

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Sep 30, 2024
2. SEC Identification Number
AS93005277
3. BIR Tax Identification No.
002-648-099-000
4. Exact name of issuer as specified in its charter
LBC EXPRESS HOLDINGS, INC. (formerly FEDERAL RESOURCES INVESTMENT GROUP INC.)
5. Province, country or other jurisdiction of incorporation or organization
PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
LBC Hangar, General Aviation Center, Domestic Airport Road, Pasay City
Postal Code
1300
8. Issuer's telephone number, including area code
(632) 8856 8510
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

☒ 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	Sep 30, 2024
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2024	Dec 31, 2023
Current Assets	6,923,529,066	6,640,044,406
Total Assets	14,948,478,099	15,374,768,418
Current Liabilities	10,476,028,503	10,230,993,031
Total Liabilities	13,253,620,434	13,448,688,558
Retained Earnings/(Deficit)	176,742,430	304,563,778
Stockholders' Equity	1,694,857,665	1,926,079,860
Stockholders' Equity - Parent	1,704,860,838	1,945,716,341
Book Value per Share	1.2	1.36

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	3,450,341,506	3,509,802,163	10,582,635,183	10,882,486,461
Gross Expense	3,291,038,307	3,342,859,527	10,092,232,807	10,424,600,767

Non-Operating Income	113,084,711	169,929,731	86,811,838	156,350,701
Non-Operating Expense	134,826,166	181,426,121	617,934,130	388,446,859
Income/(Loss) Before Tax	137,561,744	155,446,246	-40,719,916	225,789,536
Income Tax Expense	68,340,515	31,814,593	81,004,046	20,033,591
Net Income/(Loss) After Tax	69,221,229	123,631,653	-121,723,962	205,755,945
Net Income Attributable to Parent Equity Holder	65,612,304	130,914,699	-127,821,352	215,225,527
Earnings/(Loss) Per Share (Basic)	0.05	0.09	-0.09	0.15
Earnings/(Loss) Per Share (Diluted)	0.05	0.07	-0.09	0.15

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.12	-0.23
Earnings/(Loss) Per Share (Diluted)	-0.12	-0.23

Other Relevant Information

None.

Filed on behalf by:

Name	Ernesto III Naval
Designation	Alternate Corporate Information Officer

COVER SHEET

SEC Registration Number

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

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

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

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

Form Type

1	7	-	Q
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

+632 8856-8510

Mobile Number

N/A

No. of Stockholders

485

Annual Meeting (Month / Day)

2nd Monday of June

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Enrique V. Rey, Jr.

Email Address

evrey@lbcexpress.com

Telephone Number/s

+632 8856-8510

Mobile Number

-

CONTACT PERSON'S ADDRESS

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2024**
2. SEC Identification Number: **AS93-005277**
3. BIR Taxpayer Identification Number: **002-648-099-000**
4. Exact name of issuer as specified in its charter: **LBC EXPRESS HOLDINGS,
INC. (formerly FEDERAL RESOURCES INVESTMENT GROUP INC.)**
5. Province, country or other jurisdiction of incorporation or organization:
Philippines
6. Industry Classification Code: _____(SEC Use Only)
7. Address of issuer's principal office: **LBC Hangar, General Aviation Centre,
Domestic Airport Road, Pasay City, Metro Manila 1300**
8. Issuer's telephone number, including area code: **(+632) 8856 8510**
9. Former name, former address and former fiscal year, if changed since last report:
n/a
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8
of the RSA

As of September 30, 2024:

<u>Title of each class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	1,425,865,471 ¹
Bond payable	2,179,788,000 ²
Derivative Liability	2,227,742,223 ²

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

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

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

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

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

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No []

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

Yes [**X**] No []

³ As of September 30, 2024, 40,899,000 common shares have been listed with Philippine Stock Exchange. The remaining 1,384,966,471 are subject to listing applications filed with the Philippine Stock Exchange.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Unaudited Interim Financial Statements of the Company as of and for the period ended September 30, 2024 and Notes to Financial Statements are hereto attached as Annex "A".

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

RESULTS OF OPERATIONS

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

Service Revenue

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

Cost of Services

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

Gross Profit

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

Operating Expenses

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

Operating Income

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

Other Charges, Net

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

Net Income (Loss) after tax

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

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

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

Service Revenue

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

Cost of Services

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

Gross Profit

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

Operating Expenses

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

Operating Income

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

Other Charges, Net

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

Net Income after tax

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

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

FINANCIAL CONDITION

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

Assets

Current Asset

Cash and cash equivalents increased by 5% to ₱2,403.15 million as of September 30, 2024, from ₱2,281.86 million as of December 31, 2023. Refer also to analysis of cash flows in “Liquidity” section below.

Trade and other receivable, net increased to ₱2,098.03 million as of September 30, 2024, from ₱1,950.15 million as of December 31, 2023, driven by the increase in trade receivable from outside parties and related parties by 9% and 10%, respectively, offset by the higher allowance for expected credit losses as a factor of the additional provisions this period.

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

Investments at fair value through profit and loss increased to ₱2.33 million as of September 30, 2024, from ₱2.26 million as of December 31, 2023, due to minimal amount of fair value gain recognized during the quarter.

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

Noncurrent Assets

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

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

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

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

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

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

Security deposit decreased by 9% to ₱380.64 million as of September 30, 2024, from ₱419.20 million as of December 31, 2023, mainly due to forfeitures and applications to rent expense of closed branches.

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

Liabilities

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

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

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

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

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

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

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

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

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

LIQUIDITY

Cash Flows

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

Cash flows from operating activities

The Company's net cash from operating activities is primarily affected by income before income tax, depreciation and amortization, retirement benefit expense, interest expense, unrealized foreign exchange gain and losses, gain and loss on derivative, equity in net earnings of associates and changes in working capital. The Company's net cash inflows from these activities amounted to ₱1,494.85 million and ₱727.77 million for the nine months ended September 30, 2024 and 2023, respectively.

Cash flows from investing activities

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

Cash flow from financing activities

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

PART II - OTHER INFORMATION

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

SIGNATURE

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

LBC EXPRESS HOLDINGS, INC.

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

ENRIQUE V. REY, JR.
Chief Finance Officer

November 13, 2024

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

Unaudited Interim Condensed Consolidated
Financial Statements
As at September 30, 2024 and
for the Nine Months Ended
September 30, 2024 and 2023
*(With Comparative Audited Consolidated Statement
of Financial Position as at
December 31, 2023)*

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 23 and 24)	P2,403,148,887	P2,281,855,470
Trade and other receivables (Notes 5, 17, 23 and 24)	2,098,034,739	1,950,150,885
Due from related parties (Notes 17, 23 and 24)	1,134,461,634	1,139,856,145
Investments at fair value through profit or loss (Notes 9, 23 and 24)	2,332,286	2,263,568
Prepayments and other current assets (Notes 6, 11, 17, 23 and 24)	1,285,551,520	1,265,918,338
Total Current Assets	6,923,529,066	6,640,044,406
Noncurrent Assets		
Property and equipment (Note 7)	2,507,810,155	2,644,165,028
Right-of-use assets (Note 21)	1,580,181,115	1,980,477,828
Intangible assets (Note 8)	228,538,590	236,885,271
Investment at fair value through other comprehensive income (Notes 9, 23 and 24)	115,085,443	191,158,872
Deferred tax assets - net (Note 20)	519,724,190	525,938,028
Security deposits (Note 21)	380,641,002	419,197,007
Investment in associates (Note 10)	362,961,911	355,569,615
Goodwill (Note 3)	287,024,985	287,024,985
Other noncurrent assets (Notes 6, 11 and 17)	2,042,981,642	2,094,307,378
Total Noncurrent Assets	8,024,949,033	8,734,724,012
	P14,948,478,099	P15,374,768,418
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 17, 23 and 24)	P3,539,102,431	P3,380,083,841
Due to related parties (Notes 17, 23 and 24)	18,091,496	11,480,610
Current portion of notes payable (Notes 14, 23 and 24)	1,137,625,566	1,375,261,115
Transmissions liability (Notes 13, 17, 23 and 24)	617,783,522	606,733,574
Income tax payable	3,193,165	19,436,300
Current portion of lease liabilities (Notes 21, 23 and 24)	752,702,100	828,187,402
Derivative liability (Notes 15, 23 and 24)	2,227,742,223	2,030,069,446
Bond payable (Notes 15, 23 and 24)	2,179,788,000	1,979,740,743
Total Current Liabilities	10,476,028,503	10,230,993,031
Noncurrent Liabilities		
Retirement benefit liability - net (Note 22)	987,810,773	900,655,996
Notes payable - net of current portion (Notes 14, 23 and 24)	747,071,775	947,400,258
Lease liabilities - net of current portion (Notes 21, 23 and 24)	1,042,709,383	1,369,639,273
Total Noncurrent Liabilities	2,777,591,931	3,217,695,527
	13,253,620,434	13,448,688,558
Equity		
Equity attributable to shareholders of the Parent Company		
Capital stock (Note 16)	1,425,865,471	1,425,865,471
Retained earnings	176,742,430	304,563,778
Accumulated comprehensive gain	102,252,937	215,287,092
	1,704,860,838	1,945,716,341
Non-controlling interests	(10,003,173)	(19,636,481)
Total Equity	1,694,857,665	1,926,079,860
	P14,948,478,099	P15,374,768,418

