Related Companies)

  Schedule F: Guarantees of Securities of other Issuers

  Schedule G: Capital Stock

- Map of the relationships of the companies within the Group
- Reconciliation of retained earnings available for dividend declaration
- Schedule of financial soundness indicators
- Schedule of external auditor fee related information

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2025

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	₱78,024,029	₱–	N/A
Financial assets at fair value through profit or loss	–	2,469,792	–	N/A
		₱80,493,821	₱–	
Financial assets at amortized costs:				
Loans receivable (current and noncurrent)	–	72,075,846	1,490,104	N/A
		₱152,569,667	₱1,490,104	

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

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

DECEMBER 31, 2025

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

DECEMBER 31, 2025

Name of Subsidiaries	Balance at beginning of period	Additions	Amounts collected/paid	Sale of Subsidiary	Current	Not current	Balance at end of period
LBC Express, Inc.	(₱333,779,459)	₱2,999,800,831	(₱1,927,850,334)	₱–	₱738,171,038	₱–	₱738,171,038
LBC Express, Inc. - MM	51,468,793	(219,324,435)	223,865,419	–	56,009,777	–	56,009,777
LBC Express, Inc. - SCC	(2,947,320)	(34,578,932)	34,974,190	–	(2,552,062)	–	(2,552,062)
LBC Express, Inc. - NEMM	(23,487,296)	(128,444,085)	128,252,494	–	(23,678,887)	–	(23,678,887)
LBC Express, Inc. - NWMM	–	(90,740,465)	89,451,794	–	(1,288,671)	–	(1,288,671)
LBC Express, Inc. - EMM	7,840,568	(104,904,978)	106,146,576	–	9,082,166	–	9,082,166
LBC Express, Inc. - SMM	(26,041,632)	(90,427,378)	91,066,368	–	(25,402,642)	–	(25,402,642)
LBC Express, Inc. - CMM	(19,136,387)	(95,268,494)	96,375,081	–	(18,029,800)	–	(18,029,800)
LBC Express, Inc. - SL	–	(187,533,472)	187,533,472	–	-	–	-
LBC Express, Inc. - SEL	(17,525,785)	(116,522,052)	115,367,823	–	(18,680,014)	–	(18,680,014)
LBC Express, Inc. - CL	(1,774,556)	(154,762,878)	153,002,928	–	(3,534,506)	–	(3,534,506)
LBC Express, Inc. - NL	(16,753,034)	(152,169,602)	151,181,912	–	(17,740,724)	–	(17,740,724)
LBC Express, Inc. - VIS	–	(175,943,129)	169,149,459	–	(6,793,670)	–	(6,793,670)
LBC Express, Inc. - WVIS	(3,454,688)	(150,060,054)	141,642,551	–	(11,872,191)	–	(11,872,191)
LBC Express, Inc. - MIN	(6,057,381)	(155,742,199)	144,537,866	–	(17,261,714)	–	(17,261,714)
LBC Express, Inc. - SEM	–	(101,184,529)	101,184,529	–	-	–	-
LBC Express, Inc. - SMCC	(359,656)	(26,092,328)	24,944,142	–	(1,507,842)	–	(1,507,842)
LBC Express Corporate Solutions, Inc.	(7,973,196)	-	359,910	–	(7,613,286)	–	(7,613,286)
LBC Express, Inc. - SCS	(9,706,605)	(167,457,475)	174,016,271	–	(3,147,809)	–	(3,147,809)
LBC Systems, Inc.	(57,570,533)	(15,713,977)	13,222,330	–	(60,062,180)	–	(60,062,180)
LBC Express WLL	5,789,872	(62,836,449)	59,342,994	–	2,296,417	–	2,296,417
LBC Express Bahrain WLL	(72,061,252)	(6,316,282)	8,304,776	–	(70,072,758)	–	(70,072,758)
LBC Express LLC	(100,634,253)	(23,560,809)	25,429,740	–	(98,765,322)	–	(98,765,322)
LBC Mabuhay Saipan, Inc.	(4,989,050)	(5,864,048)	4,338,920	–	(6,514,178)	–	(6,514,178)
LBC Aircargo (S) Pte. Ltd	(155,311,818)	(2,118,013)	(232,740)	–	(157,662,571)	–	(157,662,571)
Blue Eagle and LBC Service Ltd.	1,630,390	(1,954,129)	(6,541,753)	–	(6,865,492)	–	(6,865,492)
LBC Money Transfer PTY Limited	(44,911,676)	(9,122,541)	1,878,410	–	(52,155,807)	–	(52,155,807)
LBC Airfreight (S) Pte. Ltd	42,558,499	144,256,702	(143,860,521)	–	42,954,680	–	42,954,680
LBC Australia PTY Limited	(6,803,498)	(31,188,381)	34,539,440	–	(3,452,439)	–	(3,452,439)
LBC Mabuhay (Malaysia) SDN BHD	(2,059,876)	(18,766,438)	20,482,807	–	(343,507)	–	(343,507)
LBC Mabuhay (B) SDN BHD	(784,836)	(4,762,175)	5,143,852	–	(403,159)	–	(403,159)
LBC Mabuhay Remittance SDN BHD	14,914,964	(5,980,731)	(5,634,158)	–	3,300,075	–	3,300,075
LBC Mundial Corporation	83,664,788	(525,483,712)	352,399,002	–	(89,419,922)	–	(89,419,922)
LBC Mabuhay North America Corporation	95,781,997	-	1,490,735	–	97,272,732	–	97,272,732
LBC Mabuhay Hawaii Corporation	5,346,276	-	(7,051,134)	–	(1,704,858)	–	(1,704,858)
QuadX Pte Ltd.	(109,461,104)	-	(21,973,368)	–	(131,434,472)	–	(131,434,472)
Mermaid Co., Ltd.	(37,578,658)	(10,993,600)	13,287,487	–	(35,284,771)	–	(35,284,771)
LBC Express Inc. Limited	–	(69,079,614)	(16,885,559)	–	(85,965,173)	–	(85,965,173)
LBC Express Holdings, Inc.	752,167,402	(199,160,149)	(542,883,711)	–	10,123,542	–	10,123,542
	₱–	₱–	₱–	₱–	₱–	₱–	₱–

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2025

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	₱82,884,879	₱82,884,879	₱–	7.84%, subject to repricing	₱82,884,879	With mortgage; Interest and principal payable every quarter	Aug 2026
Notes payable	10,715,040	1,785,840	8,929,200	7.493%, subject to repricing	10,715,040	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	11,930,585	1,988,431	9,942,154	7.835%, subject to repricing	11,930,585	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	18,784,985	3,130,831	15,654,154	7.835%, subject to repricing	18,784,985	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	15,841,539	2,534,647	13,306,892	7.990%, subject to repricing	15,841,539	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	16,692,308	2,670,770	14,021,538	7.835%, subject to repricing	16,692,308	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	11,792,308	1,886,770	9,905,538	7.835%, subject to repricing	11,792,308	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	3,823,077	611,692	3,211,385	7.835%, subject to repricing	3,823,077	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	7,571,052	1,211,368	6,359,684	7.835%, subject to repricing	7,571,053	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	4,918,421	786,947	4,131,474	7.835%, subject to repricing	4,918,421	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	44,667,568	7,146,811	37,520,757	7.835%, subject to repricing	44,667,568	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	31,840,540	5,094,486	26,746,054	7.835%, subject to repricing	31,840,541	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	41,300,000	6,608,000	34,692,000	7.835%, subject to repricing	41,300,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	26,075,000	4,172,000	21,903,000	7.835%, subject to repricing	26,075,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	21,000,000	3,360,000	17,640,000	7.835%, subject to repricing	21,000,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	37,080,000	5,932,800	31,147,200	7.835%, subject to repricing	37,080,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	55,500,000	8,880,000	46,620,000	7.835%, subject to repricing	55,500,000	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	4,566,650	730,664	3,835,986	7.835%, subject to repricing	4,566,650	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	3,495,232	559,237	2,935,995	7.835%, subject to repricing	3,495,233	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	40,739,940	6,518,390	34,221,550	7.835%, subject to repricing	40,739,940	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	52,110,255	8,337,641	43,772,614	7.835%, subject to repricing	52,110,255	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	37,846,975	6,055,516	31,791,459	7.835%, subject to repricing	37,846,975	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	41,881,806	6,701,089	35,180,717	7.835%, subject to repricing	41,881,803	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	4,113,281	658,125	3,455,156	7.835%, subject to repricing	4,113,281	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	6,604,839	1,056,774	5,548,065	7.835%, subject to repricing	6,604,839	With mortgage; Interest and principal payable every quarter	Dec 2031
Notes payable	61,049,774	10,174,962	50,874,812	7.835%, subject to repricing	61,049,774	Clean; Interest payable every month, principal payable upon maturity	Dec 2031
Notes payable	18,000,000	18,000,000	–	8.250%, subject to repricing	18,000,000	Clean; Interest payable every month, principal payable upon maturity	Jan 2026
Notes payable	42,375,000	42,375,000	–	6.25%, subject to repricing	42,375,000	With mortgage; Interest payable every month, principal payable quarterly	May 2026
Notes payable	100,000,000	100,000,000	–	6.25%, subject to repricing	100,000,000	Clean; Interest payable every month, principal payable upon maturity	May 2026, Mar 2026
Notes payable	20,000,000	20,000,000	–	6.25%, subject to repricing	20,000,000	Clean; Interest payable every month, principal to be paid on maturity date	Mar 2026
Notes payable	45,000,000	45,000,000	–	6.25%, subject to repricing	45,000,000	Clean; Interest payable every month, principal to be paid on maturity date	Apr 2026
Notes payable	115,000,000	115,000,000	–	6.25%, subject to repricing	115,000,000	Clean; Interest payable every month, principal to be paid on maturity date	Nov 2025

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	57,601,322	57,601,322	–	8.00%, subject to repricing	57,601,322	AR Assignment, Interest deducted in full, Principal payable upon maturity	Jan 2026, Feb 2026
Notes payable	150,000,000	150,000,000	–	8.25%, subject to repricing	150,000,000	Clean; Interest payable every month, Principal amount of P50M due on the 6th month and every 2 months thereafter.	Jun 2026
Notes payable	50,000,000	50,000,000	–	8.25%, subject to repricing	50,000,000	Clean; Interest payable every quarter, principal payable upon maturity	Jun 2026
Notes payable	4,676,357,338	294,900,000	4,381,457,338	6.25%, subject to repricing	4,676,357,338	Clean; Interest payable every quarter, principal payable upon maturity	Aug 2035
	₱5,969,159,714	₱1,074,354,992	₱4,894,804,722		₱5,969,159,714		

Refer to Notes 15 and 16 for further details.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2025

	Balance at Beginning of Period	Balance at End of Period
Fernando G. Araneta,		
Beneficial owner	₱43,927	₱43,927
LBC Insurance Agency, Inc.	8,315,859	4,676,737
QUADX Inc.	1,898,506	–
LBC Properties, Inc.	–	15,752,370
Others	463,603	480,639
	₱10,721,895	₱20,953,673

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2025

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

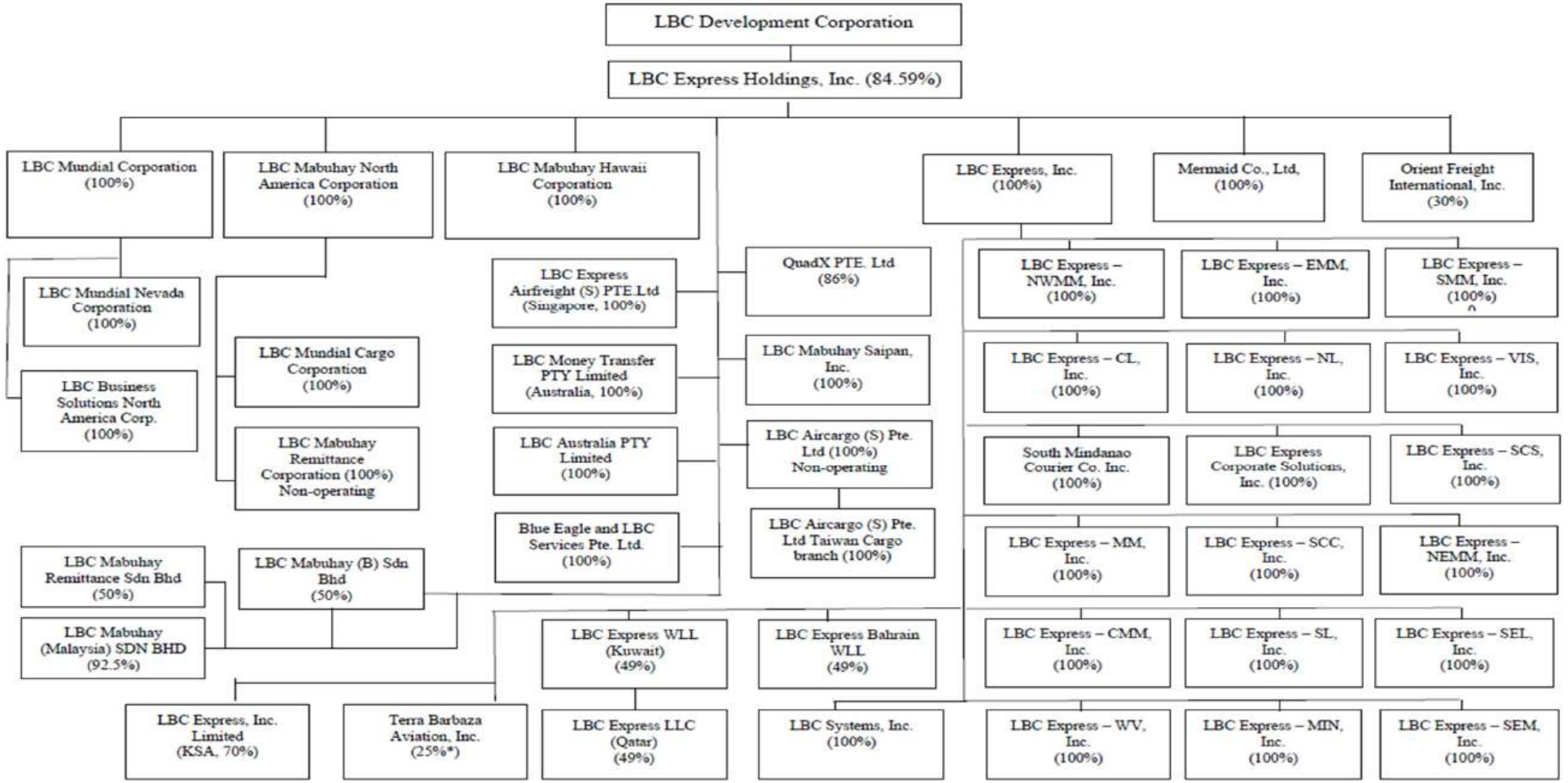
DECEMBER 31, 2025

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

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIESs

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2025



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

LBC EXPRESS HOLDINGS, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2025

Unappropriated retained earnings, beginning of the year		₱45,561,509
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	₱ –	
Effect of restatements of prior-period adjustments	–	
Others:	–	
Fair value adjustments in prior year	(605,009,011)	
Unrealized foreign exchange gain in prior year	(110,576,515)	
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements of prior-period adjustments	–	
Others – Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) from prior year	(715,585,526)	–
Unappropriated retained earnings, as adjusted		45,561,509
Net income for the current year		240,320,101
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		285,881,610
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		–

(*Forward*)

Add: Category C.3: Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to Cash and cash equivalents	₱–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		₱–
Add: Category D: Non-actual losses recognized in profit or loss during the year (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(326,546,722)	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others	–	
Sub-total		(326,546,722)
TOTAL RETAINED EARNINGS, END OF THE PERIOD AVAILABLE FOR DIVIDEND DECLARATION		**(₱40,665,112)**

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025 AND 2024

Below are the financial ratios that are relevant to the Group for the year ended December 31:

Financial ratios	Formula	December 31, 2025		December 31, 2024	
Current ratio	Total Current Assets	**6,549,891,052**	**1.21**	7,167,628,703	0.66
	Total Current Liabilities	**5,433,985,534**		10,826,823,694	
Acid Test Ratio	Total Current Assets - Prepayments and other current assets	**5,381,005,565**	**0.99**	6,022,733,966	0.56
	Current Liabilities	**5,433,985,534**		10,826,823,694	
Solvency Ratio	Net Income After Tax - Non-Cash Expenses	**1,831,972,560**	**0.15**	1,742,636,259	0.13
	Total Liabilities	**12,270,295,444**		13,582,643,711	
Debt-to-equity ratio	Total liabilities	**12,270,295,444**		13,582,643,711	
	Stockholder's equity attributable to Parent Company	**1,908,493,578**	**6.43**	1,669,504,940	8.14
Asset-to-equity ratio	Total Assets	**14,181,554,138**		15,238,704,917	
	Stockholder's equity attributable to Parent Company	**1,908,493,578**	**7.43**	1,669,504,940	9.13
Interest rate coverage ratio	Income before interest and tax expense	**814,421,728**	**1.48**	541,356,134	0.87
	Interest Expense	**549,069,088**		624,017,665	
Return on equity	Net income (loss) attributable to Parent Company	**246,056,317**	**0.13**	(151,842,508)	(0.09)
	Stockholder's equity attributable to Parent Company	**1,908,493,578**		1,669,504,940	
Debt to total assets ratio	Total liabilities	**12,270,295,444**	**0.87**	13,582,643,711	0.89
	Total assets	**14,181,554,138**		15,238,704,917	
Return on average assets	Net income (loss) attributable to Parent Company	**246,056,317**	**0.02**	(151,842,508)	(0.01)
	Average assets	**14,710,129,528**		15,306,736,668	
Net profit margin	Net income (loss) attributable to Parent Company	**246,056,317**	**0.02**	(151,842,508)	(0.01)
	Service fee	**14,025,956,097**		14,296,058,157	
Book value per share	Stockholder's equity attributable to Parent Company	**1,908,493,578**	**1.34**	1,669,504,940	1.17
	Total number of shares	**1,425,865,471**		1,425,865,471	
Basic earnings (loss) per share	Net income (loss) attributable to Parent Company	**246,056,317**	**0.17**	(151,842,508)	(0.11)
	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	**246,056,317**	**0.17**	271,591,837	(0.11)
	Adjusted weighted average number of common shares for diluted EPS	**1,425,865,471**		1,599,400,471	

** Non-cash expenses pertain to depreciation and amortization, provisions, non-cash interest expense, retirement expense, loss on derivative, loss on redemption, and impairment of goodwill*

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2025 AND 2024

	2025	2024
Total audit fees	**₱6,514,042**	₱6,328,965
Non-audit service fees:		
Tax services	**1,150,000**	210,000
Total non-audit fees	**1,150,000**	210,000
Total Audit and Non-audit fees	**₱7,664,042**	₱6,538,965

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	3	0	0	5	2	7	7	

COMPANY NAME

L	B	C		E	X	P	R	E	S	S		H	O	L	D	I	N	G	S	,		I	N	C	.		(	F	O
R	M	E	R	L	Y		F	E	D	E	R	A	L		R	E	S	O	U	R	C	E	S		I	N	V	E	S
T	M	E	N	T		G	R	O	U	P		I	N	C	.	)													

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

L	B	C		C	E	N	T	R	A	L		E	X	C	H	A	N	G	E	,		L	-	2		C	5		E
X	T	E	N	S	I	O	N	,		M	O	O	N	W	A	L	K	,		P	A	R	A	N	A	Q	U	E	
C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A	,		P	H	I	L	I	P	P	I	N	E
S																													

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	8-856-8522	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
485	2nd Monday of 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	8-856-8510	N/A

CONTACT PERSON's ADDRESS

LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque 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.*

LBC Express Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of LBC Express Holdings, Inc. (formerly Federal Resources Investment Group, Inc.) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

SGV & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: _____

RENE ERNESTO SANTIAGO E. FUENTES
Chairman of the Board

Signature: _____

ENRIQUE V. REY, JR.
Chief Executive Officer and President

Signature: _____

ROSALIE H. INFANTADO
Chief Finance Officer

Signed this 14 day of APR 2026 2026.