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30		Three Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
SERVICE REVENUE (Note 25)	₱10,582,635,183	₱10,882,486,461	₱3,450,341,506	₱3,509,802,163
COST OF SERVICES (Note 18)	8,300,870,698	8,604,597,790	2,707,419,804	2,729,643,362
GROSS PROFIT	2,281,764,485	2,277,888,671	742,921,702	780,158,801
OPERATING EXPENSES (Note 19)	1,791,362,109	1,820,002,977	583,618,503	613,216,165
OPERATING INCOME	490,402,376	457,885,694	159,303,199	166,942,636
OTHER INCOME (CHARGES)				
Equity in net earnings of associates (Note 10)	38,404,788	6,318,349	7,925,719	5,127,770
Foreign exchange gains (losses) - net (Notes 19 and 23)	33,072,615	10,886,111	96,985,932	(45,591,578)
Interest income (Notes 4, 11 and 17)	10,549,496	11,172,127	3,018,680	4,149,862
Fair value gain on investment at fair value through profit or loss (Note 9)	68,718	70,338	26,260	26,495
Gain on bargain purchase (Note 3)	—	18,233,464	—	18,233,464
Gain (loss) on derivative (Note 15)	(197,672,777)	98,259,057	(65,229,966)	134,602,742
Interest expense (Notes 14, 15, 17 and 21)	(420,261,353)	(388,446,859)	(69,596,200)	(135,834,543)
Others - net	4,716,221	11,411,255	5,128,120	7,789,398
	(531,122,292)	(232,096,158)	(21,741,455)	(11,496,390)
INCOME (LOSS) BEFORE INCOME TAX	(40,719,916)	225,789,536	137,561,744	155,446,246
PROVISION FOR INCOME TAX (Note 20)	81,004,046	20,033,591	68,340,515	31,814,593
NET INCOME (LOSS) FOR THE PERIOD	(121,723,962)	205,755,945	69,221,229	123,631,653
OTHER COMPREHENSIVE INCOME (LOSS)				
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement losses on retirement benefit plan - net of tax	—	(5,919,583)	—	(161,097)
Share in other comprehensive income (loss) of an associate (Note 10)	(1,012,493)	7,341,546	—	—
Fair value gain (loss) on investments in at fair value through other comprehensive income (Note 9)	(76,073,428)	7,802,403	(31,209,612)	39,012,015
Currency translation gains (loss) - net	(32,412,311)	18,967,547	(21,529,208)	23,625,006
	(109,498,232)	28,191,913	(52,738,820)	62,475,924
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱231,222,194)	₱233,947,858	₱16,482,409	₱186,107,577
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent Company	(₱127,821,348)	₱215,225,527	₱65,612,304	₱130,914,699
Non-controlling interests	6,097,386	(9,469,582)	3,608,925	(7,283,046)
NET INCOME (LOSS) FOR THE PERIOD	(₱121,723,962)	₱205,755,945	₱69,221,229	₱123,631,653
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent Company	(₱240,855,502)	₱242,380,980	₱10,801,847	₱192,237,622
Non-controlling interests	9,633,308	(8,433,122)	5,680,562	(6,130,045)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(₱231,222,194)	₱233,947,858	₱16,482,409	₱186,107,577
EARNINGS (LOSSES) PER SHARE (Note 26)				
Basic	(₱0.09)	₱0.15	₱0.05	₱0.09
Diluted	(₱0.09)	₱0.15	₱0.05	₱0.07

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	For the Nine Months Ended September 30, 2024 (Unaudited)					
	Capital Stock (Note 16)	Retained Earnings	Accumulated Comprehensive Income	Total	Non-controlling Interests	Total Equity
Balances at beginning of the period	₱1,425,865,471	₱304,563,778	₱215,287,091	₱1,945,716,340	(₱19,636,481)	₱1,926,079,859
Comprehensive income (loss):						
Net income (loss)	—	(127,821,348)	—	(127,821,348)	6,097,386	(121,723,962)
Other comprehensive income (loss)	—	—	(113,034,154)	(113,034,154)	3,535,922	(109,498,232)
Total comprehensive income (loss)	—	(127,821,348)	(113,034,154)	(240,855,502)	9,633,308	(231,222,194)
Balances at end of the period	₱1,425,865,471	₱176,742,430	₱102,252,937	₱1,704,860,838	(₱10,003,173)	₱1,694,857,665

	For the Nine Months Ended September 30, 2023 (Unaudited)					
	Capital Stock (Note 16)	Retained Earnings	Accumulated Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balances at beginning of the period	₱1,425,865,471	₱128,273,290	₱238,137,740	₱1,792,276,501	(₱10,301,750)	₱1,781,974,751
Comprehensive income (loss):						
Net income (loss)	—	215,225,527	—	215,225,527	(9,469,582)	205,755,945
Other comprehensive income (loss)	—	—	27,155,453	27,155,453	1,036,460	28,191,913
Total comprehensive income (loss)	—	215,225,527	27,155,453	242,380,980	(8,433,122)	233,947,858
Dividends declared (Note 16)	—	—	—	—	(1,913,243)	(1,913,243)
Balances at end of the period	₱1,425,865,471	₱343,498,817	₱265,293,193	₱2,034,657,481	(₱20,648,115)	₱2,014,009,366

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(P40,719,916)	P225,789,536
Adjustments for:		
Depreciation and amortization (Notes 7, 8, 18, 19, 21)	872,746,842	993,273,600
Interest expense (Notes 14, 15, 17 and 21)	420,261,353	388,446,859
Loss (gain) on derivative (Note 15)	197,672,777	(98,259,057)
Retirement expense, net of benefits paid and contribution to retirement plan	87,154,777	117,514,660
Gain on bargain purchase (Note 4)	–	(18,233,464)
Fair value gain on investment at fair value through profit or loss (Note 9)	(68,718)	(70,338)
Gain on disposal of property and equipment	(2,965,415)	(11,864,404)
Unrealized foreign exchange loss (gain)	(5,152,723)	45,585,506
Interest income (Notes 4, 11 and 17)	(10,549,496)	(11,172,127)
Equity in net earnings of associates (Note 10)	(38,404,788)	(6,318,349)
Operating income before changes in working capital	1,479,974,693	1,624,692,422
Changes in working capital:		
Decrease (increase) in:		
Trade and other receivables	(147,883,854)	33,503,864
Prepayments and other current assets	(19,633,182)	148,724,627
Security deposits	38,556,005	7,654,164
Other noncurrent assets	51,325,736	28,640,117
Increase (decrease) in:		
Accounts and other payables	166,145,529	(852,197,891)
Transmissions liability	11,049,948	(208,908,871)
Net cash generated from operations	1,579,534,875	782,108,432
Interest received	10,549,496	11,172,127
Income tax paid	(95,231,657)	(65,505,860)
Net cash provided by operating activities	1,494,852,714	727,774,699
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Disposal of property and equipment	41,184,328	21,814,706
Payments for acquisitions of:		
Intangible assets (Note 27)	(48,249,656)	(37,163,617)
Property and equipment (Note 27)	(81,534,498)	(581,798,908)
Cash acquired from subsidiary; net of cash paid (Note 4)		501,874
Dividend received	15,000,000	19,800,000
Decrease in due from related parties	20,394,511	24,363,265
Net cash used in investing activities	(53,205,315)	(552,482,680)
<i>(Forward)</i>		

	Nine Months Ended September 30	
	(Unaudited)	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable (Notes 14 and 27)	₱1,044,864,072	629,596,498
Increase (decrease) in due to related parties (Note 27)	6,610,886	(16,172,269)
Dividends paid (Note 27)	–	(1,913,243)
Redemption of convertible instrument	–	(997,458,943)
Interest paid (Note 27)	(125,060,406)	(85,109,787)
Payments of principal amount of lease liabilities (Note 27)	(733,977,280)	(840,905,835)
Payments of notes payable (Notes 14 and 27)	(1,482,828,104)	(567,902,763)
Net cash used in financing activities	(1,290,390,832)	(1,879,866,342)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	151,256,567	(1,704,574,323)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(29,963,150)	(16,283,182)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,281,855,470	3,517,624,171
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	₱2,403,148,887	₱1,796,766,666

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

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

The Group’s convertible instrument amounting to ₱4.41 billion as of September 30, 2024. On August 2, 2024, CP Briks Pte. Ltd (CP Briks) agreed to extend the maturity date from August 4, 2024 to such time CP Briks opts to terminate the instrument upon thirty (30) days prior notice (“Extended Stated Maturity Date”) (see Note 15). In the event of default, LBCE shares can be auctioned to public and the proceeds can be used to settle the liability which may have impact to the domestic business of the Group. This indicates risk in the appropriate use of going concern assumption. Management’s plans on future actions to address the maturing instrument includes open communication with the creditor to consider various options under the agreement. Management is implementing strategic initiatives to accelerate the recovery of the Group’s operation, sustain the increasing trend, and be able raise funds. Management is also seeking various means to address the instrument’s timeline which include exploring interested parties to purchase the instrument or refinance the liability. Management believes that any settlement option for the convertible instrument will not have material impact to the domestic business of the Group, and the international business supports its ability to continue as going concern. Management has determined that these actions support the Group’s going concern assessment and has therefore prepared the financial statements on a going concern basis.

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

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

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

Basis of Preparation

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

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 2023, which have been prepared in accordance with PFRS.

Difference in accounting periods

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

Except as disclosed below, the Group did not reflect any transactions of entities with non-coterminous financial statements from September 1 to 30 as these are not considered to be significant.

Management exercised judgment in determining whether adjustments should be made in the interim condensed consolidated financial statements of the Group pertaining to the effects of significant transactions or events of its subsidiaries that occur between September 1, 2024 and 2023 and the date of the Parent Company's financial statements which is September 30, 2024 and 2023 and between December 1, 2023 and the comparative date of the Parent Company's financial position which is December 31, 2023.

The interim condensed consolidated financial statements were adjusted to reflect LBCE's availment and settlement of bank loans in September 2024 amounting to ₱166.47 million and ₱271.53million, respectively, adjustment to reflect the decrease in fair value of equity investment at FVOCI by ₱5.85 million.

The interim condensed consolidated financial statements were adjusted to reflect LBCE's availment and settlement of bank loans in September 2023 amounting to ₱163.87 million and ₱119.59 million, respectively, adjustment to reflect equity share in net earnings of TBAI amounting to ₱5.88 million and adjustment to reflect the decrease in fair value of equity investment at FVOCI by ₱35.11 million.

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

There were no other significant transactions that transpired between September 1, 2024 to September 30, 2024, December 1, 2023 to December 31, 2023 and September 1, 2023 to September 30, 2023.

Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in Accounting Policies and Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Significant Accounting Judgments Estimates and Assumptions

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

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Group for the interim period ended September 30, 2024.

3. Business Combination and Goodwill

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

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

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

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

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

Blue Eagle and LBC Service Ltd.	
Percentage of ownership of Parent Company	100%
Assets	
Cash and cash equivalents	P9,345,875
Receivable from related parties	21,751,584
Trade and other receivables, net	1,054
Prepayments and other current assets	306,731
Total current assets	31,405,244
Property and equipment	364,687
Security deposit	4,333,449
Total noncurrent asset	4,698,136
Total asset	36,103,380
Liabilities	
Accounts and other payables	1,818,368
Transmission liability	7,207,548
Total liabilities	9,025,916
Net assets attributable to Parent Company	27,077,464
Less: Gain on bargain purchase	18,233,464
Purchase consideration	P8,844,000

Purchase consideration and net cash flows

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

Blue Eagle and LBC Service Ltd.	
Cash paid	P8,844,000
Cash acquired	9,345,875
Net cash inflow	P501,875

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

There were no other acquisitions and disposal of subsidiaries for the nine months ended September 30, 2024.

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

Impairment testing of Goodwill

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

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

The Group did not perform impairment test on goodwill for the nine months ended September 30, 2024 since impairment testing is performed every year end. When reviewing for indicators of impairment, the Group considers various external and internal sources of information.

The Group did not recognize impairment losses on goodwill as of September 30, 2024.

4. Cash and Cash Equivalents

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Cash on hand	₱150,660,144	₱223,151,164	₱186,834,668
Cash in banks	2,210,756,424	2,054,014,046	1,601,675,129
Cash equivalents	41,732,319	4,690,260	8,256,869
	₱2,403,148,887	₱2,281,855,470	₱1,796,766,666

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

Cash in banks and cash equivalents earn interest ranging from 0.0625% to 2.75% per annum in 2024 and from 0.06% to 0.38% per annum in 2023. Interest income earned from cash and cash equivalents amounted to ₱0.39 million and ₱0.60 million for the nine months ended September 30, 2024, and 2023, respectively.

5. Trade and Other Receivables

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables - outside parties	₱1,915,353,043	₱1,749,643,222
Trade receivables - related parties (Note 17)	359,006,003	324,947,167
	2,274,359,046	2,074,590,389
Less allowance for expected credit losses	307,153,657	257,482,114
	1,967,205,389	1,817,108,275
Other receivables:		
Advances to officers and employees	93,629,841	105,919,811
Others	37,199,509	27,122,799
	₱2,098,034,739	₱1,950,150,885

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

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

Others mainly consist of security deposits of recently closed branches.

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

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P257,482,114	P211,457,118
Provision for impairment losses (Note 19)	49,671,543	48,855,410
Accounts written-off	—	(2,830,414)
Balance at the end of period	P307,153,657	P257,482,114

6. Prepayments and Other Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepayments:		
Taxes	P2,104,428,642	P2,122,601,701
Insurance	70,561,093	33,410,660
Rent	22,934,513	16,342,011
Software maintenance	10,454,143	4,937,874
Employee benefits	6,546,358	19,103,184
Transportation supplies	6,012,631	5,521,206
Dues and subscriptions	2,890,519	2,886,905
Advertising	23,475	62,828
Others	29,273,097	37,563,532
Creditable withholding taxes (CWTs)	416,782,682	388,682,410
Materials and supplies	198,098,099	184,789,127
Restricted cash in bank	182,905,561	261,646,547
Input value-added tax (VAT)	139,783,375	110,769,025
Loans receivable (Note 11)	75,421,397	78,859,834
Short-term cash investments	28,144,500	30,287,335
Electronic wallet	22,411,299	23,738,876
Advance payment to supplier	9,000,000	9,000,000
Notes receivable (Note 17)	—	10,454,332
Others	2,861,778	19,568,329
	3,328,533,162	3,360,225,716
Less: noncurrent portion	2,042,981,642	2,094,307,378
	P1,285,551,520	P1,265,918,338

Details of noncurrent portion follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepaid Taxes	₱1,807,419,435	₱1,807,419,435
Creditable withholding taxes (CWTs)	172,279,700	172,279,700
Loans receivable (Note 11)	61,208,955	66,227,013
Prepaid rent	1,664,282	640,454
VAT on capital goods	–	20,009,214
Notes receivable (Note 17)	–	10,454,332
Other assets	409,270	17,277,230
Total noncurrent portion	₱2,042,981,642	₱2,094,307,378

The interest income earned from the short-term cash investments and restricted cash in bank amounted to ₱8.62 million and ₱2.87 million for the nine months ended September 30, 2024 and 2023, respectively.