SUBSCRIBED AND SWORN to before me in City of Pasay on 14 APR 2026 affiants personally appeared before me and exhibited to me their Tax Identification Nos.

NAME	TIN
Rene Ernesto Santiago E. Fuentes	181-043-202
Enrique V. Rey, Jr.	172-264-046
Rosalie H. Infantado	201-403-368

Doc. No. 469 :
Page No. 94 :
Book No. VI :
Series of 2026.

NOEL L. DUQUE
NOTARY PUBLIC
Until December 31, 2026 Comm. 25-09
10 E-COM Center MOA, Pasay City
IBP No. 586795/01-05-26/PPLM
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
LBC Express Holdings, Inc.
LBC Central Exchange, L2 C5 Extension, Moonwalk
Parañaque City, Metro Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of LBC Express Holdings, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of LBC Express Holdings, Inc. in a separate schedule. Revenue Regulation 15-2010 requires the information to be presented in the notes to the parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule No. 68. Our opinion is not affected by the presentation of the information in a separate schedule.

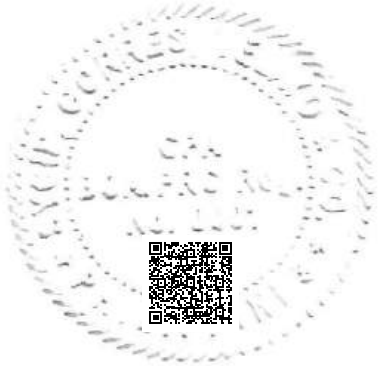
The engagement partner on the audit resulting in this independent auditor's report is Dolmar C. Montañez.

SYCIP GORRES VELAYO & CO.



Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 112004-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-119-2025, December 16, 2024, valid until December 15, 2027
PTR No. 10765095, January 2, 2026, Makati City

April 14, 2026



LBC EXPRESS HOLDINGS, INC.
(Formerly Federal Resources Investment Group Inc.)

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Notes 4 and 18)	**₱95,541,749**	₱384,384,514
Receivables (Notes 5, 18 and 19)	**14,983**	14,983
Due from related parties (Notes 15, 18 and 19)	**43,122,182**	527,403,925
Investment at fair value through profit or loss (Notes 7, 18 and 19)	**1,244,218**	1,189,469
Dividend receivable (Notes 15, 18 and 19)	**–**	250,000,000
Prepayments and other current assets (Notes 6, 10, 18 and 19)	**106,023,972**	185,869,988
Total Current Assets	**245,947,104**	1,348,862,879
Noncurrent Assets		
Investment in an associate (Note 8)	**227,916,452**	227,916,452
Investment in subsidiaries (Note 9)	**4,202,897,032**	4,202,897,032
Deferred tax assets - net (Note 17)	**378,834,167**	52,287,446
Other noncurrent assets (Notes 6, 10, 15, 18 and 19)	**123,865,532**	321,145,723
Total Noncurrent Assets	**4,933,513,183**	4,804,246,653
	₱5,179,460,287	₱6,153,109,532
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 11 and 18)	**₱21,610,156**	₱32,100,057
Due to related parties (Notes 15, and 18)	**14,325,385**	43,927
Current portion of notes payable (Note 13)	**216,000,000**	–
Derivative liability (Notes 12, 18 and 19)	**–**	2,528,532,365
Bond payable (Notes 12, 18 and 19)	**–**	2,065,585,876
Total Current Liabilities	**251,935,541**	4,626,262,225
Noncurrent Liability		
Notes payable - net of current portion (Note 13)	**3,160,357,338**	–
	3,412,292,879	4,626,262,225
Equity		
Capital stock (Note 14)	**1,425,865,471**	1,425,865,471
Additional paid-in capital	**55,420,327**	55,420,327
Retained earnings	**285,881,610**	45,561,509
Total Equity	**1,767,167,408**	1,526,847,307
	₱5,179,460,287	₱6,153,109,532

See accompanying Notes to Parent Company Financial Statements.

LBC EXPRESS HOLDINGS, INC.
(Formerly Federal Resources Investment Group Inc.)

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
INCOME		
Dividends (Notes 8 and 15)	**₱262,263,670**	₱280,000,000
Interest (Notes 4, 10 and 15)	**18,622,727**	30,936,363
Service fees (Note 15)	**40,760,326**	40,432,203
	321,646,723	351,368,566
OPERATING EXPENSES (Note 16)	**(89,823,394)**	(135,238,796)
OTHER INCOME (EXPENSES)		
Interest expense (Note 12)	**(265,173,730)**	(320,643,378)
Loss on derivative (Note 12)	**(66,880,573)**	(218,344,697)
Loss on redemption (Note 12)	**(4,708,473)**	–
Fair value gain on investment at fair value through profit or loss (Note 7)	**54,749**	50,864
Foreign exchange gain (loss) - net	**23,903,407**	(83,307,088)
Gain on modification of instrument (Note 12)	**–**	44,184,116
Others - net	**(318,437)**	–
	(313,123,057)	(578,060,183)
LOSS BEFORE INCOME TAX	**(81,299,728)**	(361,930,413)
BENEFIT FROM INCOME TAX (Note 17)	**321,619,829**	38,756,248
NET INCOME (LOSS)	**240,320,101**	(323,174,165)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱240,320,101**	(₱323,174,165)

See accompanying Notes to Parent Company Financial Statements.

LBC EXPRESS HOLDINGS, INC.
(Formerly Federal Resources Investment Group Inc.)

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Share Capital (Note 14)	**Share Premium**	**Retained Earnings**	**Total**
		For the year ended December 31, 2025		
Balances at beginning of year	**₱1,425,865,471**	**₱55,420,327**	**₱45,561,509**	**₱1,526,847,307**
Net income	**–**	**–**	**240,320,101**	**240,320,101**
Total comprehensive income	**–**	**–**	**240,320,101**	**240,320,101**
Balances at end of year	**₱1,425,865,471**	**₱55,420,327**	**₱285,881,610**	**₱1,767,167,408**

	Share Capital (Note 14)	Share Premium	Retained Earnings	Total
		For the year ended December 31, 2024		
Balances at beginning of year	₱1,425,865,471	₱55,420,327	₱368,735,674	₱1,850,021,472
Net loss	–	–	(323,174,165)	(323,174,165)
Total comprehensive loss	–	–	(323,174,165)	(323,174,165)
Balances at end of year	₱1,425,865,471	₱55,420,327	₱45,561,509	₱1,526,847,307

See accompanying Notes to Parent Company Financial Statements.

LBC EXPRESS HOLDINGS, INC.
(Formerly Federal Resources Investment Group Inc.)

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱81,299,728)**	(₱361,930,413)
Adjustments for:		
Interest expense (Note 12)	**265,173,730**	320,643,378
Loss on derivative (Note 12)	**66,880,573**	218,344,697
Unrealized foreign exchange loss (gain) - net	**(27,171,193)**	83,307,087
Gain on modification of instrument (Note 12)	**–**	(44,184,116)
Loss on redemption (Note 12)	**4,708,473**	–
Unrealized fair value gain on investment at fair value through profit or loss (Note 7)	**(54,749)**	(50,864)
Interest income (Notes 4, 10 and 15)	**(18,622,727)**	(30,936,363)
Dividend income (Notes 8 and 15)	**(262,263,670)**	(280,000,000)
Operating loss before changes in working capital	**(52,649,291)**	(94,806,594)
Changes in working capital:		
Decrease in:		
Prepayments and other current assets	**80,498,760**	76,663,776
Other noncurrent assets	**197,758,474**	63,304,616
Increase (decrease) in:		
Accounts and other payables	**(15,272,085)**	17,365,119
Due to related parties	**14,281,458**	–
Net cash generated from operations	**224,617,316**	62,526,917
Interest received	**17,132,623**	30,834,711
Income tax paid	**(4,926,893)**	(577,998)
Net cash provided by operating activities	**236,823,046**	92,783,630
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (Notes 8 and 15)	**512,263,670**	30,000,000
Decrease (increase) in due from related parties (Note 15)	**484,517,993**	(30,272,572)
Net cash provided (used) by investing activities	**996,781,663**	(272,572)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan - net of debt issuance costs	**3,376,357,338**	–
Payment of interest	**(71,877,397)**	–
Redemption of bonds payable and derivative liability	**(4,828,207,357)**	–
Net cash used in financing activities	**(1,523,727,416)**	–
NET INCREASE (DECREASE) IN CASH	**(290,122,707)**	92,511,058
EFFECT OF FOREIGN CURRENCY EXCHANGES ON CASH	**1,279,942**	1,164,056
CASH AT BEGINNING OF YEAR	**384,384,514**	290,709,400
CASH AT END OF YEAR (Note 4)	**₱95,541,749**	₱384,384,514

See accompanying Notes to Parent Company Financial Statements.

LBC EXPRESS HOLDINGS, INC.
(Formerly Federal Resources Investment Group Inc.)
NOTES TO PARENT COMPANY 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 Securities and Exchange Commission on March 24, 2026.

The accompanying financial statements of the Parent Company has been approved and authorized for issue by the Parent Company's Board of Directors (BOD) on April 14, 2026.

2. Summary of Material Accounting Policies

Basis of Preparation
The financial statements of the Parent Company have been prepared using the historical cost basis, except for investments at fair value through profit or loss (FVPL) and derivatives that have been measured at fair value. The Parent Company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. All amounts are rounded off to the nearest peso unit unless otherwise indicated. The Parent Company prepares consolidated financial statements which are available in its official place of business.

Statement of Compliance
The accompanying financial statements of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amended standards effective beginning January 1, 2025. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amended standards did not have an impact on the financial statements of the Parent Company.

- Amendments to PAS 21, *Lack of exchangeability*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- 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*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  The new standard will have an impact on the presentation of income and expenses and additional disclosures on management-defined performance measures but will not have an impact on the recognition and measurement in the consolidated financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Parent Company.

Financial Assets and Financial Liabilities

Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instrument)
This category is the most relevant to the Group. The Group measures its financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

This category generally applies to cash, receivables, loans receivable and restricted cash equivalents presented under prepayments and other current assets, due from related parties and dividend receivable.



Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Financial assets at FVPL are subsequently measured at fair value with net changes in fair value recognized in profit or loss.

As at December 31, 2025 and 2024, the Parent Company measures its investment in unquoted unit investment trust fund at FVPL.

Impairment of Financial Assets
The Parent Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For due from related parties, loans receivable, restricted cash, and cash, the Parent Company applies the general approach.

For financial assets for which the Parent Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

As of December 31, 2025 and 2024, the Parent Company has not determined any expected credit loss for its financial assets subject for impairment.

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



The Parent Company's financial liabilities include accounts and other payables (excluding taxes payable), due to related parties and bond payable.

Embedded Derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The Parent Company assesses whether embedded derivatives are required to be separated from the host contracts when the Parent Company first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives are bifurcated from their host contracts, when the following conditions are met:

(a) the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial assets and liabilities at FVPL;
(b) when their economic risks and characteristics are not closely related to those of their respective host contracts; and
(c) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL. Changes in fair values are included in profit or loss. The embedded derivatives of the Parent Company pertain to the equity conversion and redemption options components of the issued convertible debt instrument.

The Parent Company's derivative liability which was settled during the year was classified under this category (Notes 12, 18 and 19).

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.



Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the parent company statement of profit or loss.

This category generally applies to 'accounts and other payables' (except statutory liabilities), 'due to related parties' and 'bond payable' presented in the parent company statement of financial position.

Derecognition of Financial Assets and Financial Liabilities

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a) the rights to receive cash flows from the asset have expired, or
b) the Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Offsetting of Financial Assets and Financial Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting arrangements, where the related assets and liabilities are presented at gross in the statement of financial position.

Prepayments and Other Current Assets
Prepayments and other current assets are recognized as assets to the extent it is probable that the benefit will flow to the Parent Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related tax liability within the period prescribed by the relevant tax laws.

Creditable withholding taxes (CWT) are amounts withheld from income, which are applied as credit against income taxes, subject to documentary requirements. Creditable withholding taxes that are expected to be utilized as payment for income taxes within 12 months are classified as current asset.

Input tax represents the value-added tax (VAT) due or paid on purchases of goods and services subjected to VAT that the Parent Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT on sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit under certain circumstances against future income tax liability of the Parent Company upon approval of the BIR. Input tax is stated at its estimated net realizable values. This includes deferred input VAT on unpaid purchase of services which are incurred and



billings which have been received as of reporting date. Noncurrent portion of input VAT represents input VAT on unpaid purchase of goods and/or services.

Short-term cash investments are time deposits with maturity of more than three months from the date of acquisition but not exceeding one year.

Guarantee fee represents advance payment to a related party for the use of its property as collateral in the Parent Company's notes payable.

Investment in an Associate
An associate is an entity in which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Investments in an associate are accounted for under the cost method less accumulated provision for impairment losses, if any.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

Investment in Subsidiaries
Investment in subsidiaries is accounted for using the cost method less any accumulated impairment in value. On acquisition date of the investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment and not amortized.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated income of the subsidiary arising after the date of acquisition. Distribution received in excess of such income is regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Impairment of Nonfinancial Assets
The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

Equity
The Parent Company considers the underlying substance and economic reality of its own equity instruments and not merely its legal form in determining its proper classification.



Capital stock
The Parent Company records common stocks at par value and the amount of the contribution in excess of par value is accounted for as an additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

Retained earnings
Retained earnings represent accumulated earnings or losses of the Parent Company less dividends declared, and any adjustments arising from application of new accounting standards, policies or corrections of errors applied retrospectively. Dividends on common stocks are recognized as a liability and deducted from equity when declared.

Revenue Recognition
Revenue from contracts with customers
Revenue is recognized based on a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The following specific recognition criteria must also be met before revenue is recognized:

Service revenue
Service revenue is recognized when services are rendered.

Dividend income
Dividend income is recognized when the Parent Company's right to receive payment is established, which is generally when shareholders approve the dividend. This is recognized as dividend income in the parent company statement of comprehensive income.

Interest income
Interest income is recognized on a time-proportion basis using the effective interest method. Interest income from bank deposits is presented net of applicable tax withheld by the banks.

Other income
Other income is recognized when earned.

Expense Recognition
Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured.

Expenses are recognized in profit or loss:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Income Taxes
The tax expense for the period comprises of current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating losses carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. Deferred tax liabilities are also not provided on taxable temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Foreign Currency-Denominated Transactions and Translations
Foreign currency transactions are recorded in Philippine Peso at prevailing exchange rates at the time of the transactions. Exchange gains or losses resulting from foreign currency transactions are credited or charged to current operations. Foreign currency-denominated monetary assets and liabilities of the Parent Company are translated to Philippine Peso using the Bloomberg Valuation closing rate at the reporting date. Foreign exchange differences arising from foreign currency translation are also credited or charged to parent company statement of comprehensive income.

Provisions
A provision is recognized when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made on the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefit is probable.

Events after the Reporting Date
Post year-end events up to the date when the parent company financial statements are authorized for issue that provide additional information about the Parent Company's position at each reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Parent Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Parent Company. Such changes are reflected in the assumptions when they occur.

Evaluation of nonfinancial assets for impairment
The Parent Company reviews its nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant decline in the asset's market value of net realizable value, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

Based on management's assessment, its nonfinancial assets (such as investment in an associate and investment in subsidiaries) are recoverable as of December 31, 2025 and 2024. Further details on the nonfinancial assets are disclosed in Notes 8 and 9.

4. Cash

This account consists of cash in bank amounting to ₱95.54 million and ₱384.38 million as of December 31, 2025 and 2024, respectively.

Cash in banks earn interest at the prevailing bank deposit rates ranging from 0.05% to 1.00% and 0.06% to 2.75% in 2025 and 2024, respectively. Interest income earned from cash in banks amounted to ₱0.31 million and ₱0.19 million in 2025 and 2024, respectively.

5. Receivables

This account consists of third-party receivables amounting to ₱0.01 million as at December 31, 2025 and 2024, which are due and demandable.