7. Property and Equipment

The rollforward analysis of this account follows:

	For the Nine Months ended September 30, 2024 (Unaudited)							
	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of period	P544,846,554	P1,712,944,342	P480,575,069	P911,883,344	P1,141,380,612	P1,031,257,734	P9,815,434	P5,832,703,089
Additions	3,415,310	10,997,174	12,783,390	33,405,183	—	—	15,067,078	75,668,135
Reclassification	—	8,276,510	—	—	—	—	(8,276,510)	—
Disposals	(22,860,301)	(478,537,625)	(142,782,904)	(285,925,659)	(3,490,462)	—	—	(933,596,951)
Effect of changes in foreign currency exchange rates	1,161,965	995,932	587,011	280,529	—	—	—	3,025,437
Balances at end of period	526,563,528	1,254,676,333	351,162,566	659,643,397	1,137,890,150	1,031,257,734	16,606,002	4,977,799,710
Accumulated depreciation and amortization								
Balances at beginning of period	439,408,024	1,507,917,188	380,602,992	860,609,857	—	—	—	3,188,538,061
Depreciation (Notes 18 and 19)	33,684,645	56,219,061	34,618,459	33,099,160	17,068,352	—	—	174,689,677
Disposals	(19,852,936)	(464,113,091)	(128,397,849)	(283,014,162)	—	—	—	(895,378,038)
Effect of changes in foreign currency exchange rates	1,078,492	688,427	86,100	286,836	—	—	—	2,139,855
Balances at end of period	454,318,225	1,100,711,585	286,909,702	610,981,691	17,068,352	—	—	2,469,989,555
Net book value	P72,245,303	P153,964,748	P64,252,864	P48,661,706	P1,120,821,798	P1,031,257,734	P16,606,002	P2,507,810,155

For the year ended December 31, 2023 (Audited)

	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Office Equipment	Computer Hardware	Building	Land	Construction in Progress	Total
Costs								
Balances at beginning of year	₱586,426,767	₱1,948,053,836	₱533,596,647	₱972,625,619	₱—	₱1,031,257,734	₱492,064,051	₱5,564,024,654
Additions	6,286,054	32,886,088	67,200,123	21,811,164	—	—	659,131,995	787,315,424
Additions through business combination (Note 4)	33,846	—	58,300	—	—	—	—	92,146
Reclassifications	—	—	—	—	1,141,380,612	—	(1,141,380,612)	—
Disposals	(46,556,553)	(266,679,463)	(119,984,971)	(82,225,292)	—	—	—	(515,446,279)
Effect of changes in foreign currency exchange rates	(1,343,560)	(1,316,119)	(295,030)	(328,147)	—	—	—	(3,282,856)
Balances at end of year	544,846,554	1,712,944,342	480,575,069	911,883,344	1,141,380,612	1,031,257,734	9,815,434	5,832,703,089
Accumulated depreciation and amortization								
Balances at beginning of year	444,009,236	1,641,422,617	430,872,365	880,319,095	—	—	—	3,396,623,313
Depreciation (Notes 18 and 19)	42,327,690	121,694,030	60,419,478	62,511,219	—	—	—	286,952,417
Disposals	(45,552,942)	(254,294,361)	(110,374,845)	(81,849,035)	—	—	—	(492,071,183)
Effect of changes in foreign currency exchange rates	(1,375,960)	(905,098)	(314,006)	(371,422)	—	—	—	(2,966,486)
Balances at end of year	439,408,024	1,507,917,188	380,602,992	860,609,857	—	—	—	3,188,538,061
Net book value	₱105,438,530	₱205,027,154	₱99,972,077	₱51,273,487	₱1,141,380,612	₱1,031,257,734	₱9,815,434	₱2,644,165,028

8. Intangible Assets

The rollforward analysis of this account follows:

	For the Nine Months ended September 30, 2024 (Unaudited)		
	Software	Development in Progress	Total
Costs			
Balances at beginning of period	₱663,927,585	₱26,761,878	₱690,689,463
Additions	30,318,843	17,930,813	48,249,656
Reclassification	102,500	(102,500)	—
Disposal	(91,123,776)	—	(91,123,776)
Effect of changes in foreign currency exchange rates	1,049,093	(103,410)	945,683
Balances at end of period	604,274,245	44,486,781	648,761,026
Accumulated Amortization			
Balances at beginning of period	453,804,192	—	453,804,192
Amortization (Notes 18 and 19)	56,361,983	—	56,361,983
Disposal	(90,621,612)	—	(90,621,612)
Effect of changes in foreign currency exchange rates	677,873	—	677,873
Balances at end of period	420,222,436	—	420,222,436
Net Book Value	₱184,051,809	₱44,486,781	₱228,538,590

	For the year ended December 31, 2023 (Audited)		
	Software	Development in Progress	Total
Costs			
Balances at beginning of year	₱703,453,472	₱102,500	₱703,555,972
Additions	27,680,911	26,659,378	54,340,289
Additions through business combination (Note 4)	272,514	—	272,514
Disposal	(66,453,706)	—	(66,453,706)
Effect of changes in foreign currency exchange rates	(1,025,606)	—	(1,025,606)
Balances at end of year	663,927,585	26,761,878	690,689,463
Accumulated Amortization			
Balances at beginning of year	447,566,760	—	447,566,760
Amortization (Notes 18 and 19)	73,804,466	—	73,804,466
Disposal	(66,453,693)	—	(66,453,693)
Effect of changes in foreign currency exchange rates	(1,113,341)	—	(1,113,341)
Balances at end of year	453,804,192	—	453,804,192
Net book value	₱210,123,393	₱26,761,878	₱236,885,271

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

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

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

Movement of the investments at fair value follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
FVOCI		
Balance at beginning of period	₱191,158,872	₱198,961,275
Unrealized fair value gain during the period	(76,073,429)	(7,802,403)
	₱115,085,443	₱191,158,872
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
FVPL		
Balance at beginning of period	₱2,263,568	₱2,167,063
Unrealized fair value gain during the period	68,718	96,505
Withdrawal	—	—
	₱2,332,286	₱2,263,568

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

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	(₱72,952,890)	(₱65,150,487)
Unrealized gain during the period from quoted investments:	(76,073,429)	(7,802,403)
Balance at end of period (Note 16)	(₱149,026,319)	(₱72,952,890)

10. Investment in Associates

Investment in Terra Barbaza Aviation, Inc. (TBAI)

The Group has 20,000,000 non-voting Preferred A Shares and 1,250 common shares which represent 24.762% of the total outstanding common shares as of September 30, 2024 and December 31, 2023. TBAI is engaged in the business of providing flight services by means of helicopters, airplanes and other aircraft to transport executives in the Philippines.