6. Prepayments and Other Current Assets

This account consists of:

	2025	2024
Prepaid guarantee fee	**₱92,622,679**	₱–
Loans receivable (Notes 10 and 15)	**72,075,846**	335,279,766
Restricted cash equivalents	**49,211,112**	141,219,919
Input VAT	**13,141,409**	22,269,063
Creditable withholding taxes (CWTs)	**1,858,882**	5,743,871
Prepaid expenses	**762,692**	2,503,092
Deferred input VAT	**216,884**	–
	229,889,504	507,015,711
Less: noncurrent portion (Notes 10 and 15)	**123,865,532**	321,145,723
	₱106,023,972	₱185,869,988

Details of noncurrent portion follow:

	2025	2024
Prepaid guarantee fee	**₱68,000,000**	₱–
Loans receivable	**55,739,292**	320,932,254
Others	**126,240**	213,469
	₱123,865,532	₱321,145,723

Prepaid guarantee fee pertains to advance payments to guarantor for the use of its property as collateral in the Parent Company's notes payable (see Note 15).

Loans receivable pertains to receivable of the Parent Company from Transtech Co., Ltd. and LBCE (see Notes 10 and 15).

Restricted cash equivalents represent time deposits of the Parent Company used as a guarantee to LBCE's loan (see Note 15). Interest income earned from restricted cash equivalents amounted to ₱5.04 million and ₱9.01 million in 2025 and 2024, respectively. Interest ranging from 5.13% to 5.75% and 5.88% to 6.00% in 2025 and 2024, respectively.

Input VAT arises from domestic purchases of goods and services and is offset against output tax. Management believes that the remaining balance is recoverable in future periods.

CWTs are attributable to taxes withheld by the Parent Company from its revenue from the software license and subscription fee and interest with LBCE which are creditable against income tax payable.

Prepaid expenses pertain to advance payment of service fee for cloud subscription services. The service fee is paid at the beginning of each quarter (see Note 15).

7. Investment at Fair Value Through Profit or Loss (FVPL)

Investment at FVPL represents the Parent Company's investment in unit investment trust fund. Movement of the investment at FVPL follows:

	2025	2024
Balance at beginning of period	**₱1,189,469**	₱1,138,605
Unrealized fair value gain during the year	**54,749**	50,864
	₱1,244,218	₱1,189,469

In 2025 and 2024, the Parent Company recognized unrealized fair value gains of ₱54,749 and ₱50,864, respectively, related to investment at FVPL.

8. Investment in an Associate

On March 19, 2018, the Parent Company invested in 30% of Orient Freight International, Inc. (OFII), a company involved in freight forwarding, warehousing and customs brokerage businesses operating within the Philippines.

The Parent Company's interest in OFII is accounted for using cost method less any accumulated impairment in value. In 2025 and 2024, the investment in OFII amounted to ₱227.92 million.

The summarized statements of financial position of OFII follows:

	2025	2024
Current assets	**₱653,085,981**	₱619,467,749
Noncurrent assets	**166,932,128**	196,606,556
Current liabilities	**224,875,327**	223,988,554
Noncurrent liabilities	**97,788,051**	103,701,073
Equity	**497,354,731**	488,384,678

The summarized statements of comprehensive income of OFII follows:

	2025	2024
Revenue	**₱967,386,980**	₱933,381,150
Cost and expenses	**848,537,138**	811,596,095
Net income	**118,849,842**	121,785,055
Other comprehensive income (loss)	**120,216**	(3,374,977)
Total comprehensive income	**₱118,970,058**	₱118,410,078

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 2025 and 2024, OFII declared dividends amounting to ₱33.00 million and ₱30.00 million, respectively (see Note 15). No impairment loss was recognized for the investment in associate in 2025 and 2024.

9. Investment in Subsidiaries

The Parent Company's investments in subsidiaries accounted for under cost method accounting adjusted for impairment losses, if any, and the related percentage of ownership are shown below:

	Country of Incorporation	Principal activities	Ownership	**2025**	2024
LBC Express, Inc.	Philippines	Logistics and money remittance	100%	**₱3,384,670,966**	₱3,384,670,966
LBC Mundial Corporation	United States of America	Logistics and money remittance	100%	**361,897,536**	361,897,536
LBC Express Airfreight (S) PTE. Ltd.	Singapore	Logistics	100%	**129,013,585**	129,013,585
LBC Australia PTY Limited	Australia	Logistics	100%	**98,462,863**	98,462,863
LBC Mabuhay North America Corporation	United States of America	Logistics and money remittance	100%	**59,894,464**	59,894,464
QUADX Pte. Ltd.	Singapore	Digital logistics	86%	**36,340,659**	36,340,659
LBC Mabuhay Remittance Sdn Bhd	Brunei	Money remittance	50%	**30,166,598**	30,166,598
LBC Mabuhay (Malaysia) Sdn Bhd	Malaysia	Logistics	93%	**24,682,710**	24,682,710
LBC Mabuhay Hawaii Corporation	United States of America	Logistics and money remittance	100%	**17,521,686**	17,521,686
LBC Mabuhay (B) Sdn Bhd	Brunei	Logistics	50%	**12,220,413**	12,220,413
LBC Mabuhay Saipan Inc.	Saipan	Logistics and money remittance	100%	**10,782,538**	10,782,538
LBC Money Transfer PTY Limited	Australia	Money remittance	100%	**10,392,254**	10,392,254
Mermaid Co., Ltd	Japan	Logistics	100%	**10,206,600**	10,206,600
LBC Aircargo (S) Pte. Ltd	Taiwan	Logistics	100%	**7,800,160**	7,800,160
Blue Eagle and LBC Service Pte. Ltd.	Taiwan	Employment services including remittance	100%	**8,844,000**	8,844,000
				₱4,202,897,032	₱4,202,897,032

The Parent Company, although it owns 50% of the voting share of LBC Mabuhay (B) Sdn Bhd and LBC Mabuhay Remittance Sdn Bhd, in substance controls said entities since: (a) the activities of the subsidiaries are being conducted on behalf of the Parent Company according to its specific business need so that the Parent Company obtains benefits from the subsidiaries' operations; and (b) the Parent Company has the decision-making powers to obtain the majority of the benefits of the activities of the subsidiaries.

No impairment loss for investment in subsidiaries was recognized in 2025 and 2024.

10. Loans Receivables and Trademark Agreement with Transtech

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

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

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

In 2025 and 2024, LBCH incurred royalty fee amounting to ₱7.20 million and ₱7.18 million, respectively (see Note 16). The related payable was offset to LBCH's interest receivable and loan receivable from Transtech amounting to ₱1.49 million and ₱5.71 million, respectively in 2025 and ₱1.65 million and ₱5.53 million, respectively, in 2024. Effect of foreign currency exchange rate related to interest receivable and loan receivable offsetting amounted to ₱1.13 million and ₱1.43 million in 2025 and 2024, respectively.

Loans receivable as at December 31, 2025 and 2024 is as follows:

	2025	2024
Current portion*	**₱16,336,554**	₱14,347,511
Noncurrent portion**	**55,739,292**	62,308,929
	₱72,075,846	₱76,656,440

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

Interest income earned amounted to ₱1.49 million and ₱1.65 million in 2025 and 2024, respectively.

11. Accounts and Other Payables

This account consists of:

	2025	2024
Accrued guarantee fee (Note 15)	**₱12,141,260**	₱–
Accrued interest payable	**6,276,027**	–
Accrued professional fees and outside services	**2,286,775**	8,807,116
Withholding tax payable	**615,999**	2,198,835
Accounts payable	**34,792**	6,992,913
Deferred output VAT	**–**	13,826,100
Others	**255,303**	275,093
	₱21,610,156	₱32,100,057

Accrued interest payable is related to the bank loan availed this year (Note 13).

Accrued professional fees and outside services relates to audit fees, directors' fees and other outsourced fees.

Withholding tax payable pertains to taxes withheld on payment to suppliers which are settled on a monthly basis.

Accounts payable arises from regular transactions with suppliers and service providers. These are noninterest-bearing and are normally settled on one to 60-day term.

Deferred output VAT arises from the uncollected receivables from VATable service fees.

12. Convertible Instrument

This account consists of:

	2025	2024
Derivative liability		
Balances at beginning of year	**₱2,528,532,365**	₱2,030,069,446
Fair value loss on derivative	**66,880,573**	218,344,697
Modification of maturity	**–**	280,118,222
Loss on redemption	**4,708,473**	–
Redemption	**(2,600,121,411)**	–
Balances at end of year	**₱–**	₱2,528,532,365
Bond payable		
Balances at beginning of year	**₱2,065,585,876**	₱1,979,740,743
Accretion of interest	**187,020,306**	319,594,107
Unrealized foreign exchange loss (gain)	**(24,520,236)**	89,504,093
Amortization of issuance cost	**–**	1,049,271
Modification of maturity	**–**	(324,302,338)
Redemption	**(2,228,085,946)**	–
Balances at end of year	**₱–**	₱2,065,585,876

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

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

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

The Parent Company also has full or partial right to convert the shares subject to various conditions including pre-approval of the PSE of the listing of the conversion shares and other conditions to include closing sale price and daily trading volume of common shares trading on the Principal Market and upon plan of offering, placement of shares or similar transaction with common share price at a certain minimum share price. On August 9, 2021, the Parent Company's stockholders approved the issuance of common shares for potential exercise of conversion rights. As at report date, there has been no conversion of the convertible instrument.

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

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

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

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

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

a. Total Debt to EBITDA for any Relevant Period (12 months ending on the Parent Company's financial year) shall not exceed 2.5:1.
b. The ratio of EBITDA to Finance Charges for any Relevant Period shall not be less than 5.0:1; and 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 Parent Company is in compliance with the above covenants as at December 31, 2024, 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 15).

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 Parent Company and Jamal Limited, as follow:

      - LBC Aircargo (S) PTE. LTD. which operates as a cargo branch in Taiwan. The Parent Company purchased 94,901 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US$146,013;
      - LBC Money Transfer PTY Limited which operates as a remittance company in Australia. The Parent Company purchased 10 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US$194,535;
      - LBC Express Airfreight (S) PTE. LTD. which operates as a cargo company in Singapore. The Parent Company purchased 10,000 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US$2,415,035; and
      - LBC Australia PTY Limited which operates as a cargo company in Australia. The Parent Company purchased 223,500 shares or 100% of the total outstanding shares of the acquiree at a purchase price of US$1,843,149.

v. On August 15, 2018, the Parent Company approved the acquisition of 92.5% equity ownership of LBC Mabuhay (Malaysia) SDN BHD (LBC Malaysia) for a total purchase price of US$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 (vii) above, the Parent Company will have acquired equity interests in thirteen 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 15). 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 ₱1,018.66 million (see Note 15).

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$11.00 million of the US$50.00 million convertible instrument was redeemed at a total price of ₱1,084.42 million (US$19.33 million) and was paid on January 10, 2023. As of December 31, 2022, the Parent Company 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. In 2024, gain on modification of maturity of convertible instrument amounted to ₱44.18 million.

On August 2, 2024, CP Briks Pte. Ltd (CP Briks) agreed to extend the original 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 Stated 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 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 $39.0 million was redeemed by the Group on the said date for a total redemption price of ₱4,828.20 million (US$84.51 million). Total loss on redemption of convertible instrument amounted to ₱4.71 million in 2025.

13. Notes Payable

On August 20, 2025, the Parent Company and LBCE entered into a loan agreement with a local bank to finance the redemption of the convertible instrument amounting to ₱4.70 billion, allocated between LBCH and LBCE at ₱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 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. Total transaction cost of the loan recognized and to be amortized over the life of the loan amounted to ₱35.20 million, of which ₱25.50 million pertains to LBCH. Amortization of transaction cost amounted to ₱1.86 million in 2025.

Notes payable as at December 31, 2025 is as follows (nil in 2024):

Current portion	₱216,000,000
Noncurrent portion	3,160,357,338
	₱3,376,357,338

The maturity analysis of the notes payable follows (nil in 2024):

	December 31, 2025	Interest rate
Due 2026	₱216,000,000	6.25% subject to repricing
Due 2027	324,000,000	6.25% subject to repricing
Due 2028	324,000,000	6.25% subject to repricing
Due 2029	360,000,000	6.25% subject to repricing
Due 2030	2,176,000,000	6.25% subject to repricing
	₱3,400,000,000	
Less debt issue cost	(23,642,662)	
	₱3,376,357,338	

14. Equity

Capital Stock
As at December 31, 2025 and 2024, 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

15. Related Party Transactions

In the normal course of business, the Parent Company transacts with related parties consisting of its ultimate parent company, its subsidiary and its stockholder and officer. Affiliates include those entities in which the owners of the Parent Company have ownership interests. These transactions include loans, dividends, expense reimbursements, and dues and subscription. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

Details of related party transactions and balances as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025			
	Amount/Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Due from a related party				
Subsidiaries				
a.) Service fee	**₱40,760,326**	**₱–**	Non-interest bearing; due and demandable	Unsecured, no impairment
b.) Cash advances	–	**14,697,500**	Non-interest bearing; due and demandable	Unsecured, no impairment
d.) Interest income	**11,698,709**	–	Due and demandable	Unsecured, no impairment
Officers/beneficial owners				
b.) Advances	–	**28,424,682**	Non-interest bearing; due and demandable	Unsecured, no impairment
		₱43,122,182		
Dividends receivable				
Subsidiaries				
e.) Dividends earned and receivable	**₱229,263,670**	**₱–**	Non-interest bearing; due and demandable	Unsecured, no impairment
Associate				
e.) Dividends earned and receivable	**33,000,000**	–	Non-interest bearing; due and demandable	Unsecured, no impairment
		₱–		
Accrued expenses				
f.) Guarantee fee	**₱12,389,041**	**(₱12,141,260)**	Non-interest bearing; due and demandable	Unsecured, no impairment
Due to related parties				
Subsidiary				
b.) Expense reimbursement	**₱92,622,679**	**(₱14,281,458)**	Non-interest bearing; due and demandable	Unsecured, no impairment
Officer				
b.) Advances	–	**(43,927)**	Non-interest bearing; due and demandable	Unsecured, no impairment
		(₱14,325,385)		

	2024			
	Amount/Volume	Receivable (Payable)	Terms	Conditions
Due from a related party				
Subsidiaries				
a.) Service fee	₱40,432,203	₱131,744,465	Non-interest bearing; due and demandable	Unsecured,no impairment
b.) Cash advances	–	14,461,250	Non-interest bearing; due and demandable	Unsecured, no impairment
b.) Expense reimbursement	–	5,739,315	Non-interest bearing; due and demandable	Unsecured, no impairment
c.) Disposal of subsidiary	–	186,021,401	Non-interest bearing; due and demandable	Unsecured, no impairment
d.) Loan receivable - current portion	–	159,600,000	Interest bearing; fixed quarterly payments	Unsecured, no impairment
Interest income	20,088,064	1,412,812	Due and demandable	Unsecured, no impairment
Officers/beneficial owners				
b.) Advances	–	28,424,682	Non-interest bearing; due and demandable	Unsecured, no impairment
		₱527,403,925		
Dividends receivable				
Subsidiaries				
e.) Dividends earned and receivable	₱250,000,000	₱250,000,000	Non-interest bearing; due and demandable	Unsecured, no impairment
Associate				
e.) Dividends earned and receivable	₱30,000,000	–	Non-interest bearing; due and demandable	Unsecured, no impairment
Other noncurrent assets				
d.) Loans receivable - noncurrent portion	–	₱258,623,325	Interest bearing; fixed quarterly payments	
Due to related parties				
b.) Officer (Advances)	₱–	₱43,927		

a.) LBCH entered into a 60-month cloud service agreement from August 1, 2017 to July 31, 2022, and further extended up to January 31, 2025. Another contract was signed on June 28, 2024 to replace the current contract which will run for 60 months from September 30, 2024 to September 29, 2029. Further, the Parent Company also acquired a software license.

Subsequently, LBCH entered into an agreement with LBCE for the right of use the software licenses and subscription for a fee equivalent to cost plus margin of five percent (5%). The service fee shall be paid at the beginning of the quarter.

b.) The Parent Company makes advances and expense reimbursements to its related parties to finance working capital requirements. These are non-interest bearing and payable on demand.

c.) 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. This was fully settled in 2025.

d.) On April 29, 2019, LBCH entered into a 10-year loan agreement with LBCE amounting to ₱183.38 million at 4% interest per annum. Additional loans were granted to LBCE in the following months dated June 3, 2019 and July 22, 2019 amounting to ₱91.69 million and ₱80.93 million, respectively, with quarterly principal payments and monthly interest payments at 4% per annum.

On April 1, 2020, additional 3-year loan was granted to LBCE amounting to ₱100.00 million, with quarterly principal payments and monthly interest payments at 4.50% per annum.

On June 14, 2021, additional 10-year loan was granted to LBCE amounting to ₱240.00 million, with quarterly principal payments and monthly interest payments at 4.25% per annum.

On August 29, 2025, LBCE paid all outstanding loan amounting to ₱451.39 million. As of December 31, 2024, total outstanding loans payable amounted to ₱418.22 million, of which ₱258.62 million of the balances are presented as noncurrent under "Due to related parties - noncurrent portion".

Interest income earned from loans receivable amounted to ₱11.70 million and ₱20.09 million in 2025 and 2024, respectively. Unpaid interest amounted to ₱1.41 million as at December 31, 2024.

e.) On July 1, 2025 and June 26, 2024, LBCH recognized cash dividend from OFII amounting to ₱33.00 million and ₱30.00 million, respectively, for its 30% interest on OFII.

On August 20, 2025, BOD of LBC Australia Pty Limited declared cash dividends amounting to AUD 800,000 (₱29.38 million). Further on August 22, 2025, LBC Airfreight (S) Pte. Ltd. declared cash dividends amounting to SGD 4.50 million (₱199.26 million).