Movement in the investment in TBAI is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Costs		
At acquisition date	₱79,809,022	₱79,809,022
Accumulated Equity on Net Earnings (Loss)		
Balance at beginning of period	2,408,713	7,377,657
Equity share in net income (loss)	11,098,452	(4,968,944)
	13,507,165	2,408,713
Carrying Value	₱93,316,187	₱82,217,735

The summarized statements of financial position of TBAI follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current assets	₱103,003,935	₱84,244,965
Noncurrent assets	414,986,583	489,878,185
Current liabilities	(13,427,647)	(16,772,600)
Noncurrent liabilities	(39,373,432)	(136,981,609)
Equity	465,189,439	420,368,941
Proportion of Group's ownership	24.762%	24.762%
Group's share in identifiable asset	115,190,209	104,091,757
Other adjustments	(21,874,022)	(21,874,022)
Carrying amount of the investment	₱93,316,187	₱82,217,735

The summarized statement of comprehensive income of TBAI follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Revenue	₱92,316,588	₱54,810,811
Cost and expenses	47,496,089	74,877,622
Net income (loss)	44,820,499	(20,066,811)
Group's share in total comprehensive income	₱11,098,452	(₱4,968,944)

Investment in Orient Freight International, Inc. (OFII)

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

OFII declared dividends amounting to ₱100.00 million and ₱132.00 million in 2024 and 2023, respectively. No impairment loss was recognized for the investment in associate in 2024 and 2023.

Movement in the investment in OFII is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Costs		
At acquisition date	₱227,916,452	₱227,916,452
Accumulated Equity on Net Earnings		
Balance at beginning of period	40,809,602	59,276,294
Equity share in net earnings	27,306,337	21,133,308
Less: Dividend income	(30,000,000)	(39,600,000)
	38,115,939	40,809,602
Other Comprehensive Income		
Balance at beginning of period	4,625,826	(2,715,720)
Equity share in other comprehensive income	(1,012,493)	7,341,546
	3,613,333	4,625,826
Carrying Value	₱269,645,724	₱273,351,880

The summarized statements of financial position of OFII follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current assets	₱660,158,146	₱593,167,912
Noncurrent assets	190,977,704	222,745,406
Current liabilities	(288,713,984)	(283,453,429)
Noncurrent liabilities	(104,801,121)	(62,485,288)
Equity	457,620,745	469,974,601
Proportion of Group's ownership	30.00%	30.00%
Group's share in identifiable asset	137,286,224	140,992,380
Implied goodwill	132,359,500	132,359,500
Carrying amount of the investment	₱269,645,724	₱273,351,880

The summarized statement of comprehensive income of OFII follows:

	For the Nine Months ended September 30, 2024 (Unaudited)	For the year ended December 31, 2023 (Audited)
Revenue	₱678,290,835	₱19,592,166
Cost and expenses	587,269,714	849,147,805
Net income	91,021,121	70,444,361
Other comprehensive income	(3,374,977)	24,471,820
Total comprehensive income	87,646,144	94,916,181
Group's share in total comprehensive income	₱26,293,843	₱28,474,854

11. Receivable and Trademark Agreement

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

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

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

For the nine months ended September 30, 2024 and 2023, LBCH incurred royalty fee amounting to ₱5.36 million and ₱5.23 million, respectively. The related payable was offset to LBCH's interest receivable from Transtech amounting to ₱1.24 million and ₱1.37 million for the nine months ended September 30, 2024 and 2023, respectively, and to loans receivable amounting to ₱4.12 million and ₱3.80 million for the nine months ended September 30, 2024 and 2023, respectively.

Current and noncurrent portion as at September 30, 2024 and December 31, 2023 is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion*	₱14,212,442	₱12,632,821
Noncurrent portion**	61,208,955	66,227,013
	₱75,421,397	₱78,859,834

*Presented under 'prepayment and other current assets'

**Presented under 'Other noncurrent assets'

Interest income earned amounted to ₱1.24 million and ₱1.37 million for the nine months ended September 30, 2024 and 2023, respectively.

12. Accounts and Other Payables and Other Noncurrent Liabilities

Accounts and other payables account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payable - outside parties	₱1,436,250,725	₱1,319,378,902
Trade payable - related parties (Note 17)	15,320,801	44,963,610
Accruals:		
Salaries and wages	347,757,603	343,882,812
Claims and losses	205,433,191	212,471,061
Rent and utilities	139,343,501	134,348,393
Contracted jobs	97,128,773	58,138,833
Taxes	93,244,480	89,374,349
Professional fees	40,673,708	18,670,905
Software maintenance	36,894,720	47,385,919
Outside services	21,947,044	9,724,371
Advertising	19,466,472	20,923,128
Others	51,598,427	59,085,128
Taxes payable	690,890,014	535,484,351
Contract liabilities	255,205,615	393,347,165
Government agencies contributions payables	39,868,431	36,245,075
Others	48,078,926	56,659,839
	₱3,539,102,431	₱3,380,083,841

13. Transmissions Liability

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

Transmissions liability amounted to ₱617.78 million and ₱606.73 million as at September 30, 2024 and December 31, 2023, respectively, of which liability amounting ₱4.53 million and ₱5.91 million as at September 30, 2024 and December 31, 2023, respectively, is payable to an affiliate (see Note 17).

14. Notes Payable

The Group has outstanding notes payable to various local banks. The details of these notes as at September 30, 2024 and December 31, 2023 are described below:

Bank	Date of Availment	September 30, 2024			
		Outstanding Balance	Maturity	Interest Rate	Terms
a. Rizal Commercial Banking Corporation	May 2024	10,600,000	May 2025	7.75%, fixed rate	Clean; interest and principal payable every quarter
b. Unionbank of the Philippines	Feb 2024	11,600,000	Aug 2024	9.00%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity

September 30, 2024					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
c. Unionbank of the Philippines	Aug 2021	221,026,345	Aug 2026	7.12%, subject to repricing	With mortgage; Interest and principal to be paid quarterly
Unionbank of the Philippines	Dec 2021	12,947,340	Dec 2031	8.21%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Feb 2022	14,416,123	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Mar 2022	22,698,523	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2022	19,009,846	Dec 2031	7.15%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2022	20,030,769	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	July 2022	14,150,769	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2022	4,587,692	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Oct 2022	9,085,263	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Nov 2022	5,902,105	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	53,601,081	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	38,208,649	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Mar 2023	49,560,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2023	31,290,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2023	25,200,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jun 2023	44,496,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	66,600,000	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter

September 30, 2024					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
Unionbank of the Philippines	Jul 2023	5,479,980	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	4,194,279	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2023	48,887,928	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Sep 2023	62,532,306	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2023	45,416,369	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2023	50,258,164	Dec 2031	8.27%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2024	4,935,938	Dec 2031	8.37%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2024	7,925,806	Dec 2031	8.42%, subject to repricing	With mortgage; Interest and principal payable every quarter
d. Rizal Commercial Banking Corporation	Apr 2024	115,304,000	Apr 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
e. Banco de Oro	Sep 2024	90,000,000	Mar 2025	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
g. Banco de Oro	Apr 2024	20,000,000	Oct 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
h. Banco de Oro	Oct 2021	148,312,500	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
i. Rizal Commercial Banking Corporation	May 2024	64,996,000	May 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
j. Banco de Oro	May 2024	45,000,000	Oct 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
k. Banco de Oro	May 2024	125,000,000	Nov 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
l. Rizal Commercial Banking Corporation	Sep 2024	184,870,702	Oct 2024	7.75% fixed rate	Clean; Interest payable every month, principal to be paid on maturity date
m. Rizal Commercial Banking Corporation	Mar 2024	24,300,000	Mar 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date

September 30, 2024					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
n. Rizal Commercial Banking Corporation	Jun 2023	21,800,000	Jun 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
o. Banco de Oro	May 2024	10,000,000	Nov 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
p. Rizal Commercial Banking Corporation	Jun 2024	7,290,000	Jun 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
s. Rizal Commercial Banking Corporation	Jun 2024	22,000,000	Jun 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
v. Rizal Commercial Banking Corporation	May 2024	19,000,000	May 2025	7.75%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
w. Rizal Commercial Banking Corporation	Aug 2024	45,709,376	Oct 2024	8.00%, subject to repricing	AR Assignment, Interest deducted in full, Principal payable upon maturity
z. Rizal Commercial Banking Corporation	Sep 2024	26,473,488	May 2025	8.00%, subject to repricing	AR Assignment, Interest deducted in full, Principal payable upon maturity
aa. Banco de Oro	Sep 2024	10,000,000	Mar 2025	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
Total		₱1,884,697,341			
Current portion		₱1,137,625,566			
Noncurrent portion		₱747,071,775			