On November 30, 2024, LBCH recognized cash dividends from LBCE amounting to ₱250.00 million which was paid in 2025.

f.) On April 15, 2021, the BOD approved to guarantee one of LBCE's loans and allowed to hold out the Parent Company's time deposit. As of December 31, 2025 and 2024, the balance of time deposit amounted to ₱49.21 million and ₱141.21 million, respectively (see Note 6). Such guarantee shall substitute the existing real estate mortgage on LBCE's real estate properties as security.

On August 20, 2025, the Parent Company and LBCE 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 loan is secured with real estate property of an affiliate. Effective the same date, in consideration of the affiliate's accommodation to the use of its property as loan collateral, the Parent Company 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 Parent Company also agreed to pay in advance ₱92.62 million. ₱68.00 million which shall be applied to 4th and 5th year of the agreement. The guarantee fee is reported as part of interest expense in the statements of comprehensive income amounting to ₱12.39 million in 2025.

The Parent Company's key management personnel are employed by LBCE. As such, the compensation and other benefits of key management personnel are recorded in the books of LBCE.

Aside from required approval of related party transactions explicitly stated in the Corporation Code, the Parent Company has established its own related party transaction policy stating that any related party transaction involving amount or value greater than 10% of the Parent Company'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 Parent Company's total assets will be submitted to the President and Chief Executive Officer for review.

16. Operating Expenses

This account consists of:

	2025	2024
Dues and subscriptions	**₱36,730,313**	₱33,269,962
Professional fees	**31,013,250**	93,382,362
Guarantee fees	**12,389,041**	–
Royalty fees (Note 10)	**7,201,961**	7,183,778
Outside services	**1,726,750**	847,868
Taxes and licenses	**41,712**	247,413
Others	**720,367**	307,413
	₱89,823,394	₱135,238,796

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

17. Income Taxes

Provision for income tax consists of:

	2025	2024
Current	**₱4,926,893**	₱577,998
Deferred	**(326,546,722)**	(39,334,246)
	(₱321,619,829)	(₱38,756,248)

The provision for current tax represents MCIT in 2025 and 2024.

As of December 31, 2025 and 2024, the deductible temporary differences for which no deferred tax assets are recognized pertains to NOLCO and MCIT of the Parent Company amounting to ₱1,155.96 million and ₱0.58 million, respectively, since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized.

Details of the Parent Company's deferred tax assets (liabilities) as of December 31 follow:

	2025	2024
Deferred tax assets arising from:		
Unrealized foreign exchange losses	**₱26,432,543**	₱34,042,290
NOLCO	**358,312,289**	18,245,156
	384,744,832	52,287,446
Deferred tax liabilities arising from:		
Others	**(5,910,665)**	–
	₱378,834,167	₱52,287,446

The carryforward NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deduction against income tax liabilities:

NOLCO

Year Incurred	Amount	Used/Expired/Others	Balance	Expiry Date
2025	₱2,510,721,770	₱–	₱2,510,721,770	2028
2024	72,980,625	–	72,980,625	2027
	₱2,583,702,395	₱–	₱2,583,702,395	

MCIT

Year Incurred	Amount	Used/Expired/Others	Balance	Expiry Date
2025	₱4,926,893	₱–	₱4,926,893	2028
2024	577,998	–	577,998	2027
	₱5,504,891	₱–	₱5,504,891	

The reconciliation of the income tax expense at the statutory rate to actual income tax expense presented in the parent company statements of comprehensive income is as follows:

	2025	2024
Income tax at the statutory income tax rate	**(₱20,324,932)**	(₱90,482,603)
Tax effects of the items not subject to statutory rate:		
Movement in unrecognized DTA	**(310,161,062)**	–
Nondeductible expenses	**18,488,330**	133,238,933
Interest income subjected to final tax	**(1,358,478)**	(9,198,717)
Nontaxable income	**(8,263,687)**	(72,313,861)
	(₱321,619,829)	(₱38,756,248)

18. Financial Risk Management Objectives and Policies

The Parent Company has various financial assets such as cash and cash equivalents, receivables, loans receivable, restricted cash equivalents, prepayments and other current assets, due from related parties, dividend receivable and investment at FVPL.

The Parent Company's financial liabilities comprise of accounts and other payables (excluding statutory liabilities), due to related parties, and dividends payable. The main purpose of these financial liabilities is to finance the Parent Company's operations.

The main risks arising from the Parent Company's financial instruments are price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The BOD reviews and approves policies for managing each of these risks which are summarized as follows:

Price risk
The Parent Company 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 Parent Company readily disposes or trades the securities for replacement with more viable and less risky investments.

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

The following table shows the effect on total comprehensive income should the change in the close of net asset value of investment at fair value through profit or loss occur as of December 31, 2025 and 2024 with all other variables held constant.

	Effect on total comprehensive income	
	2025	2024
Change in NAV		
+5.00%	**₱62,211**	₱59,473
-5.00%	**(62,211)**	(59,473)

The Parent Company is also exposed to equity price risk in the fair value of the derivative liability due to the embedded equity conversion feature before its full redemption in September 2025. In 2024, a 5% increase (5% decrease) in the close stock price of the Parent Company's shares has minimal impact in the total comprehensive income.

Interest rate risk and credit spread sensitivity analysis
The Group's exposure to the risk of changes in market interest rate relates primarily to its notes payable that are subject to repricing. The Group regularly monitors its interest rate exposure in interest rates movements. Management minimizes its interest rate risk by resorting to short-term financing, as needed, and believes that cash generated from normal operations are sufficient to pay its obligation as they fall due.

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

	Effect in fair value
	2024
Credit spread +1%	₱12,117,306
Credit spread -1%	(12,189,551)

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 (nil in 2024).

	Increase (Decrease) in Basis Points	Effect on income before income tax
2025	100	(₱31,840,000)
	(100)	31,840,000

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 Parent Company's exposure to the risk of changes in foreign exchange rates relates to the loan receivable and bond payable denominated in US Dollar.

Information of the Parent Company's foreign currency-denominated monetary asset and liability recorded under loan receivable and bond payable, respectively, in the statements of financial position and its Philippine Peso equivalents as at December 31, 2025 and 2024 follow:

	2025	
	Foreign currency	**Peso equivalent**
Assets:		
US dollars	**1,389,671**	**₱81,698,738**

The translation exchange rate used was ₱58.79 to USD 1 as at December 31, 2025

	2024	
	Foreign currency	Peso equivalent
Asset:		
US dollars	1,817,549	₱105,145,210
Liability:		
US Dollars	(35,708,979)	(2,065,585,436)

The translation exchange rate used was ₱57.85 to USD 1 as at December 31, 2024.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Parent Company's income before tax (due to changes in the fair value of monetary liability).

Reasonably possible change in foreign exchange rate for every two units of Philippine Peso	Increase (decrease) in income before tax	
	2025	2024
₱2	**₱2,779,341**	(₱67,782,860)
(2)	**(2,779,341)**	67,782,860

There is no impact on the Parent Company's equity other than those already affecting profit or loss. The movement in sensitivity analysis is derived from current observations on fluctuations in US Dollar closing exchange rates.

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

Credit risk
Credit risk is the risk that counterparty will not meet its obligation under a financial asset or financial liability or customer contract, leading to a financial loss.

Receivable balances are monitored on an ongoing basis with the result that the Parent Company's exposure to bad debts is not significant.

As for the cash in banks and restricted cash equivalents, the maximum exposure to credit risk from these financial assets arise from the default of the counterparty with a maximum exposure equal to their carrying amounts.

As at December 31, 2025 and 2024, the loans and receivables of the Parent Company are neither past due nor impaired.

The credit quality of the financial assets was determined as follows:

Cash in banks and short-term time deposits are deposited/placed in banks that are stable as they qualify either as universal or commercial banks. Universal and commercial banks represent the largest single group, resource-wide, of financial institutions in the country the Parent Company is operating. They offer the widest variety of banking services among financial institutions. These financial assets are classified as high grade due to the counterparties' low probability of insolvency.

Receivables are considered high grade due to the Parent Company's positive collection experience.

High grade accounts are considered to be of high credit rating value. The counterparties have a very remote likelihood of default.

Medium grade accounts are active accounts with minimal instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Parent Company's collection efforts and update payments accordingly.

Low grade accounts pertain to accounts which have impairment based on historical trend or customer's unfavorable operating conditions. Accounts under this group show possible or actual loss to the Parent Company as a result of default in payment of the counterparty despite the regular follow-up actions and extended payment terms.

The tables below show the credit quality of the Parent Company's financial assets:

	2025			
	High Grade	**Medium Grade**	**Low Grade**	**Total**
Cash	**₱95,541,749**	**₱–**	**₱–**	**₱95,541,749**
Receivables	**14,983**	**–**	**–**	**14,983**
Prepayments and other current assets	**16,336,554**	**–**	**–**	**16,336,554**
Loans receivable	**55,739,292**	**–**	**–**	**55,739,292**
Restricted cash equivalents	**49,211,112**	**–**	**–**	**49,211,112**
Due from related parties	**43,122,182**	**–**	**–**	**43,122,182**
Investment at FVPL	**1,244,218**	**–**	**–**	**1,244,218**
	₱261,210,090	**₱–**	**₱–**	**₱261,210,090**

	2024			
	High Grade	Medium Grade	Low Grade	Total
Cash	₱384,384,514	₱–	₱–	₱384,384,514
Receivables	14,983	–	–	14,983
Prepayments and other current assets	14,347,511	–	–	14,347,511
Loans receivable	335,279,766	–	–	335,279,766
Restricted cash equivalents	141,219,919	–	–	141,219,919
Dividend receivable	250,000,000	–	–	250,000,000
Due from related parties	527,403,925	–	–	527,403,925
Investment at FVPL	1,189,469	–	–	1,189,469
	₱1,653,840,087	₱–	₱–	₱1,653,840,087

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and financial liabilities. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Parent Company 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 service agreements and investing activities is sufficient to meet daily working capital requirements.

Management has been continuously engaged in cost rationalization on all its business segments which includes consolidation of facilities, evaluation and rationalization of branches as well as rightsizing of the workforce globally. In addition, management is upgrading its operational touchpoints, websites and applications to be more competitive in the evolving online logistics industry.

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

The following table summarizes the maturity profile of the Parent Company's financial assets and financial liabilities as at December 31, 2025 and 2024 based on remaining contractual undiscounted collections and payments:

	2025		
	Due in less than one year	**Due in more than one year**	**Total**
Financial assets			
Cash in banks	**₱95,541,749**	**₱–**	**₱95,541,749**
Receivables	**14,983**	**–**	**14,983**
Loans receivable	**16,336,554**	**55,739,292**	**72,075,846**
Restricted cash equivalents	**49,211,112**	**–**	**49,211,112**
Due from related parties	**43,122,182**	**–**	**43,122,182**
Investment at FVPL	**1,244,218**	**–**	**1,244,218**
	₱205,470,798	**₱55,739,292**	**₱261,210,090**
Financial liabilities			
Notes payable	**₱216,000,000**	**₱3,160,357,338**	**₱3,376,357,338**
Accounts and other payables	**20,738,854**	**–**	**20,738,854**
Due to related parties	**14,325,385**	**–**	**14,325,385**
	₱251,064,239	**₱3,160,357,338**	**₱3,411,421,577**

	2024		
	Due in less than one year	Due in more than one year	Total
Financial assets			
Cash in banks	₱384,384,514	₱–	₱384,384,514
Receivables	14,983	–	14,983
Loans receivable	14,347,511	320,932,254	335,279,765
Restricted cash equivalents	141,219,919	–	141,219,919
Due from related parties	527,403,925	–	527,403,925
Dividend receivable	250,000,000	–	250,000,000
Investment at FVPL	1,189,469	–	1,189,469
	₱1,318,560,321	₱320,932,254	₱1,639,492,575
Financial liabilities			
Accounts and other payables	₱16,075,122	₱–	₱16,075,122
Due to related parties	43,927	–	43,927
Derivative liability	2,528,532,365	–	2,528,532,365
Bond payable	2,065,585,876	–	2,065,585,876
	₱4,610,237,290	₱–	₱4,610,237,290

Capital Management

Generally, the primary objective of the Parent Company's capital management is to ensure that it continuously strives and maintains a strong credit standing and healthy capital ratios in order to support its business and maximize shareholders' value.

The Parent Company manages its capital structure and makes adjustments as may be necessary in light of changes in the business and general economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the Parent Company's objectives, policies or processes as at December 31, 2025 and 2024. The Parent Company is not subject to externally imposed capital requirements.

The capital that the Parent Company manages is equal to the total equity as shown in the parent company statements of financial position at December 31, 2025 and 2024 amounting to ₱1,767.17 million and ₱1,526.85 million, respectively.

19. Fair Values and Offsetting Arrangements

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

The carrying amounts of cash and cash equivalents, receivables, loans receivable, restricted cash equivalents, due from/to related parties, dividend receivable and accounts and other payables approximate their fair value. These financial instruments are relatively short-term in nature except for loans receivable.

The fair value of the unquoted unit investment trust fund is based on the published net asset value per unit as of reporting date and is under the Level 3 category.

The fair value of the long-term portion of loans receivable is based on the discounted value of future cash flow using applicable interest rates ranging from 5.05% to 5.92% and 5.92% to 5.95% in 2025 and 2024.

The estimated fair value of long-term portion of notes payable is based on the discounted value of future cash flow using applicable rates ranging from 4.25% to 6.06% in 2025.

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

The significant unobservable input in the fair value is the stock price volatility of 16.92% in 2024. In 2024, a 5% increase (5% decrease) in the stock volatility has very minimal effect to the total comprehensive income.

The plain bond is determined by discounting the cash flows, which is simply the principal at maturity, using discount rate of 17.80% in 2024. The discount rate is composed of the matched to maturity risk free rate and the option adjusted spread (OAS) of 12%.



Fair Value Hierarchy

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	2025				
	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					
Unquoted unit investment trust fund	**₱1,244,218**	**₱1,244,218**	**₱–**	**₱–**	**₱1,244,218**
Assets for which fair value are disclosed					
Loans receivable - net of current portion	**55,739,292**	**55,739,292**	**–**	**–**	**55,739,292**
Liabilities for which fair value are disclosed					
Long-term notes payable	**3,160,357,338**	**3,059,131,879**	**–**	**–**	**3,059,131,879**

	2024				
	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					
Unquoted unit investment trust fund	₱1,189,469	₱1,189,469	₱–	₱–	₱1,189,469
Assets for which fair value are disclosed					
Loans receivable - net of current portion	320,932,254	288,919,300	–	–	288,919,300
Liabilities measured at fair value					
Derivative liability	2,528,532,365	2,528,532,365	–	–	2,528,532,365
Liabilities for which fair value are Disclosed					
Bond payable	2,065,585,876	2,044,490,003	–	–	2,044,490,003

During the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the Parent Company currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the net asset settles the liability simultaneously.

The table represents the recognized financial instruments that are offset as of December 31, 2025 and 2024, respectively, and shows in the 'Net' column is the net impact on the Parent Company's statements of financial position as a result of the offsetting rights.

	December 31, 2025			
Royalty offsetting	**Gross Amount**	**Offsetting**	**Forex**	**Net Amount**
Loan receivable	**₱76,656,676**	**(₱5,711,857)**	**₱1,131,027**	**₱72,075,846**
Interest receivable	**1,490,104**	**(1,490,104)**	**–**	**–**
Royalty payable	**(7,201,961)**	**7,201,961**	**–**	**–**
	₱70,944,819	**₱–**	**₱1,131,027**	**₱72,075,846**

	December 31, 2024			
Royalty offsetting	Gross Amount	Offsetting	Forex	Net Amount
Loan receivable	₱80,760,428	(₱5,534,196)	₱1,430,208	₱76,656,440
Interest receivable	1,649,582	(1,649,582)	–	–
Royalty payable	(7,183,778)	7,183,778	–	–
	₱75,226,232	₱–	₱1,430,208	₱76,656,440

In 2025 and 2024, the Parent Company's royalty payable has been offset against loans receivable and accrued interest receivable from Transtech.

20. Note to Statement of Cash Flows

In 2025, the Parent Company has the following non-cash transactions under:

Operating Activities

a.) Offsetting of interest of loans receivable amounting to ₱1.49 million.

Financing Activities

Details of the movement in cash flows from financing activities are as follows:

	December 31, 2024	Cash Flows	Interest	Foreign exchange movement	Others	December 31, 2025
Convertible instrument (bond payable and derivative liability)	**₱4,594,118,241**	**(₱4,828,207,357)**	**₱187,020,306**	**(₱24,520,236)**	**₱71,589,046**	**₱–**
Notes payable	**–**	**3,376,357,338**	**–**	**–**	**–**	**3,376,357,338**
Interest	**–**	**(71,877,397)**	**78,153,424**	**–**	**–**	**6,276,027**
Total liabilities from financing activities	**₱4,594,118,241**	**(₱1,523,727,416)**	**₱265,173,730**	**(₱24,520,236)**	**₱71,589,046**	**₱3,382,633,365**

Others pertain to fair value changes and loss on redemption (see Note 12).

In 2024, the Parent Company has the following non-cash transactions under:

Operating Activities

a.) Offsetting of interest of loans receivable amounting to ₱1.65 million.