December 31, 2023					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
a. Rizal Commercial Banking Corporation	Nov 2023	11,800,000	May 2024	7.75%, fixed rate	Clean; interest and principal payable every quarter
b. Unionbank of the Philippines	July 2023	25,000,000	Jan 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
c. Unionbank of the Philippines	Aug 2021	303,911,224	Aug 2026	7.12%, subject to repricing	With mortgage; Interest and principal to be paid quarterly
Unionbank of the Philippines	Dec 2021	14,286,720	Dec 2031	8.21%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Feb 2022	15,907,446	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Mar 2022	25,046,646	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2022	20,910,831	Dec 2031	7.15%, subject to repricing	With mortgage; Interest and principal payable every quarter

December 31, 2023					
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
Unionbank of the Philippines	May 2022	22,033,846	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	July 2022	15,565,846	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2022	5,046,462	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Oct 2022	9,993,790	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Nov 2022	6,492,316	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	58,961,189	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jan 2023	42,029,514	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Mar 2023	54,516,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Apr 2023	34,419,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	May 2023	27,720,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jun 2023	48,945,600	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	73,260,000	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	6,027,978	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Jul 2023	4,613,707	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Aug 2023	53,776,721	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Sep 2023	68,785,536	Dec 2031	8.11%, subject to repricing	With mortgage; Interest and principal payable every quarter
Unionbank of the Philippines	Dec 2023	49,958,006	Dec 2031	7.84%, subject to repricing	With mortgage; Interest and principal payable every quarter

December 31, 2023						
Bank	Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms	
	Unionbank of the Philippines	Dec 2023	55,283,980	Dec 2031	7.84%, subject to repricing	With mortgage; Interest and principal payable every quarter
d.	Rizal Commercial Banking Corporation	Apr 2023	128,304,000	Apr 2023	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
e.	Banco de Oro	Sep 2023	90,000,000	Mar 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
	Banco de Oro	Oct 2023	10,000,000	Apr 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
f.	Unionbank of the Philippines	Nov 2023	42,300,000	May 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
g.	Banco de Oro	Oct 2023	20,000,000	Apr 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
h.	Banco de Oro	Oct 2021	211,875,000	May 2026	6.63%, subject to repricing	With mortgage; Interest payable every month, principal payable quarterly
i.	Rizal Commercial Banking Corporation	Nov 2023	72,296,000	May 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
j.	Banco de Oro	Nov 2022	45,000,000	May 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
k.	Banco de Oro	Nov 2021	125,000,000	May 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
l.	Rizal Commercial Banking Corporation	Dec 2023	182,209,016	Jan 2024	7.75% fixed rate	Clean; Interest payable every month, principal to be paid on maturity date
m.	Rizal Commercial Banking Corporation	Mar 2023	27,000,000	Mar 2024	7.38%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
n.	Rizal Commercial Banking Corporation	Jun 2023	24,300,000	Jun 2024	7.75%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
o.	Banco de Oro	Nov 2023	10,000,000	May 2024	7.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
p.	Rizal Commercial Banking Corporation	Dec 2023	8,100,000	Jun 2024	7.88%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
q.	Banco de Oro	Apr 2023	60,000,000	Feb 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date

December 31, 2023						
Bank		Date of Availment	Outstanding Balance	Maturity	Interest Rate	Terms
r.	Unionbank of the Philippines	Jul 2023	9,000,000	Jan 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
s.	Rizal Commercial Banking Corporation	Dec 2023	24,500,000	Jun 2024	7.88%, subject to repricing	Clean; Interest payable every month, principal payable upon maturity
t.	Banco de Oro	Nov 2023	18,500,000	May 2024	8.50%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
u.	Banco de Oro	Dec 2023	150,000,000	Jul 2024	6.63%, subject to repricing	Clean; Interest payable every month, principal to be paid on maturity date
x.	Unionbank of the Philippines	Apr 2019	7,800,000	Apr 2024	7.826%, fixed rate	Clean; Interest and principal payable every quarter
y.	Unionbank of the Philippines	Jun 2019	2,200,000	Apr 2024	7.053%, fixed rate	Clean; Interest and principal payable every quarter
Total			P2,322,676,374			
Current portion			P1,375,261,115			
Noncurrent portion			P947,400,258			

- a. In November 2023, LBCE availed a short-term interest-bearing loan with Rizal Commercial Banking Corporation (RCBC) amounting to P11.80 million to finance working capital. P10.60 million was rolled over in May 2024 with settlement date of May 2025. Settlement made in 2024 amounted to P1.2 million.
- b. A short-term loan availed with UBP in July 2023 which was rolled over in February 2024 amounting to P25.00 million and settled in August 2024. It was rolled over in August 2024 amounting to P11.60 million with maturity date of February 2025.
- c. On February 10, 2020, LBCE availed a 5-year interest bearing loan amounting to P641.82 million to finance the 70% balance of the acquisition of land, recorded under property and equipment with a carrying amount of P1,031.26 million, which served as a collateral for the loan.

On August 5, 2021, the loan was taken out via UBP with principal amounting to P552.57 million, a 5-year interest-bearing loan with maturity date of August 2026. Settlement made amounted to P82.88 million and P110.51 million for 2024 and 2023.

On December 27, 2021, February 21, 2022 and March 4, 2022, LBCE availed 10-year interest bearing loan with maturity date of December 2031 amounting to P17.86 million, P19.39 million and P30.53 million, respectively, to finance the construction of warehouse. Additional availments were made on April 22, May 31, July 11 and August 15, 2022 amounting to P24.71 million, P26.04 million, P18.39 million and P5.96 million, respectively. In 2024 and 2023, LBCE settled P10.96 million and P14.61 million, respectively.

On October 10 and November 10, 2022, LBCE availed another 10-year interest bearing loan with maturity date of December 2031 amounting to P11.50 million and P7.48 million, respectively. Settlement made in 2024 and 2023 amounted to P1.50 million and P2.00 million, respectively.

In 2023, additional availments were made in an aggregate amount of P614.54 million. LBCE settled P52.57 million and P36.24 million in 2024 and 2023.

On April 5 and May 23, 2024, additional availments were made with maturity date of December 2031 amounting to ₱5.23 million and ₱8.19 million, respectively. LBCE settled ₱0.59 million in 2024.

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

- The ratio of its consolidated debt to equity shall not exceed 4.0x, computed net of lease liabilities; and
 - Current ratio shall not be lower than 0.8x.
- d. On April 21, 2021, LBCE availed a short-term interest-bearing loan with RCBC amounting to ₱176.00 million to finance its working capital requirements. This was rolled over in October 2021 and April 2022 with maturity date in April 2023. It was further rolled over in April 2023 and April 2024 at the amount of ₱128.30 million with maturity date of April 2025. Settlement made in 2024 and 2023 amounted to ₱13.00 million and ₱14.26 million, respectively.
- e. On October 18, 2021, LBCE availed a short-term interest-bearing loan with Banco De Oro (BDO) amounting to ₱100.00 million to finance other capital expenditures. This was rolled over in April 2022. In October 2022, April 2023, September 2023, March 2024 and September 2024, the loan was rolled over at the amount of ₱90.00 million which will mature in March 2024. On April 11, 2022, LBCE also availed a short-term interest-bearing loan with Banco De Oro (BDO) amounting to ₱10.00 million and rolled over in April 2024. This was fully settled in 2024.
- f. LBCE availed a short-term interest-bearing loan in October 2021 with UBP to finance working capital requirement amounting to ₱47.00 million. This was rolled over in April 2022, October 2022, April 2023, November 2023 and May 2024 and was fully settled in 2024.
- g. On October 22, 2021, LBCE availed a short-term loan interest-bearing with BDO amounting to ₱20.00 million to finance other capital expenditures. This was rolled over in April and October of each year with maturity date in October 2024.
- h. The Notes Facility Agreement entered into by the Company with BDO in 2016 is with a credit line facility amounting to ₱800.00 million. In June 2021, the term was extended up to October 2021 and secured by time deposit hold-out. In October 2021, it was further extended up to May 2026. Settlement made in 2024 and 2023 amounted to ₱63.56 million and ₱84.75 million in each year.