Financing Activities

Details of the movement in cash flows from financing activities are as follows:

	December 31, 2023	Cash Flows	Interest	Dividends declared	Modification	Foreign exchange movement	Fair value changes	December 31, 2024
Convertible instrument (bond payable and derivative liability)	₱4,009,810,189	₱–	₱320,643,378	₱–	(₱44,184,116)	₱89,504,093	₱218,344,697	₱4,594,118,241
Due to related parties	43,927	–	–	–	–	–	–	43,927
Total liabilities from financing activities	₱4,009,854,116	₱–	₱320,643,378	₱–	(₱44,184,116)	₱89,504,093	₱218,344,697	₱4,594,162,168

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
LBC Express Holdings, Inc.
LBC Central Exchange, L2 C5 Extension, Moonwalk
Parañaque City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LBC Express Holdings, Inc. (the Parent Company) as at and for the years ended December 31, 2025 and 2024 and have issued our report thereon dated April 14, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of the Parent Company's management. This schedule is presented for purposes of complying with Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Dolmar C. Montañez
Partner
CPA Certificate No. 112004
Tax Identification No. 925-713-249
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 112004-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-119-2025, December 16, 2024, valid until December 15, 2027
PTR No. 10765095, January 2, 2026, Makati City

April 14, 2026



A member firm of Ernst & Young Global Limited

LBC EXPRESS HOLDINGS, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

For the year ended December 31, 2025

Unappropriated retained earnings, beginning of the year		₱45,561,509
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatements of prior-period adjustments	–	
Others:	–	
Fair value adjustments in prior year	(605,009,011)	
Unrealized foreign exchange gain in prior year	(110,576,515)	
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements of prior-period adjustments	–	
Others – Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) from prior year	(715,585,526)	–
Unappropriated retained earnings, as adjusted		45,561,509
Net income for the current year		240,320,101
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		285,881,610
Add: Category C.2: Unrealized income recognized in the profit or loss in prior periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Sub-total		–

Add: Category C.3: Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–
Add: Category D: Non-actual losses recognized in profit or loss during the year (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(326,546,722)	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others	–	
Sub-total		(326,546,722)
TOTAL RETAINED EARNINGS, END OF THE PERIOD AVAILABLE FOR DIVIDEND DECLARATION		**(₱40,665,112)**







2025 Sustainability Report

Sustained Movement







About the Cover



The cover brings together scenes that reflect LBC's enduring role in connecting people across distances. From frontline teams facilitating deliveries, to businesses supported by reliable logistics, and communities linked through everyday interactions, the images capture moments of connection that define our service. Inspired by the anniversary video, the cover highlights how each movement—whether personal or commercial—creates meaningful links between families, entrepreneurs, and communities.

In today's interconnected environment, sustainability is shaped by how effectively people, goods, and opportunities move together. Efficient logistics not only supports business growth but also strengthens relationships, enables livelihoods, and expands access to essential services. The ability to connect individuals and enterprises across locations plays a vital role in building inclusive and resilient communities.

At LBC, sustainability is anchored in our commitment to connecting people while enabling commerce. Through our integrated logistics and corporate solutions—from freight forwarding and warehousing to e-commerce fulfillment and last-mile delivery—we help bridge distances and support everyday needs. By strengthening these connections, we contribute to economic participation, business continuity, and shared progress.

This year's theme, Sustained Movement, reflects how LBC continues to move with the Filipino people. Guided by our core values and supported by ongoing investments in operational excellence and innovation, we remain dedicated to fostering connections that empower businesses, support communities, and create long-term sustainable value.

About the Report

Sustained Movement

The 2025 Sustainability Report outlines the performance and initiatives of LBC Express Holdings, Inc. and its subsidiaries across key environmental, social, and governance (ESG) areas, including operational efficiency, stakeholder engagement, employee development, and community impact.

This report has been prepared in accordance with the GRI Sustainability Reporting Standards and with the Philippine Securities and Exchange Commission's (SEC) Sustainability Reporting Guidelines for Publicly Listed Companies.

Reporting Period
2024 – 2025

Location of Headquarters
LBC Central Exchange, L-2 C5 Extension, Moonwalk, Parañaque City, Metro Manila, Philippines 1709

Highest Ranking Person Responsible for this Report
Enrique V. Rey, Jr.
President and Chief Executive Officer











LBC 75 YEARS
WE MOVE WITH YOU

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Message from the President and CEO

This year marks a clear shift for our organization—one that strengthens our resolve to drive business growth while improving the lives of the communities and customers we serve. As we advance our strategies and embrace new opportunities, we remain grounded in the responsibility that has defined our company for generations: to deliver value not only through financial strength, but through meaningful and lasting impact. Balancing performance with purpose continues to guide our decisions and shape our sustainability journey.

Over the past year, we continued to strengthen our role in enabling businesses and communities to move forward. Through our integrated logistics and service solutions, we supported enterprises across industries while enhancing operational resilience and service reliability. These efforts reflect our commitment to responsible growth — ensuring that our performance translates into meaningful value for stakeholders and the communities we serve.

In 2025, our logistics operations continued to deliver solid performance, contributing to total revenues of PHP 14.03 billion. We delivered 913,428 balikbayan boxes, forwarded 238,735 international parcels, and handled 9,746 TEUs of sea cargo, alongside 17.16 tons of domestic air cargo. These operational milestones highlight the scale, reach, and reliability of our logistics network, as well as the continued trust placed in our services by customers and partners. By enabling the efficient movement of goods across domestic and international markets, we support business growth, strengthen supply chains, and contribute to economic activity that benefits Filipino communities.

We also continued to enhance operational efficiency across our network. Through improvements in resource management, facility optimization, and process enhancements, we strengthened our ability to deliver consistent service while managing costs responsibly. These initiatives not only support financial discipline but also contribute to sustainability by improving operational productivity and optimizing the use of resources.

Our investments in digital transformation and service innovation further improved customer experience and accessibility. By enhancing digital touchpoints and streamlining logistics solutions for e-commerce players and corporate clients, we empowered businesses to scale more effectively. These initiatives enable entrepreneurs and enterprises to reach wider markets, supporting inclusive growth and strengthening local economies.

Equally important is our continued focus on our people. Our employees remain at the core of our operations, and we remain committed to fostering a safe, inclusive, and supportive workplace. Through ongoing training, employee engagement initiatives, and workplace safety programs, we continue to invest in the growth and well-being of our workforce. Their dedication allows us to deliver reliable service while advancing our sustainability priorities.

As we move forward, we remain committed to strengthening governance practices, enhancing stakeholder engagement, and integrating sustainability into our strategic decisions. We will continue investing in technology, infrastructure, and talent to build a resilient organization capable of supporting long-term growth.

We extend our sincere gratitude to our employees, partners, customers, and stakeholders for their continued trust and collaboration. Together, we remain focused on driving business growth while creating shared value — supporting sustainable progress for the communities we serve.

Enrique V. Rey, Jr.
President and Chief Executive Officer

"LBC has been a trusted partner of businesses, helping move commerce forward. It is our commitment to grow alongside our clients — because when businesses succeed, the economy grows, and so do the opportunities for Filipinos."



Corporate Information

About LBC

LBC is a Philippine market leader in retail and corporate courier and cargo, money remittance, and logistics services. With a growing network in over 30 countries including the Philippines, LBC is committed to moving lives, businesses, and communities and delivering smiles around the world.

Listed in the Philippine Stock Exchange through LBC Express Holdings, Inc., LBC aims to deliver value to all of its stakeholders, as it has for nearly 80 years. Founded in 1950 as a brokerage and air cargo agent, LBC pioneered time-sensitive cargo delivery and door-to-door delivery in the Philippines and has since grown into a fully integrated corporate solutions provider, connecting vendors, distribution hubs, and customers with reliability and efficiency.

Seventy-five years on, the company's success is closely tied to the businesses it serves, providing end-to-end logistics and operational solutions that help companies thrive and, in turn, support the wider Filipino community.

Our Vision

LBC shall be the access and delivery solutions provider of choice, professionally and technologically equipped to serve Filipino families and business entities through total customer experience.

Our Mission

Linking and bridging customers through our network and innovating new solutions to provide faster, easier, and more cost-effective delivery solutions

Our Culture

These are the core values that define everything we do in LBC:

Humility | Integrity | Trust | Teamwork | Innovation

Linking and bridging customers

The LBC Way

LBC is the warm and helpful partner who enjoys moving packages, goods and money for you. We understand that people look forward to what you're sending, so we provide clarity, certainty and convenience to help make everyone's day.

What We Commit To	What Inspired Us
Our Brand Promise:	**Our Brand Tagline:**
"A friend who makes your day"	*"We like to move it"*

Our Brand Attributes

Clarity

We believe in providing transparent and timely information to give customers peace of mind. We want to pay particular attention to:

- The process of moving items or money
- The schedule and timing of your delivery
- Clear communication of our cost

Certainty

We believe in providing our various stakeholders with certainty through:

- Presenting relevant options for different needs
- Our staffs' commitment to set expectations and deliver on our promises
- Fair and timely updates of information

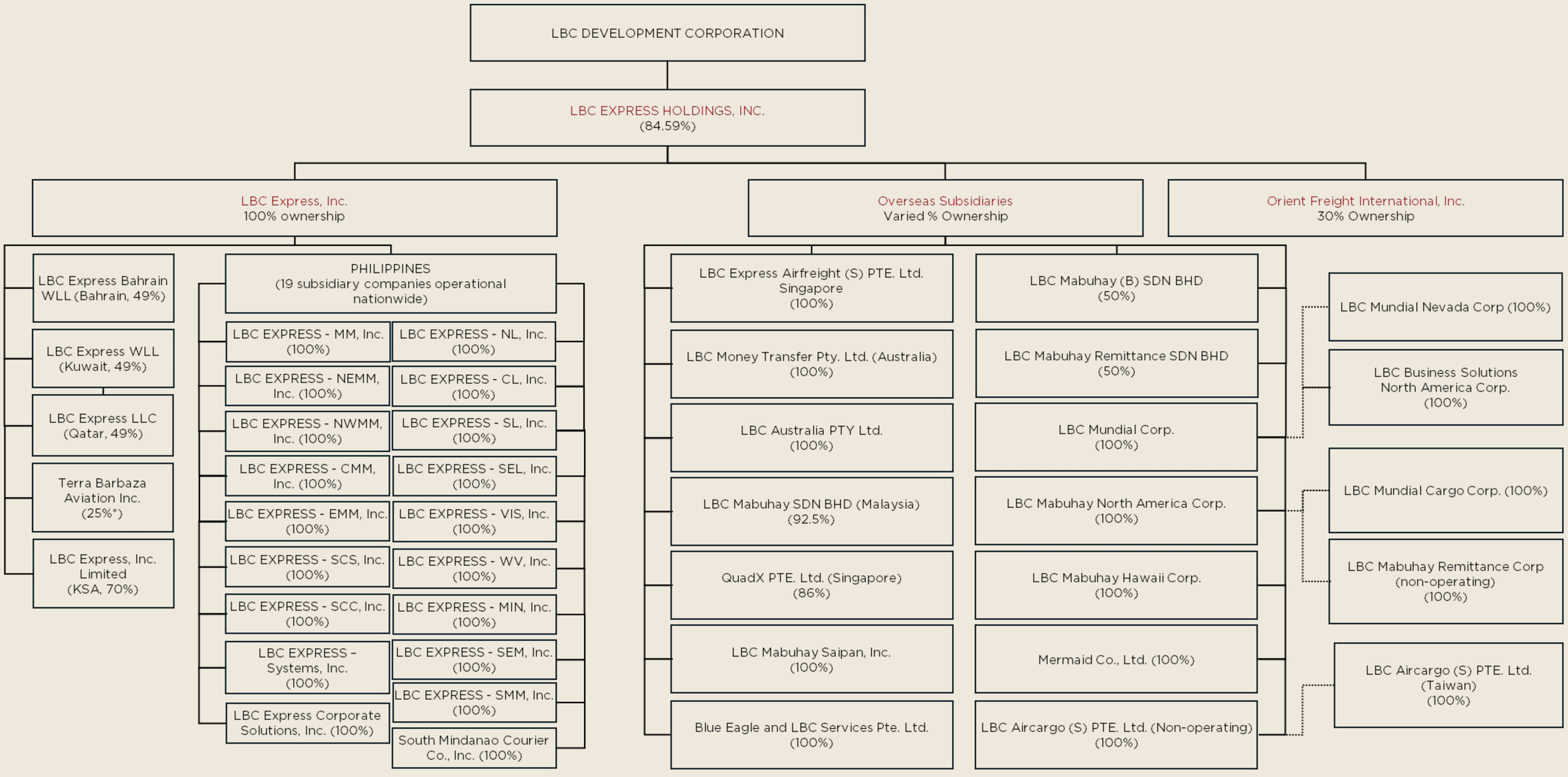
Convenience

We promise to make your experience as hassle-free as possible by:

- Constantly improving our processes and adding new and relevant capabilities
- Easy access to call center and frontline staff
- Growing of our network coverage







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

Corporate Structure



Number of branches worldwide
1,293 (1,245 in the Philippines)

Number of partner-agent branches overseas
908

Number of warehouses worldwide
48 (18 in the Philippines)

Number of delivery hubs in the Philippines
183

Geographic Presence









Business Overview

The Group's business is principally comprised of two major segments: (a) Logistics; and (b) Money Transfer Services. Its Logistics products serves Retail (C2C) and Corporate/Institutional (B2B/B2C) customers. The main services offered under the Group's Logistics business are Domestic and International Courier, and Freight Forwarding services (by way of air, sea, and ground transport).

Money Transfer Services include Domestic Remittance services (available as branch retail services), Bills Payment collection, and Corporate Remittance Payout services. International Money Transfer Services are also offered overseas through the Group's own branches, and through partners, which International Inbound encompasses Remittance services.

Logistics

- Sea Cargo
- Air Cargo
- Courier
- Warehousing

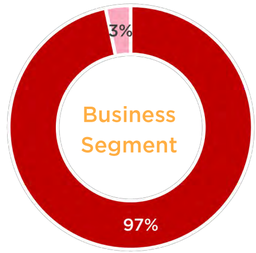
Remittance

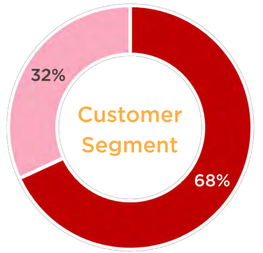
- Domestic
  - Remittance
  - Corporate Payout
- International
  - Overseas Branches
  - Partner Network
  - International Inbound

Operational Highlights

PHP 14.03 Billion

Total Revenue





Balikbayan boxes delivered
913,428

TEUs sea cargo forwarded
9,746

International parcels forwarded
238,735

Tons domestic air cargo forwarded
17.16

Identifying key sustainability priorities

Materiality

Our sustainability priorities continue to be guided by the materiality assessment conducted in 2019. This assessment involved a roundtable discussion with senior management and an internal survey of 155 respondents representing departments across our operations. Through this process, we identified the most significant environmental, social, and governance (ESG) issues relevant to our business and stakeholders.

The results were evaluated in the context of our business strategy, stakeholder expectations, and our brand pillars of clarity, certainty, and convenience. While the business environment continues to evolve, these identified topics remain relevant to our operations and stakeholder interests. As such, they continue to guide our sustainability focus and disclosures.

Following this assessment, we identified at least ten (10) sustainability priorities across three thematic areas where we believe we can deliver the most significant value and impact.

Environmental Stewardship

- Energy use
- Waste management
- Compliance with applicable laws

People and Social Impact

- Employee hiring and retention
- Compensation and benefits
- Training and development
- Product Responsibility
- Customer Satisfaction
- Socio-economic considerations

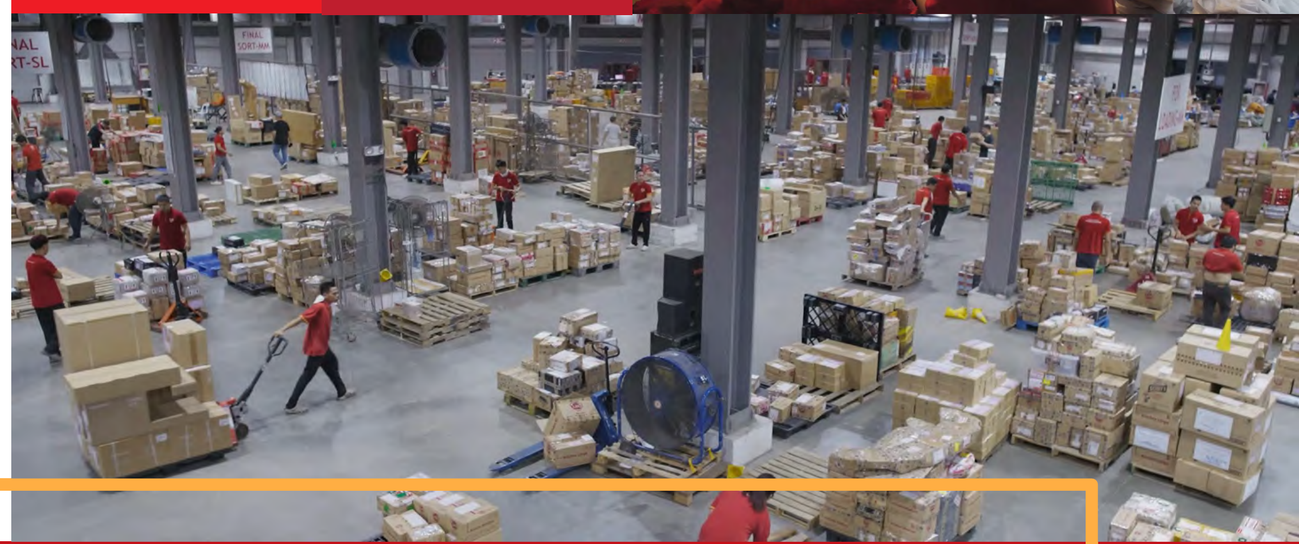
Governance and Responsible Innovation

- Innovation and future technologies
- Data security, protection, and privacy







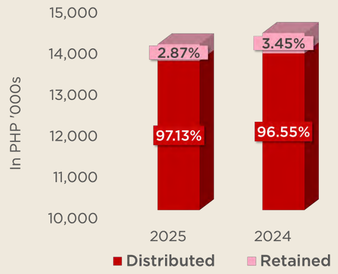


Economic Performance

Direct Economic Value Generated

PHP 14.03 Billion

(↓2% from last year)



Direct Economic Value Distributed

PHP 8.80B	PHP 4.03B	PHP 189.2M
Operating Costs	Wages & benefits	Fixed asset investments
PHP 271.5M	PHP 313.0M	PHP 12.7M
Dividends & interests	Taxes & licenses	Donations, CSR

LBC's FY2025 economic performance reflects a resilient revenue generation and value distribution structure, generating direct economic value of PHP 14.03 billion. Despite the slight decline from PHP 14.30 billion in the prior year, total economic value distributed reached PHP 13.62 billion, or 97.13% of the value generated, marginally higher than last year's PHP 13.81 billion or 96.55%.

The majority of the distributed economic value was allocated to operating costs (62.77%), followed by employee wages and benefits (28.75%), underscoring LBC's continued investment in its core operations and workforce. Dividends, interest payments, and taxes accounted for 4.17% of the total distribution, while capital expenditures for the acquisition of fixed and intangible assets comprised a smaller share (1.35%), reflecting disciplined investment in long-term operational capabilities.

LBC's commitment to inclusive growth is further demonstrated through its investment of PHP 12.74 million in corporate social responsibility (CSR) initiatives, equivalent to 0.09% of total economic value distributed. This highlights the Company's focus on sustainability, employee welfare, and community engagement as key pillars of long-term value creation and responsible governance.

.

Direct economic value retained decreased to 2.68% from 3.45% in the previous year, reflecting a deliberate strategic shift toward greater value distribution. This approach underscores the Company's continued commitment to enhancing employee welfare through increased investments in wages, benefits, and workforce development initiatives, fostering a more inclusive, supportive, and productive working environment.

At the same time, the higher allocation of resources supports operational sustainability and environmental responsibility, enabling the Company to strengthen its initiatives focused on efficient resource utilization, responsible business practices, and community impact. This balanced distribution of economic value highlights LBC's priority to create shared value—supporting its employees, contributing to environmental stewardship, and ensuring long-term, sustainable growth.

Creating sustainable economic value

Our business decisions and growth aspirations are guided by sustainable practices, strict compliance with applicable laws and regulations, and robust internal governance. The Board plays a central role in overseeing the development, review, approval, and monitoring of business objectives and strategies, ensuring that performance initiatives remain aligned with the Company's standards and long-term vision.

To support sustainable economic value creation, we focus on the following strategic elements:

Strengthening Competitiveness

LBC has evolved from a compliance-driven approach to a proactive strategy that identifies and addresses risks and opportunities to support sustainable growth. We achieved ISO 9001 certification for quality management, reinforcing our commitment to operational excellence, reliability, and customer satisfaction. Quality standards were further expanded to cover additional operational areas, including Central Exchange, Warehousing, Remittance, and Payment Solutions, ensuring consistent service delivery across all touchpoints.

Plan–Do–Check–Act Framework

We continue to apply the Plan–Do–Check–Act (PDCA) framework to maintain consistency and operational discipline across the enterprise. Quality assurance has been integrated into all aspects of operations, encompassing brand attributes, management oversight, and employee competencies. This structured approach supports continuous improvement and strengthens organizational performance.

Digital Transformation for Growth

Our digital transformation strategy focuses on optimizing business processes, improving operational performance, and enhancing stakeholder experience. Through innovation and technology-driven solutions, we aim to strengthen efficiency, expand market reach, and support long-term value creation. Key initiatives include:

First Mile Development
Expanding pick-up access for retail customers and micro, small, and medium enterprises (MSMEs) to improve accessibility and convenience.

Cross-Border Operations
Strengthening e-commerce logistics capabilities to provide seamless end-to-end international shipping solutions.

Crowdsourcing Partnerships
Leveraging third-party service providers to support flexible and scalable pick-up and delivery operations.

Returns Services Expansion
Enhancing reverse logistics through resale opportunities and responsible disposal of returned items.

Surge Volume Handling
Managing peak volumes cost-effectively through crowdsourced delivery support.

Hub Efficiencies
Streamlining operational processes across hubs to maximize productivity and turnaround time.

Digital Currency Solutions
Enabling peer-to-peer payment capabilities to promote financial inclusion and improve transaction efficiency.

These initiatives collectively strengthen operational agility, support customer-centric innovation, and contribute to sustainable economic value creation.







Procurement Practices

99.04%

Percentage of the procurement budget spent on local suppliers for significant operations

Over 99% of the procurement budget for significant locations of operations is spent on local suppliers.

LBC prioritizes sourcing the majority of its supplies from local suppliers as part of its commitment to operational resilience, environmental sustainability, and community development. Local sourcing enables shorter lead times, more reliable supply availability, and lower logistics and handling costs, while significantly reducing emissions associated with long-distance transportation. By minimizing exposure to global supply chain disruptions, this approach strengthens business continuity and enhances responsiveness to operational needs.

LBC plays an active role in executing this strategy by carefully selecting reliable and cost-effective suppliers and adopting a multi-sourcing approach to mitigate risks related to supplier concentration and capacity constraints. This balanced sourcing model helps ensure continuity of supply during peak periods and operational disruptions, while maintaining flexibility and service reliability.

- Shorter lead times
- Supply reliability
- Cost reduction
- Business continuity
- Operational flexibility
- Service reliability

Responsible and Resilient Sourcing

From an ESG perspective, local procurement supports environmental objectives through reduced fuel consumption and a lower carbon footprint, while creating social value by generating employment, supporting small and medium-sized enterprises, and contributing to regional economic growth. Close supplier proximity enables stronger collaboration, improved transparency, and more effective oversight of quality, ethical, and labor standards.

LBC manages risks associated with local sourcing—such as supplier concentration, capacity limitations, and cost inflation—through proactive supplier engagement, diversification within local markets, and capability-building initiatives. Procurement policies embedded in decision-making prioritize local suppliers for critical operational needs and align with LBC's sustainability objectives and risk management framework.

Having achieved over 99% of total procurement spend with local suppliers, LBC's focus is on sustaining this level while continuously improving supplier quality, scalability, and resilience. Through structured governance, clear accountability, and ongoing supplier development, local sourcing remains a key enabler of sustainable operations, community impact, and long-term value creation.

- Lower carbon footprint
- Community impact
- Supplier capability development

- Stronger supplier collaboration
- Improved transparency
- Better quality oversight
- Supply chain resilience
- Regional economic growth
- Job creation and SME support

Resource Management

Energy Consumption

	Gasoline	Diesel	Electricity	Water
↓	1%	5%	10%	5%
	42.88K GJ	118.27K GJ	16.04M kWh	110.57K m^3

Savings from using Solar

76.19K kWh

(equivalent to PHP411.73K)

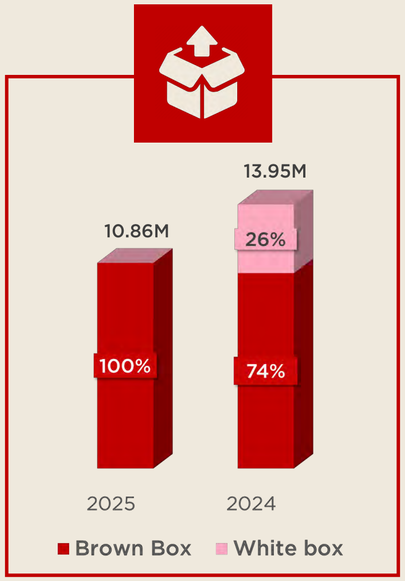
The year-on-year reductions observed from 2024 to 2025 underscore the positive environmental outcomes of the company's operational efficiency and optimization initiatives. Fuel consumption associated with company-owned vehicles declined, with gasoline usage decreasing from 43,240 gigajoules to 42,886 gigajoules and diesel consumption falling more significantly from 123,850 gigajoules to 118,268 gigajoules. These improvements were primarily driven by strategic measures such as zone consolidation and business segment consolidation, which reduced overlapping routes and unnecessary travel. In parallel, the implementation of employee driver seminars promoted fuel-efficient driving practices and responsible vehicle operation. Collectively, these initiatives enhanced fleet efficiency, resulting in lower fuel use, reduced direct greenhouse gas emissions, and a decline in vehicle-related air pollutants.

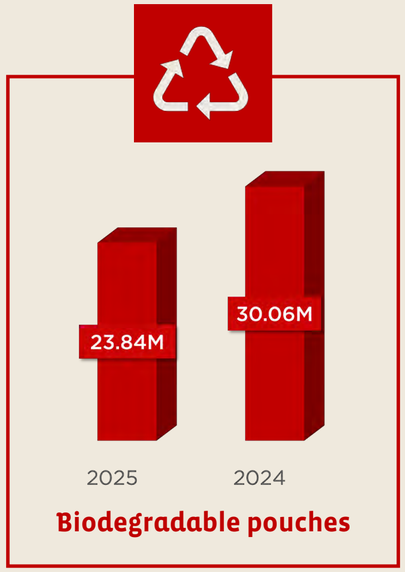
The reductions in electricity and water consumption during the same period can be largely attributed to the consolidation and optimization of warehouse and office operations. Electricity usage decreased from 17,897,629 kilowatt-hours in 2024 to 16,039,894 kilowatt-hours in 2025, reflecting lower energy demand stemming from a more streamlined operational footprint and more efficient utilization of shared facilities. Water consumption likewise declined from 115,783 to 110,569 cubic meters, indicating reduced utility requirements as a result of improved space utilization and operational efficiencies. These reductions contribute to lower indirect emissions associated with power generation and water treatment, while also easing pressure on local provider of electric and water resources. Overall, the combined impact of fleet optimization, employee engagement, and facility rationalization demonstrates meaningful progress toward minimizing resource consumption and reducing the company's environmental footprint.

In addition to efficiency and consolidation efforts, the company has taken a significant step toward cleaner operations through the adoption of solar energy at the Davao warehouse. Although the installation of the solar power system required a higher upfront investment, it has delivered both economic and environmental benefits, generating 76,186 kilowatt-hours of off-grid energy. More importantly, solar energy is significantly more environmentally sustainable than conventional energy sources, as it produces clean, renewable power with minimal greenhouse gas emissions and no air pollutants during operation. This reduces reliance on fossil fuel-based electricity and further lowers the company's overall carbon footprint. The additional maintenance requirements and operational risks associated with the solar installation have remained minimal, reinforcing its viability as a long-term energy solution.

Moving forward, the company continues to actively explore opportunities to further reduce its carbon footprint while improving cost efficiency across its operations. By aligning environmental initiatives with financial performance—such as lowering fuel and utility expenses while minimizing emissions—the company achieves a balanced approach that benefits both the environment and the business. These efforts represent a win-win outcome, supporting climate change mitigation, reducing long-term operational risks, and delivering sustainable cost savings, while reinforcing the company's commitment to responsible growth and environmental stewardship.

Sustainable Packaging and Material Use





LBC continues to advance its resource management strategy by reducing material consumption, optimizing packaging solutions, and integrating sustainable practices across its operations. During the reporting period, LBC focused on minimizing packaging waste through the repurposing of biodegradable materials, the use of locally sourced packaging, and operational efficiencies that streamline procurement and logistics processes.

A cornerstone of these efforts is LBC's successful 100% conversion from white boxes to brown boxes, marking a significant milestone in sustainable packaging. This full conversion reduces the environmental impact associated with higher-intensity packaging materials and supports waste reduction across the logistics network, while also generating procurement cost efficiencies. Moreover, increased reliance on locally sourced brown boxes supports both environmental objectives—by reducing emissions from long-distance transport—and social outcomes through support for local suppliers.

LBC further strengthened its resource efficiency by optimizing the use of oxo-biodegradable pouches through improved utilization and repurposing practices. In 2025, this initiative resulted in a reduction of approximately 6.22 million biodegradable pouches purchased. To maximize material use and minimize waste, unused or expired pouches were repurposed as receptacles for internal mail, extending their lifecycle and reducing the need for additional packaging materials.

Overall, these initiatives resulted in a measurable reduction in total packaging units purchased, demonstrating LBC's commitment to responsible resource use, waste minimization, and continuous improvement in environmental performance. Through disciplined resource management, LBC aligns operational efficiency with sustainability goals, contributing to a lower environmental footprint and long-term value creation.



Solid Waste Management

Environmental Impact Management

Solid Wastes



Estimated total waste generated, consisting of plastic and cardboard

100% *recyclable or reusable*

In parallel with energy and resource initiatives, LBC actively manages the environmental impacts associated with solid waste generation. Waste management efforts are guided by the reduce, reuse, and recycle hierarchy, with an emphasis on minimizing waste at source and strengthening recycling practices across operations. Proper waste segregation and material recovery processes are reinforced to improve recycling efficiency and prevent contamination. Through these efforts, LBC consistently diverts recyclable materials from landfill, recovering approximately 4,000 kilograms of recyclable waste per month, contributing to reduced landfill dependency and lower pollution risks to surrounding communities and ecosystems.

LBC recognizes that ineffective waste handling and recycling systems may pose both environmental and operational risks. To mitigate these risks, clear waste management procedures and responsibilities are implemented across facilities, supported by ongoing awareness and compliance efforts. These measures help preserve the value of recyclable materials, reduce unnecessary disposal costs, and promote cleaner, safer working environments.

0

No. of monetary fines and non-monetary sanctions for non-compliance with environment laws and/or regulations

These efforts are reinforced by the company's strong compliance performance during the reporting period, with no recorded penalties or sanctions related to environmental laws and regulations. This reflects LBC's commitment to responsible environmental management and adherence to applicable regulatory

Overall, LBC's environmental impact management approach reflects a holistic and balanced strategy that integrates energy efficiency, renewable energy use, resource conservation, and responsible waste management. By aligning environmental initiatives with operational effectiveness and cost efficiency, LBC delivers positive outcomes for employees, communities, and the environment, while reinforcing its commitment to responsible environmental stewardship and continuous improvement.









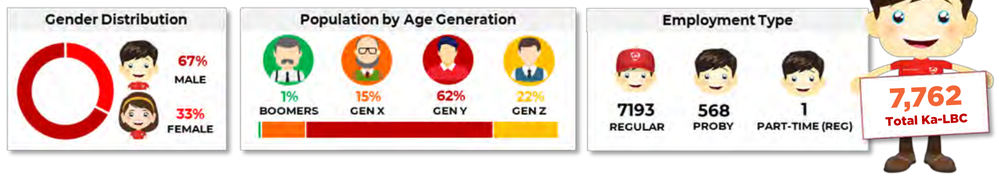


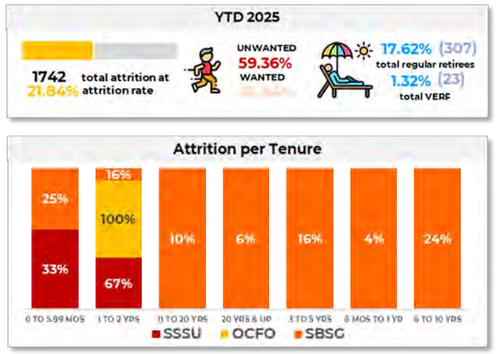




Employee Management

Workforce Profile and Demographics





- Strategic Shared Services Unit
- Office of the Chief Finance Officer
- Strategic Business Unit Services Group



LBC places a strong emphasis on its workforce, recognizing employees as integral to the company's operational success and broader social responsibility commitments. In 2025, LBC's total workforce reached 7,762 employees, composed of 2,531 female employees and 5,231 male employees. Compared to 2024, this reflects an overall decrease of 541 employees, with reductions of 209 female employees and 332 male employees, indicating ongoing workforce adjustments in response to operational requirements and industry dynamics.

Amid these changes, the company remains committed to fostering a safe, inclusive, and equitable workplace by promoting gender equality, supporting employee development, and ensuring a respectful working environment. With a multigenerational workforce spanning from Gen Z to Baby Boomers, LBC continues to implement tailored programs that address diverse needs and perspectives, strengthening inclusivity across all levels of the organization.

Despite experiencing an attrition rate of 21.84%, LBC continues to enhance employee retention through competitive compensation, structured career development opportunities, and consistent performance feedback mechanisms. This reflects both the challenges of operating in a dynamic and competitive industry and the company's proactive efforts to maintain workforce stability and engagement. In addition, LBC maintains a support ratio of less than 2%, reflecting the ratio of the lowest-paid employee to the minimum wage, demonstrating its commitment to providing compensation that exceeds statutory requirements and promotes fair and equitable pay practices.

LBC adopts a people-centered approach in its sustainability strategy, ensuring that employee welfare remains a core priority. By cultivating a positive work environment, promoting equal opportunities, and strengthening employee engagement, the company reinforces its long-term sustainability goals. These initiatives support the development of a resilient and capable workforce, while highlighting LBC's commitment to responsible corporate practices and its role in creating lasting value for its employees and stakeholders.

Employee Hiring and Benefits

Supporting Employee Well-Being



LBC manages its employee benefits through a structured framework focused on compliance, accessibility, and continuous improvement. The company funds, administers, and monitors its benefits programs in accordance with government regulations and internal policies, ensuring full regulatory compliance. LBC's employee benefits programs play a vital role in enhancing employee well-being, financial security, and overall quality of life within the workplace. Through a combination of statutory and voluntary benefits, the company supports employees and their families by providing access to healthcare, financial assistance, and work-life balance initiatives.

LBC's voluntary benefits, including the Health Maintenance Program and Group Life Insurance, provide essential support to employees. Additional benefits such as funeral assistance, educational allowance, medicine allowance, and uniform allowance provide financial support for employees' personal and work-related needs. The company also offers rice allowance and various cash-based incentives, including birthday/ anniversary gifts and Christmas benefits, which contribute to employee engagement and financial well-being. Moreover, LBC supports employee financial well-being through the Kaagapay sa Pag-iipon Credit Cooperative (KPCC), which provides access to savings and credit services, promoting financial discipline and resilience. It also provides internal Marketplace platform that offers employees access to discounted essential goods and flexible payment options, enhancing affordability and everyday financial convenience.

At the same time, LBC recognizes potential risks related to employee well-being and benefits delivery, including financial stress among employees, health-related concerns, and the need to ensure continued compliance with government-mandated benefits. Despite these risks, the company continues to create opportunities to strengthen employee retention and engagement through competitive benefits, while improving workforce productivity by supporting employees' financial and health security.

Overall, LBC's benefits programs remain relevant, widely utilized, and effective in supporting employee satisfaction, retention, and productivity. These initiatives primarily benefit employees and their families, while also supporting government compliance and engagement with service providers.

Employee Health and Wellness Programs

Supporting Employee Well-Being

The LBC HCSS Team, in collaboration with company leaders, continued to strengthen employee well-being through a range of health and wellness initiatives in 2025, promoting a proactive and preventive approach to healthcare. These initiatives were implemented across the workplace and contributed to improved employee health, safety, and overall well-being by increasing awareness, supporting mental health, and reducing the risk of communicable and non-communicable diseases.