On April 15, 2021, the BOD approved to guarantee one of LBCE's loans and allowed to hold out the Parent Company's time deposit. As of September 30, 2024, the balance of time deposit amounted to ₱162.80 million (see Note 6). Such guarantee shall substitute the existing real estate mortgage on LBCE's real estate properties as security.

- i. On November 18, 2022, LBCE availed a short-term loan with RCBC amounting to ₱100.44 million to finance other capital expenditures with maturity in May 2023. This was rolled over in May 2023, November 2023 and May 2024 with a maturity in May 2025. Total amount paid in 2024 and 2023 amounted to ₱7.30 million and ₱18.10 million, respectively.
- j. On November 22, 2021, LBCE availed a short-term loan with BDO to finance working capital requirement amounting to ₱48.00 million. This was rolled over in May 2022 and November 2022 at the amount of ₱45.00 million with maturity date in May 2024. It was further rolled over with a new maturity date in October 2024.
- k. On December 1, 2021, LBCE availed a short-term loan with BDO amounting to ₱130.00 million to finance working capital requirement. This was rolled over in May 2022 and November 2022 at the amount of ₱125.00 million with maturity date in May 2024. It was further rolled over with a new maturity date in November 2024.
- l. In various dates in November 2022, LBCE availed short-term loans with RCBC amounting to ₱185.51 million in aggregate to finance working capital requirement. These are rolled over in 2023. In the same year, LBCE availed additional short-term loans with RCBC amounting to ₱250.20 million. Outstanding balance as of December 31, 2023 is ₱182.19 million. These are rolled over in 2024 with maturity dates in Oct 2024.
- m. On March 24, 2022, LBCE availed one-year loan with RCBC amounting to ₱30.00 million in aggregate to finance working capital requirement. ₱27.00 million was rolled over in March 2023 and March 2024 with maturity in March 2025. LBCE settled ₱2.70 million in 2024
- n. On June 23, 2022, LBCE availed one-year loan with RCBC amounting to ₱27.00 million in aggregate to finance working capital requirement. This was rolled over in June 2023 and June 2024 with maturity in June 2025. In 2024 and 2023, LBCE settled amount to ₱2.50 million and ₱2.70 million, respectively.
- o. On May 31, 2022, LBCE availed six-month loan with BDO amounting to ₱10.00 million in aggregate to finance working capital requirement. This was rolled over in November 2022, May 2023, November 2023 and May 2024 with maturity date of November 2024.
- p. On December 21, 2022, LBCE availed six-month loan with RCBC amounting to ₱10.00 million in aggregate to finance working capital requirement. This was rolled over in Jun 2023 and December 2023 with maturity of June 2025. Settlement made in 2024 and 2023 amounted to ₱0.80 million and ₱1.90 million, respectively.
- q. On October 22, 2022, LBCE availed six-month loan with BDO amounting to ₱80.00 million in aggregate to finance working capital requirement. This was rolled over in April 2023 with maturity date in February 2024. Total settlement in 2023 is ₱20.00 million. This was fully settled in 2024.
- r. On July 10, 2023, LBCE availed a short-term loan interest bearing with RCBC amounting to ₱9.00 million to finance working capital. This was fully settled in 2024.
- s. On June 14, 2023, LBCE availed a short-term loan interest bearing with RCBC amounting to ₱27.00 million to finance working capital. This was rolled over in December 2023 with outstanding balance amounting to ₱24.50 million. Settlement made in 2024 amounted to ₱2.50 million.

- t. On November 7, 2023, LBCE availed a six-month loan interest bearing with UBP amounting to ₱18.50 million to finance working capital. This was fully settled in 2024.
- u. On December 27, 2023, LBCE availed a short-term loan interest bearing with BDO amounting to ₱150.00 million to finance working capital. This was fully settled in 2024.
- v. On May 22, 2024, LBCE availed a one-year loan interest bearing with RCBC amounting to ₱19.00 million to finance working capital.
- w. In August 2024, LBCE availed a short-term loan from RCBC amounting to ₱45.71 million for working capital requirements with maturity date of October 2024. The loan is secured by the Group's trade receivables.
- x. On April 15, 2019, LBCE availed a 5-year interest-bearing loan with UnionBank of the Philippines (UBP) amounting to ₱78.00 million to finance other capital expenditures. Settlement made amounted to ₱7.98 million and ₱15.60 million in 2024 and 2023.
- y. On June 25, 2019, LBCE availed a 5-year interest bearing loan with UBP amounting to ₱22.00 million to finance other capital expenditures. Settlement made in 2024 and 2023 amounted to ₱2.20 million and ₱4.40 million, respectively.
- z. In September 2024, LBCE availed a short-term loan from RCBC amounting to ₱26.47 million for working capital requirements with maturity date of May 2025. The loan is secured by the Group's trade receivables.
- aa. In September 2024, LBCE availed a short-term loan from BDO amounting to ₱10 million for working capital requirements with maturity date of March 2025.

Interest expense amounted to ₱122.78 million and ₱83.72 million in 2024 and 2023, respectively.

The loans were used primarily for working capital requirements and capital expenditures and are not subject to any loan covenants with the exception to the matters discussed above. As of September 30, 2024 and December 31, 2023, the Group is compliant with its debt covenants.

Movements in the notes payable account follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	₱2,322,661,373	₱2,103,390,608
Availments	1,044,864,072	999,122,465
Payments	(1,482,828,104)	(779,851,700)
	₱1,884,697,341	₱2,322,661,373

15. Convertible Instrument

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Derivative liability		
Balance at beginning of period	P2,030,069,446	P2,180,880,406
Fair value loss on derivative	197,672,777	(150,810,960)
	P2,227,742,223	P2,030,069,446
Bond payable		
Balance at beginning of period	P1,979,740,743	P1,715,380,624
Accretion of interest	188,274,665	283,247,791
Amortization of issuance cost	1,049,271	1,798,750
Unrealized foreign exchange loss (Note 19)	10,723,321	(20,686,422)
	P2,179,788,000	P1,979,740,743

On June 20, 2017, the BOD of the Parent Company approved the issuance of convertible instrument. The proceeds of the issuance of convertible instrument will be used to fund the growth of the business of the Parent Company, including capital expenditures and working capital. Accordingly, on August 4, 2017, the Parent Company issued, in favor of CP Briks Pte. Ltd (CP Briks), a seven-year secured convertible instrument in the aggregate principal amount of US\$50.0 million (P2,518.25 million) convertible at any time into 192,307,692 common shares of the Parent Company at the option of CP Briks initially at P13.00 per share conversion price, subject to adjustments and resetting of conversion price in accordance with the terms and conditions of the instrument as follows:

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

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

The Parent Company also has full or partial right to convert the shares subject to various conditions including pre-approval of the PSE of the listing of the conversion shares and other conditions to include closing sale price and daily trading volume of common shares trading on the Principal Market and upon plan of offering, placement of shares or similar transaction with common share price at a

certain minimum share price. On August 9, 2021, the Parent Company's stockholders approved the issuance of common shares for potential exercise of conversion rights. As at report date, there has been no conversion of the convertible instrument.

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

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

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

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

Covenants

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

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

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

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

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

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

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

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

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

On December 29, 2022, US\$11.0 million of the US\$50.0 million convertible instrument was redeemed by CP Briks at a total redemption price of P1,084.42 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 P1,014.74 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 P7.58 million in 2022.

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

In order for CP Briks to exercise its right to terminate the instrument, it shall notify LBCH at least thirty (30) days prior to the day CP Briks opts to terminate and LBCH shall pay all outstanding principal and any accrued interest on such extended stated maturity date.