In March 2025, LBC provided free pneumonia vaccines to employees, followed by the Annual Vaccination Campaign in June 2025, offering influenza, pneumonia, and cervical vaccines at discounted rates. The company also conducted Free Medical Missions in July and October 2025, extending healthcare services to employees and their dependents. To promote awareness, LBC organized sessions such as the Family Planning Awareness Talk, Cervical Cancer Awareness Talk, and Cardiovascular Disease Prevention Webinar in August 2025.

In September 2025, employees participated in a Bloodletting Drive and attended Mental Health Talks, which provided practical strategies for managing stress and improving workplace well-being. Physical wellness was further encouraged through Chair Yoga and Aero Dance sessions in October 2025, supporting active lifestyles and employee engagement.

These programs also address key risks such as sedentary lifestyle-related health issues and mental health concerns that may impact productivity and engagement. At the same time, they create opportunities to reduce absenteeism, lower healthcare-related costs, and strengthen a culture of health and preventive care within the organization.

LBC manages these initiatives through regular wellness programs and strategic partnerships with healthcare providers, ensuring consistent delivery and accessibility of services. By extending selected programs to employees' dependents, the company reinforces its commitment to holistic care and inclusive support.

Overall, these efforts reflect LBC's dedication to fostering a healthy, productive, and resilient workforce, aligned with its broader sustainability goals and commitment to responsible employee care.

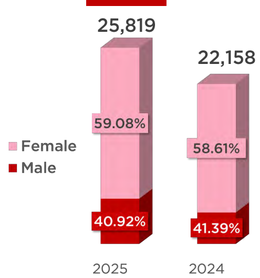


Employee Training and Development

Training and Capability Building

3.00

Average Training Hours per employee



Total Training Hours

7,122
(↑191% from last year)

Total Unique Trained

New Associates Orientation

1,178
Employees trained

Operations Training Program

144
Employees trained

Training Evaluation

Overall Training	3.80 out of 4.00
Training Program	3.79 out of 4.00
Trainer	3.81 out of 4.00

Overall, LBC's training initiatives deliver meaningful value by enhancing employee skills, supporting career development, and improving workplace performance. These benefits extend to key stakeholders, including employees, management, trainers, customers, and shareholders, through improved service quality, productivity, and organizational readiness.

LBC adopts a structured Learning and Development framework to ensure effective and sustainable workforce development. This approach focuses on continuous monitoring, resource optimization, and alignment of training programs with organizational goals. It involves key stakeholders, including employees, management, trainers, customers, and shareholders, ensuring that training initiatives deliver value across the organization.

LBC's training and development programs have a significant impact on employee development and capacity building within the workplace, enhancing workforce productivity, service quality, and overall business performance. These initiatives support continuous learning and strengthen workforce capability across the organization.

Learning momentum strengthened in 2025, with total training hours reaching 25,819, compared to 22,158 in 2024. This represents an additional 3,660 hours delivered across the workforce. While overall training hours increased, the average training hours per employee declined. Female employees recorded 1 hour less, and male employees 3 hours less, resulting in an average of 3 hours each in 2025. This reflects broader participation as development opportunities reached more employees.

The substantial increase in employees trained from 2,449 to 7,122 further demonstrates LBC's efforts to expand its learning and development programs. This growth has contributed to improved onboarding effectiveness, particularly through increased participation in New Associates Orientation, and has strengthened operational training to enhance workforce capability.

High training satisfaction scores (3.80 out of 4.00) highlight the effectiveness of these initiatives and their positive impact on employee engagement. The expansion of training programs also creates opportunities to promote inclusive learning and ensure balanced skill development across employee groups.

LBC recognizes that this rapid growth presents certain risks, including maintaining training quality, managing capacity, and ensuring sufficient resources to support delivery. If not properly managed, these factors may affect the overall effectiveness of training programs.

Employee Engagements

Engaging and Empowering Our Workforce

At LBC, fostering a strong sense of community and belonging is central to building a resilient and engaged workforce. The ENJOY Monthly Programs serve as a signature employee engagement initiative that reflects LBC's commitment to employee well-being, workplace inclusivity, and a positive organizational culture. These programs create meaningful opportunities for employees to connect beyond their day-to-day roles, encouraging collaboration, creativity, and shared experiences that strengthen engagement across the organization.

Employees participate in thoughtfully curated activities that celebrate personal milestones, cultural traditions, and seasonal events, while also promoting physical, mental, and social well-being. By integrating engagement initiatives into its people strategy, LBC enhances employee morale, reinforces teamwork, and fosters a deeper sense of belonging.

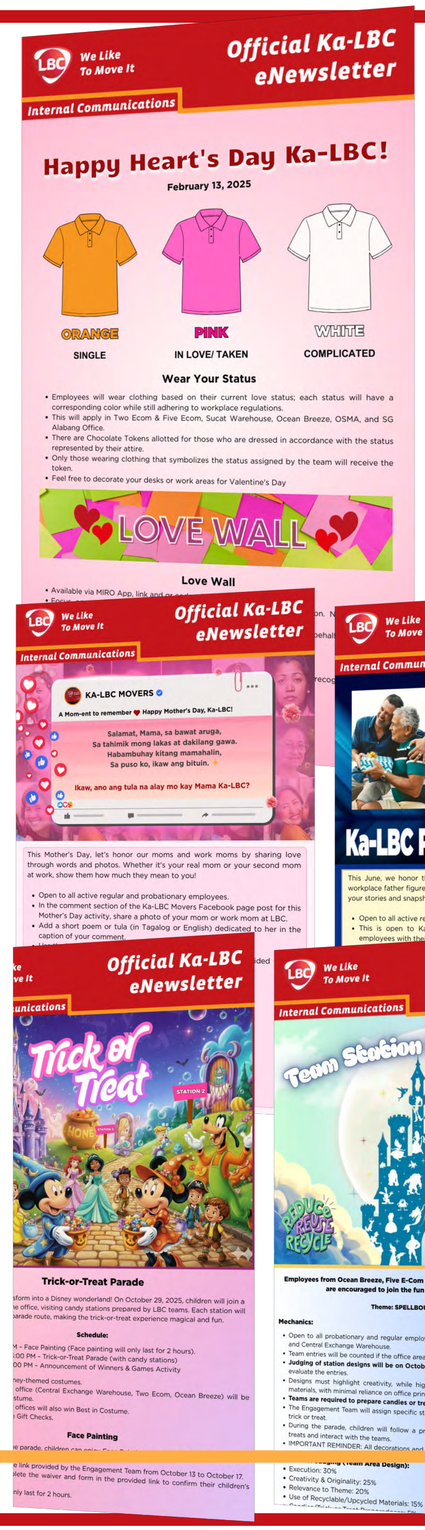
In 2025, the activities began in February with the Valentine's Engagement – Free Chocolates & Wear Your Status, encouraging interaction and shared enjoyment among employees. In March, LBC reinforced wellness and community-building through Zumbabaihan: Sayaw Para sa Lakas, an Online Health Talk on Menstrual Disorders & PCOS, and the observance of Ash Wednesday Mass, promoting physical well-being, awareness, and reflection.

April featured Egg-ceptional Design, a creative collaborative activity that encouraged artistic expression and teamwork. In May, employees joined the Poem Contest: A Mom-ent to Remember, celebrating motherhood while showcasing literary talents within the organization. June focused on appreciation and personal growth through Ka-LBC Pride: Tatay Ko, Idol ko! and the Ka-LBC Let's Go, Grow, Glow Challenge, initiatives designed to cultivate gratitude, healthy habits, and sustained motivation.

By August, the programs shifted toward talent and skill-based engagement through LBC Central Exchange – Tawag ng Tanghalan and the Scrabble and Chess Tournament, encouraging friendly competition and intellectual engagement. In October, Ka-LBC Halloween Activities provided opportunities for festive fun, creativity, and strengthened team bonds. The year concluded in November with the Parol Making Contest, a meaningful tradition that united employees in celebrating Filipino culture and the spirit of the holiday season.

2025 MONTHLY PROGRAMS
February 2025
Valentines Activities and Engagements
March 2025
Zumbabaihan: Sayaw Para sa Lakas
Online Health Talk: Menstrual Disorders & PCOS
Ash Wednesday Mass
April 2025
Egg-ceptional Design
May 2025
Poem Contest: A MOMent to Remember
June 2025
Ka-LBC Pride: Tatay Ko, Idol ko!
Ka-LBC Let's Go, Grow, Glow Challenge
August 2025
LBC Central Exchange – Tawag ng Tanghalan
LBC Central Exchange – Scrabble and Chess
October 2025
Ka-LBC Halloween Activities
November 2025
Parol Making Contest

A total of 3,216 employees participated in these initiatives, reflecting strong engagement and reinforcing LBC's efforts to cultivate a workplace where employees feel valued, connected, and inspired. Through the ENJOY Monthly Programs, LBC continues to strengthen a culture of community, supporting employee well-being and contributing to long-term organizational sustainability.







Occupational Health and Safety

0

Number of work-related injuries, fatalities and ill-health

Safe Man-Hours
19,927,200

Trained Safety Officers
527

Trained First Aiders
317

Providing a safe and healthy work environment remains a key priority across all operations. Identified risks include ergonomic hazards, manual handling–related injuries, slips, trips and falls, and vehicle-related accidents. These risks are actively managed through established safety protocols, continuous monitoring, and preventive measures.

A comprehensive management approach supports occupational health and safety, including compliance with labor and occupational safety and health standards (OSHS), clearly defined responsibilities, and ongoing safety programs and initiatives.

During the reporting period, there were zero recorded work-related injuries, fatalities, and cases of occupational ill-health, reflecting the effectiveness of the company's safety measures and risk management practices.

To further enhance emergency preparedness, a total of four safety drills were conducted across operations. These drills, led by designated Safety Officers and Safety Marshals, are designed to strengthen employee readiness and ensure effective response to emergencies such as earthquakes and fires.

Continuous improvement remains a focus, with ongoing training, awareness programs, and monitoring initiatives aimed at reinforcing a strong safety culture and maintaining safe working conditions across all man-hours.

Safety Drills

Workplace Emergency Preparedness

LBC actively conducts emergency preparedness initiatives to ensure the safety and readiness of its employees. In 2025, the company participated in the Quarterly Nationwide Simultaneous Earthquake Drill (NSED) held on March 13, June 19, September 12, and November 6, led by designated Safety Officers and Safety Marshals across teams nationwide.

Major LBC facilities conducted annual fire safety seminars and drills during Fire Prevention Month (March–April 2025), also led by assigned Safety Officers and Safety Marshals.

These initiatives are designed to assess and enhance the preparedness of Ka-LBC in effectively responding to earthquake and fire emergencies.















Workplace Conditions

Labor Compliance and Human Rights

0

Number of legal actions or employee grievances involving forced labor or child labor

Commitment to upholding the rights and dignity of all employees is central to operations, with full compliance with applicable labor laws and human rights standards. Recognizing that its workforce is a key asset, LBC fosters a fair, safe, and inclusive working environment as part of its sustainability efforts. In support of this commitment, the company implements policies and practices aligned with internationally recognized human rights standards and ensures that its operations are free from labor violations, including forced and child labor.

LBC takes all necessary steps to ensure compliance with applicable local, national, and international labor laws. No legal actions or employee grievances were recorded related to forced or child labor, reflecting its ongoing commitment to maintaining ethical labor practices and upholding human rights across the organization.

While LBC does not have a standalone policy specifically addressing forced or child labor, the company remains committed to preventing labor law violations and human rights abuses across its operations. LBC adheres to the Sexual Harassment and Safe Spaces Act, which promotes a safe, respectful, and harassment-free workplace. This policy establishes clear procedures for reporting incidents and supports a work environment that upholds the dignity and well-being of all employees.

LBC remains committed to ensuring fair treatment and the protection of human rights for all employees. The company is in the process of formalizing a comprehensive policy on forced and child labor and continues to strengthen its labor practices through training, monitoring, and adherence to ethical standards. Through these efforts, LBC fosters a fair and equitable workplace while ensuring compliance with applicable legal and regulatory requirements.

Supply Chain Management

Supplier Accreditation Policies

LBC is committed to upholding high standards of sustainability, ethical practices, and responsible sourcing across its supply chain. To ensure alignment with these values, the company has established a comprehensive Supplier Code of Conduct, which forms the foundation of its supplier accreditation policy. This policy sets strict criteria in areas such as environmental responsibility, human rights, and ethical business practices. Supplier compliance is regularly assessed and verified to ensure that all partners support LBC's sustainability objectives.

In evaluating potential suppliers, LBC considers several key sustainability topics, all of which are outlined in the Supplier Code of Conduct. All suppliers are required to adhere to these standards.

Environmental Performance

LBC mandates that its suppliers comply with all relevant environmental laws and regulations and take measures to minimize their overall environmental footprint through the reduction or elimination of waste, water usage, and air emissions, as well as the implementation of proper waste management and resource conservation practices.

(Reference: Article 4 of LBC Supplier Code of Conduct)

Forced and Child Labor

The company does not tolerate forced or indentured labor in any form within its supply chain and expects suppliers to uphold the rights and dignity of all workers, ensuring that employment is voluntary and workers are treated fairly. Furthermore, LBC prohibits the use of child labor, requiring suppliers to comply with local and international laws regarding the employment of minors and to ensure that all workers meet the applicable minimum legal age requirements.

(References: Article 2 and Article 2a of LBC Supplier Code of Conduct)

Human Rights

LBC expects all suppliers to respect and uphold human rights by providing safe and dignified working conditions for all employees. Suppliers must prevent discrimination and ensure that employment practices are based on merit and the ability to perform the job, rather than on personal characteristics such as race, gender, religion, age, or other legally protected attributes. Suppliers are also required to refrain from corporal punishment, threats of violence, or any form of harassment.

(Reference: Article 2 of LBC Supplier Code of Conduct)

Bribery and Corruption

LBC has zero tolerance for bribery and corruption. Suppliers must adhere to fair business practices and comply with all relevant anti-corruption laws, conducting all interactions with employees, suppliers, and customers ethically and with integrity.

(Reference: Article 6 of LBC Supplier Code of Conduct)

Customer Management

Customer Satisfaction

97%

2025 CSAT Score

Customer Care Answer level
93%

Closure rate
81%

Average handling time
4.24 mins

Total response time
4.60 mins

LBC continues to place customer satisfaction at the core of its service excellence, achieving a Customer Satisfaction (CSAT) score of 97% in 2025. This high rating reflects the positive impact of our training programs, which equip our teams to handle customer interactions efficiently and effectively, while sustaining the engagement of inorganic agents across our operations.

CSAT is measured by immediately transferring customers to a 2-question IVR survey following calls to our hotlines in both the Philippines and overseas. Customers respond using a simple Yes/No format, allowing us to capture timely feedback on the quality of service they received. The feedback we gather enables LBC to monitor service performance closely and identify areas for improvement.

While high satisfaction demonstrates the strength of our customer support, we continue to monitor potential risks, such as complaints received through official channels, government platforms like DICT and DTI, and social media platforms including Facebook. We also recognize opportunities to further enhance customer experience, particularly by reducing response times in our chatbot system. By leveraging technology and tools enhancement, we aim to ensure that our service remains responsive, efficient, and consistent. Through these initiatives, LBC continues to enhance the overall customer experience by strengthening service responsiveness and maintaining consistent engagement across its support channels. Improvements in tools, combined with targeted training, enable employees and agents to address inquiries efficiently and provide reliable assistance, ultimately sustaining high satisfaction levels across LBC' operations.



As virtual frontliners, our touchpoints are accessible 24/7 to address customers' concerns across all origins. We take pride in being one of the few business units that have overcome current challenges and adapted to the evolving situation.

We embody the LBC brand personality of being helpful, clear, certain and providing convenience for our customers. On every opportunity and interaction, we strive to provide solutions tailored to meet all their needs, ensuring they experience the highest level of customer service

CCM is progressing beyond traditional customer service by embracing digital transformation. It is gradually introducing digital channels to enhance accessibility and convenience, reflecting our unwavering commitment to serving customers with the utmost dedication and availability.

Continuous Improvement in Customer Service

Enhancing Service Through Feedback

Substantiated Complaints

↓ 4%	↓ 43%
214	20
Cargo Delivery	Money Remittance

No. of complaints addressed

234

100% closure rate

LBC remains committed to maintaining high standards of customer service, recognizing that the timely and effective resolution of complaints is essential to building trust and loyalty. In 2025, the number of substantiated complaints on our products and services decreased to 234, down from 259 in 2024, reflecting the positive impact of process improvements approved by management to address the root causes of major complaints. This reduction was observed across our core services, including cargo delivery, which saw a decline from 224 to 214 complaints, and money remittance, which decreased from 35 to 20 complaints. All substantiated complaints were addressed promptly, demonstrating the organization's proactive approach to customer concerns.

The impact of these efforts is evident in customer satisfaction, as fewer complaints indicate that our service processes are increasingly effective. LBC's involvement extends to continuous monitoring, policy revisions, and operational oversight to ensure that complaints are not only resolved but also prevented from recurring. We remain attentive to risks such as complaints submitted through official channels, government platforms like DICT and DTI, and social media, which could affect both customers and employees responsible for managing claims. At the same time, opportunities exist to further enhance existing processes, particularly through the refinement of workflows and adoption of technological tools that streamline complaint handling.

LBC continues to view customer complaints not merely as issues to resolve but as valuable feedback that drives continuous improvement. The organization invests in revising policies, enhancing operational workflows, and integrating technology where possible to streamline complaint management. By doing so, LBC ensures that each concern is treated seriously, resolved efficiently, and used as a catalyst for improving service quality. This approach reflects the company's commitment to fostering a culture of accountability, responsiveness, and customer-centricity, reinforcing both trust and long-term loyalty across all customer interactions.

By reinforcing our management approach—focused on strengthened oversight, continuous capability development, and process refinement—LBC ensures that customer concerns are addressed in a structured and consistent manner. These initiatives improve coordination across teams, support proactive issue resolution, and enhance operational discipline. Through this approach, LBC continues to convert customer feedback into practical improvements that contribute to more efficient workflows and sustained service performance.

Relationship with Community

Significant Impacts on Local Communities

At LBC, we recognize that our growth is closely linked to the well-being of the communities we serve. Guided by our commitment to sustainability, we continue to implement initiatives that extend beyond business operations to create meaningful and lasting social impact. Through strategic partnerships and the provision of logistics support to grassroots organizations and disaster-affected communities, LBC contributes to social development, strengthens community resilience, and supports inclusive and sustainable growth across the areas where we operate.

Move It Forward: Supporting Grassroots Organizations

LBC continues to support grassroots organizations like Upskills+ Foundation, Library Renewal Partnership, and Adarna Group by providing shipping sponsorships that help facilitate the delivery of essential resources to communities in need.

In 2025, the program sponsored the shipment of a total of 244 boxes to 13 partner organizations across various locations nationwide. These shipments contained donations and materials intended to support education, healthcare, community development, and social welfare initiatives. By covering logistics costs, LBC enables partner organizations to maximize their resources and extend their reach to beneficiaries without the burden of transportation expenses.

The supported organizations included community schools, healthcare institutions, volunteer groups, and foundations working toward inclusive development. Beneficiary areas spanned multiple regions, including Manila, Parañaque, Palawan, Bukidnon, Cagayan de Oro, Bacolod, Pasay, and Romblon, demonstrating the program's wide geographic impact. Through these partnerships, LBC helps ensure that vital supplies reach underserved communities efficiently and reliably.

Beyond logistics support, Move It Forward strengthens collaboration with like-minded organizations dedicated to social good. By leveraging its core expertise in logistics, LBC contributes to community resilience, supports access to essential services, and promotes inclusive growth. These efforts reflect LBC's continued commitment to empowering communities and delivering sustainable value through responsible corporate citizenship. Through Move It Forward, LBC not only facilitates the movement of donated goods but also helps build stronger connections between partners and beneficiaries, reinforcing its role in advancing social development and long-term community sustainability.







Strengthening Communities in Crisis

Building on its commitment to social impact, LBC Foundation focuses on providing timely and practical support to communities affected by natural disasters. By leveraging our logistics expertise and collaborating with trusted partners, we ensure that relief efforts are efficient, targeted, and meaningful—helping families recover and rebuild in the aftermath of crises.

Disaster Relief and Community Rehabilitation

LBC Foundation is committed to supporting communities during times of crisis by providing reliable logistical assistance to our partners and other like-minded organizations. Our disaster relief and rehabilitation efforts aim to ensure that essential supplies reach affected areas quickly and efficiently, helping families recover and rebuild their lives.

As part of this commitment, LBC Foundation recently partnered with Nutri-Asia and Project Curma to support communities impacted by Typhoon Uwan in La Union. Through our Shipping Sponsorship program, we facilitated the transport of 100 cases of nutritious juice and relief goods, which were distributed to families affected by the disaster. This effort benefited a total of 1,200 individuals, providing much-needed support during a challenging time.

Initiatives like this reflect the core of LBC Foundation's mission: leveraging our logistics expertise and partnerships to make a tangible difference in the lives of those affected by natural disasters. By collaborating with trusted partners, we continue to strengthen our communities, demonstrating that sustainable business practices include caring for the people and places we serve.



Contributions to the United Nations

Sustainable Development Goals

1 NO POVERTY | **8 DECENT WORK AND ECONOMIC GROWTH**

99.04%
Percentage of the procurement budget spent on local suppliers for significant operations

7,762 employees
received competitive compensation and benefits

2 ZERO HUNGER

764 cargos
handled for clients in the Food and Agriculture Industry

1,200 beneficiaries
of the 100 cases of nutritious juice and relief goods from Nutri Asia with shipping sponsorship

3 GOOD HEALTH AND WELL-BEING

2,399 units of health and emergency insurance products
provided to clients, following introduction to the market in 2025

119 employees and 175 dependents
participated in 2025 medical missions

7 AFFORDABLE AND CLEAN ENERGY | **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** | **13 CLIMATE ACTION**

Reduction in
Gasoline (GJ): 1%
Diesel (GJ): 5%
Electricity (kWh): 10%
Water (m^3): 5%

76,186 kWh
savings from using solar power

100%
conversion to eco-friendly brown box

100%
of solid wastes is recyclable/ reusable

3,189
trees planted since 2018

11 SUSTAINABLE CITIES AND COMMUNITIES

23,445,566
parcels delivered

Launching LBC Boss
a new shipping program built for online sellers and micro, small, and medium enterprises (MSMEs) across the country, designed to simplify e-commerce logistics, streamline delivery, and enable businesses to grow efficiently

17 PARTNERSHIPS FOR THE GOALS

Joining forces with Pancake Philippines
to integrate logistics with online selling tools, streamlining delivery for local business owners and MSMEs across digital marketplaces

Powering nationwide last-mile deliveries for Kimstore
enhancing online shopping experience and enabling faster, more reliable fulfillment for one of the country's leading digital retailers

Partnering with the Department of Foreign Affairs (DFA)
to manage nationwide passport delivery, demonstrating LBC's ability to handle secure, high-volume, and time-sensitive document logistics for government and institutional partners

Supporting the Philippine Statistics Authority (PSA) through the PSA Serbilis service
providing reliable nationwide delivery of civil registry documents and reinforcing LBC's role in facilitating secure and accessible public services for Filipinos

Collaborating with innovative e-commerce platforms
including BidaBoss, where LBC provides dedicated warehousing, distribution, and nationwide delivery support to help entrepreneurs scale their operations











Powering the Filipino Hustle: LBC Backs Dropshipping Company BidaBoss

LBC Express has partnered with BidaBoss, the country's first integrated dropshipping platform, to help more Filipinos start and grow their own businesses. By providing warehousing and last-mile delivery support, LBC plays a key role in making entrepreneurship more accessible especially for everyday hustlers looking to succeed in the digital space.

@lbcexpress

Appendices

Operational Highlights

	2025	2024
No. of branches in the Philippines	1,245	1,368
Balikbayan boxes delivered	913,428	945,996
International parcels forwarded	238,735	235,082
TEUs sea cargo forwarded	9,746	10,269
Tons domestic air cargo forwarded	17.16	15.32

Economic

Economic Performance

Currency: PHPm	2025	2024
Direct economic value generated (revenue)	14,026	14,300
Direct economic value distributed:		
Operating costs	8,804	9,022
Employee wages and benefits	4,033	4,078
Payments to suppliers, other operating costs	189	89
Dividends given to stockholders and interest payments	272	303
Taxes given to government	313	303
Investments to community (e.g., donations, CSR)	13	12

Procurement Practices

	2025	2024
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	99.04%	99.20%

Anti-corruption Policies and Procedures

	2025	2024
Percentage of employees to whom the organization's anticorruption policies have been communicated to	-	-
Percentage of business partners to whom the organization's anti-corruption policies have been communicated to	-	-
Number of incidents when contracts with business partners were terminated due to incidents of corruption	-	-
Number of incidents in which directors were removed or disciplined for corruption	-	-
Number of incidents in which employees were dismissed or disciplined for corruption	-	-
Number of incidents when contracts with business partners were terminated due to incidents of corruption	-	-

Environment

Energy Consumption

	2025	2024
Gasoline (Gigajoules)	42,886	43,240
Diesel (Gigajoules)	118,268	123,850
Electricity (Kilowatt-hour)	16,039,894	17,897,629
Water (Cubic meter)	110,569	115,783
Solar Energy (Kilowatt-hour)	76,186	No available data

Note: 2024 water consumption is adjusted based on latest available data.

Materials used by the organization

	2025	2024
Biodegradable pouches	23,840,000	30,057,500
Brown boxes	10,861,500	10,320,360

Solid Wastes

	2025	2024
Estimated total solid waste generated	4,000 kg per month	4,000 kg per month

Note: All wastes are 100% reusable/recyclable

Environmental Compliance

	2025	2024
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	-
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	-
No. of cases resolved through dispute resolution mechanism	-	-

Appendices

Social

Employee Data

	2025	2024
Total number of employees	7,762	8,303
Female	5,231	5,563
Male	2,531	2,740
Attrition rate	22%	23%
Ratio of lowest paid employee against minimum wage	~1%	~1%

Employee Benefits

List of Benefits	No. of male employees who availed		No. of female employees who availed	
	2025	2024	2025	2024
Statutory Benefits				
SSS	1,626	1,077	869	543
PhilHealth	215	381	381	298
Pag-ibig	2,007	922	937	389
Maternity/Paternity Leave	62	143	51	44
Parental Leave	14	8	63	68
Sick Leave	2,956	3,117	1,533	1,645
Vacation Leave	4,804	5,088	2,353	2,575
Voluntary Benefits				
Health Maintenance Program	4,652	5,050	2244	2466
Group Life Insurance	5,078	5356	2433	2634
Birthday Leave	1,739	3160	898	1603
Bereavement/Calamity Leave	455	436	244	217
Funeral Assistance	228	224	84	88
Rice Allowance	4,503	4428	2216	2157
Birthday/Anniversary Gift	3,659	3505	1712	1558
Christmas Cash Gift	4,549	4442	2241	2160
Christmas Package	5,148	5311	2553	2644
Educational Allowance	3,797	5753	1800	1759
Medicine Allowance	3,472	3352	1646	1678
Uniform Allowance	4,499	4428	2212	2155

Employee Training and Development

	2025	2024
Total Training Hours provided to employees	25,819	22,158
Female employees	10,564	9,171
Male employees	15,255	12,987
Average Training Hours per employee		
Female employees	3	4
Male employees	3	6

Training Participants

	2025	2024
New Associates Orientation	1,171	1,024
Operations Training Program	144	230
Other Training Programs	5,807	1,195
Total Unique Trained	7,122	2,449

Appendices

Occupational Health and Safety

	2025	2024
Safe Man-Hours	18,628,800	19,927,200
No. of work-related injuries	-	-
No. of work-related fatalities	-	-
No. of work related ill-health	-	-
No. of safety drills	5	4

Labor Laws and Human Rights

	2025	2024
No. of legal actions or employee grievances involving forced or child labor	-	-

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the	Y/N	If Yes, cite reference
Forced labor	N	
Child labor	N	
Human Rights	N	

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?	Y/N	If Yes, cite reference
Environmental performance	Y	Article 4 of LBC Supplier Code of Conduct
Forced labor	Y	Article 2 and Article 2b of LBC Supplier Code of Conduct
Child labor	Y	Article 2 and Article 2a of LBC Supplier Code of Conduct
Human Rights	Y	Article 2 of LBC Supplier Code of Conduct
Bribery and corruption	Y	Article 6 of LBC Supplier Code of Conduct

Customer Satisfaction

	2025	2024
Customer Satisfaction (Score)	97.00%	97.00%

CSAT is measured by immediately transferring customers to a 2-question IVR survey following calls to our hotlines in both the Philippines and overseas, where customers respond using a simple Yes/No format,

Customer Complaints

	2025	2024
No. of substantiated complaints on product or service	234	259
Cargo delivery	214	224
Money remittance	20	35
No. of complaints addressed	234	259

ANNEX F

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

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

LBC Express Holdings, Inc.
LBC

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	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

COVER SHEET

SEC Registration Number

	A	S	9	3	0	0	5	2	7	7

COMPANY NAME

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

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

L	B	C		C	E	N	T	R	A	L		E	X	C	H	A	N	G	E	,		L	-	2		C	5			
E	X	T	E	N	S	I	O	N	,		M	O	O	N	W	A	L	K	,		P	A	R	A	N	A	Q	U	E	
C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A														

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

COMPANY INFORMATION

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 [ ]

[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	**₱1,425,865,471**	**₱398,777,587**	**₱78,439,423**	**₱5,411,097**	**₱1,908,493,578**	**₱2,765,116**	**₱1,911,258,694**
Comprehensive income:							
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.

Basis of Preparation

The accompanying interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis, except for investments at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI), and derivatives which have been measured at fair value 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.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 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

Investment in Terra Barbaza Aviation, Inc. (TBAI)
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	Outstanding Balance	Maturity	Interest Rate	Terms
			June 30, 2026			
	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

December 31, 2025

	Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
	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 30th month from the issuance date at the redemption price equal to the principal amount of the bond plus an internal rate of 13% (decreasing to 12%, 11% and 10% on the 4th, 5th and 6th anniversary of the issuance date, respectively). The agreement also contains redemption in cash by the Parent Company at a price equal to the principal amount of the bond plus an internal rate of 13% (decreasing to 12%, 11% and 10% on the 4th, 5th and 6th anniversary of the issuance date, respectively) in case of a Change of Control as defined under the agreement.

The Parent Company also has full or partial right to convert the shares subject to various conditions including pre-approval of the PSE of the listing of the conversion shares and other conditions to include closing sale price and daily trading volume of common shares trading on the Principal Market and upon plan of offering, placement of shares or similar transaction with common share price at a certain minimum share price. On August 9, 2021, the Parent Company's stockholders approved the issuance of common shares for potential exercise of conversion rights. As at report date, there has been no conversion of the convertible instrument.

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

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

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

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

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

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

The determination and calculation of the foregoing financial ratios are based on the agreement and interpretation of relevant parties subject to the terms of the convertible instrument. The Group is in compliance with the above covenants as at 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
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)	₱54,661,587	₱382,581,338	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	₱–	₱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		
Dividend receivable				
f.) Associate (Note 10)	₱–	₱–	Noninterest-bearing; due and demandable	Unsecured
Due to related parties (Trade payables)				
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)		
Due to a related party (Non-trade payables)				
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
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

- Supplementary schedules required by Annex 68-J

  Schedule A: Financial Assets

  Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholder (Other Than Related Parties)

  Schedule C: Amounts Receivables/Payables from/to Related Parties Which are Eliminated During the Consolidation of Financial Statements

  Schedule D: Long Term Debt

  Schedule E: Indebtedness to Related Parties (Long-term loans from Related Companies)

  Schedule F: Guarantees of Securities of other Issuers

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- Map of the relationships of the companies within the Group
- Reconciliation of retained earnings available for dividend declaration
- Schedule of financial soundness indicators

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

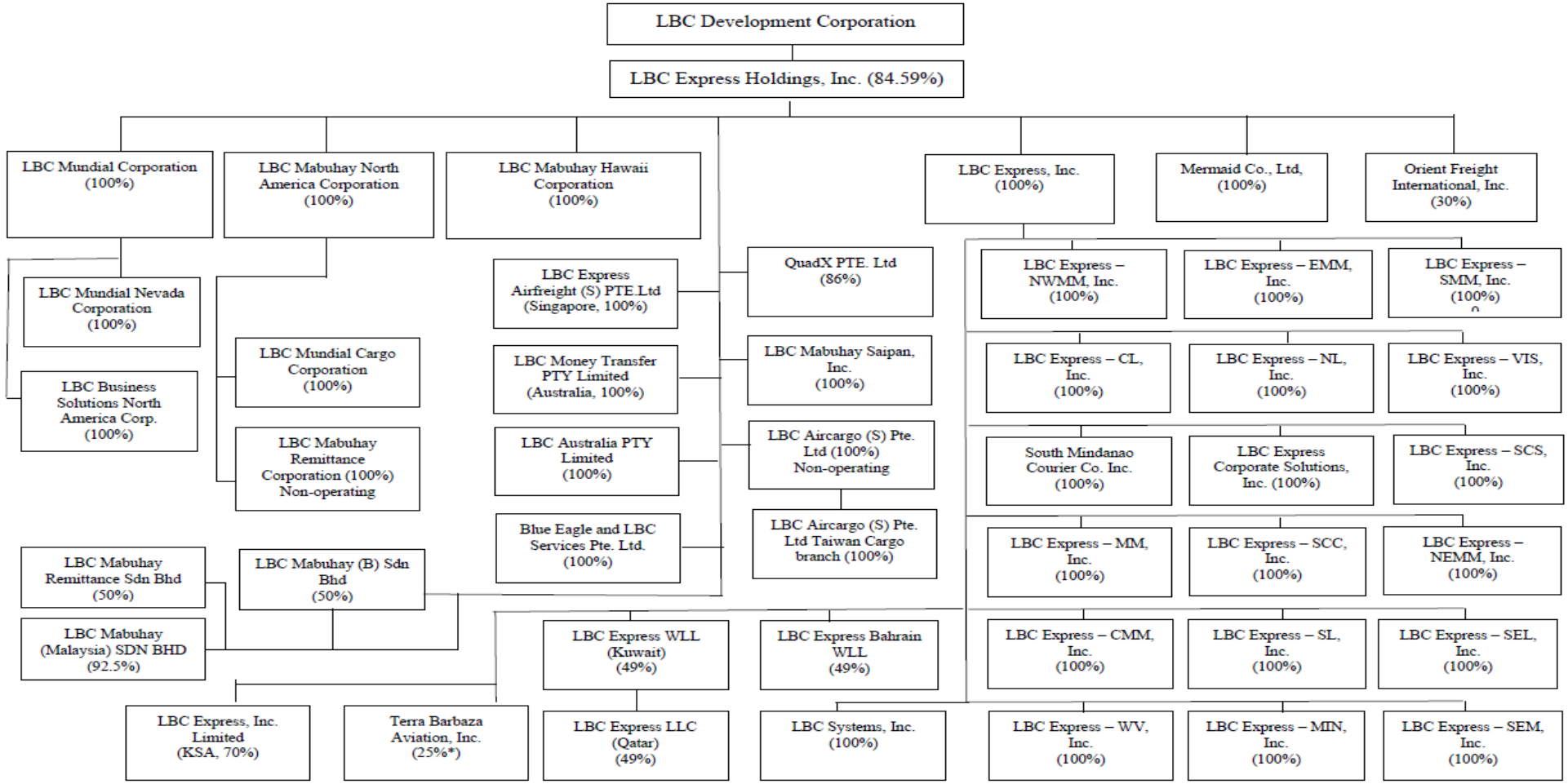
June 30, 2026

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