16. Equity

Capital stock

As of September 30, 2024 and December 31, 2023, the details of the Parent Company's common shares follow:

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

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

	Number of shares registered	Issue/ Offer price	Date of approval	Number of holders as of period end
At January 1, 2015	40,899,000	₱1/share		
			July 22, October 16 and October 21, 2015	
Add: Additional issuance	1,384,966,471	₱1/share		
December 31, 2015-2016	1,425,865,471			485
Add: Movement	—			—
December 31, 2017	1,425,865,471			486
Add: Movement	—			1
December 31, 2018-2021	1,425,865,471			487
Less: Movement	—			(2)
December 31, 2022- 2023	1,425,865,471			485
Less: Movement	—			—
September 30, 2024	1,425,865,471			485

Retained earnings

The unappropriated retained earnings include accumulated equity in undistributed net earnings of the consolidated subsidiaries amounted to ₱1,148.08 million and ₱850.51 million as of September 30, 2024 and December 31, 2023, respectively. These are not available for dividend declaration until declared by the BOD of the respective subsidiaries.

In accordance with the Revised Securities Regulation Code Rule 68, the Parent Company has no retained earnings available for dividend declaration as of September 30, 2024 and December 31, 2023.

Cash dividends

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

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

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

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

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

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

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

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

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

Accumulated comprehensive gain (loss)

Details of accumulated comprehensive gain (loss) as follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Remeasurement gain on retirement benefit plan, net of tax	P248,664,798	P250,563,002
Unrealized fair value loss on investment at FVOCI (Note 9)	(149,026,319)	(72,952,890)
Share in other comprehensive gain of an associate (Note 10)	3,613,333	4,625,826
Currency translation gain	612,416	31,126,524
	P103,864,228	P213,362,462
Accumulated comprehensive income (loss) attributable to:		
Controlling interest	P102,252,935	P215,287,092
Non-controlling interest	1,611,293	(1,924,630)
	P103,864,228	P213,362,462

17. Related Party Transactions

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

Details of related party transactions and balances for the nine months ended September 30, 2024 and for the year ended December 31, 2023 are as follows:

	Transaction amounts for the Nine Months ended September 30, 2024 (Unaudited)	Outstanding receivable (payable) balance as at September 30, 2024 (Unaudited)	Terms	Conditions
<u>Due from related parties (Trade receivables)</u>				
<i>Affiliates</i>				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 5 and 25)	₱93,205,666	₱359,006,003	Noninterest-bearing; due and demandable	Unsecured, no impairment
<u>Due from related parties (Non-trade receivables)</u>				
<i>Ultimate parent company</i>				
b.) Advances	₱393,092	₱1,018,701,200	Noninterest-bearing; due and demandable	Unsecured, no impairment
<i>Affiliates - under common control</i>				
b.) Advances	19,995,425	63,051,357	Noninterest-bearing; due and demandable	Unsecured, no impairment
<i>Beneficial Owners</i>				
b.) Advances	—	37,709,077	Noninterest-bearing; due and demandable	Unsecured, no impairment
		₱1,119,461,634		
<u>Dividend receivable</u>				
f.) Associate (Note 10)	₱30,000,000	₱15,000,000	Noninterest-bearing; due and demandable	Unsecured, no impairment
<u>Due to related parties (Trade payables)</u>				
<i>Ultimate Parent Company</i>				
c.) Royalty fee (Note 12)	₱—	(₱123,709)	Noninterest-bearing; due and demandable	Unsecured
<i>Associate</i>				
d.) Sea freight and brokerage (Note 12)	378,148,838	(15,197,092)	Noninterest-bearing; due and demandable	Unsecured
		(₱15,320,801)		
<u>Due to related parties (Non-trade payables)</u>				
<i>Affiliate - under common control</i>				
b.) Advances	₱31,107,677	(₱17,589,583)	Noninterest-bearing; due and demandable	Unsecured
<i>Officer</i>				
b.) Advances	—	(501,913)	Noninterest-bearing; due and demandable	Unsecured

	Transaction amounts for the Nine Months ended September 30, 2024 (Unaudited)	Outstanding receivable (payable) balance as at September 30, 2024 (Unaudited)	Terms	Conditions
		P18,091,496		
<u>Due to a related party (Transmission liability)</u>				
<i>Affiliate - under common control</i>				
a.) Money remittance payable (Note 13)	P390,278,142	(P4,533,540)	Noninterest-bearing; due and demandable	Unsecured
		2023		
	Transaction amounts for the Nine Months ended September 30, 2023 (Unaudited)	Receivable (Payable) as at December 31, 2023 (Audited)	Terms	Conditions
<u>Due from related parties (Trade receivables)</u>				
<i>Entities under common control</i>				
a.) Delivery fee, management fee, financial Instant Peso Padala (IPP) fulfillment fee (Notes 6 and 26)	P70,369,169	P324,947,167	Noninterest-bearing; due and demandable	Unsecured, no impairment
<u>Due from related parties (Non-trade receivables)</u>				
<i>Ultimate parent company</i>				
b.) Advances	P–	P1,018,252,361	Noninterest-bearing; due and demandable	Unsecured, no impairment
<i>Entities under common control</i>				
b.) Advances	41,520,701	79,039,495	Noninterest-bearing; due and demandable	Unsecured, no impairment
<i>Beneficial Owners</i>				
b.) Advances	–	37,709,077	Noninterest-bearing; due and demandable	Unsecured, no impairment
e.) Notes receivable current portion	–	4,855,212	Interest-bearing; fixed monthly payment	Unsecured, no impairment
		P1,139,856,145		
<u>Due from related parties (Other noncurrent assets)</u>				
<i>Entities under common control</i>				
e.) Other noncurrent assets	P–	P10,454,332	Interest-bearing; fixed monthly payment	Unsecured, no impairment
<u>Dividend receivable</u>				
f.) Associate (Note 10)	P39,600,000	P–	Noninterest-bearing; due and demandable	Unsecured, no impairment
<u>Due to related parties (Trade payables)</u>				
<i>Ultimate Parent Company</i>				
c.) Royalty fee (Note 13)	P–	(P151,164)	Noninterest-bearing; due and demandable	Unsecured
<i>Associate</i>				
d.) Sea freight and brokerage (Note 13)	566,772,911	(44,812,446)	Noninterest-bearing; due and demandable	Unsecured
		(P44,963,610)		
<u>Due to a related party (Non-trade payables)</u>				
<i>Entities under common control</i>				
b.) Advances <i>Officer</i>	P36,790,593	(P10,996,650)	Noninterest-bearing; due and demandable	Unsecured

2023				
	Transaction amounts for the Nine Months ended September 30, 2023 (Unaudited)	Receivable (Payable) as at December 31, 2023 (Audited)	Terms	Conditions
b.) Advances	—	(483,960)	Noninterest-bearing; due and demandable	Unsecured
		(P11,480,610)		
<u>Due to a related party (Transmissions liability)</u>				
<i>Subsidiaries— under common control</i>				
a.) Money remittance payable (Note 14)	P374,256,792	(P5,906,309)	Noninterest-bearing; due and demandable	Unsecured

Compensation of Key Management Personnel:

	For the Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and wages	P87,287,057	P92,813,163
Retirement benefits	12,043,365	11,673,935
Other short-term employee benefits	4,636,089	7,674,988
	P103,966,511	P112,162,086

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

In prior years, the Group has outstanding advances of P295.00 million to LBC Development Bank, an entity under common control of LBCDC. In 2011, management assessed that these advances are not recoverable. Accordingly, the said asset was written-off from the books in 2011 (see Note 28).

On May 29, 2019, LBCH sold all its 1,860,214 common shares in QUADX Inc. to LBCE for P186,021,400 or P100 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 P186.02 million, payable no later than two years from the date of sale, subject to any extension as may be agreed in writing by the parties. On the same date, LBCE, LBCDC and QUADX Inc. entered into a Deed of Assignment of Receivables whereas LBCE agreed to assign, transfer and convey its receivables from QUADX as of June 30, 2019 amounting to P832.64 million to LBCDC which shall be paid in full, from time to time starting July 1, 2019 and no later than two years from the date of the

execution of the Deed, subject to any extension as may be agreed in writing by LBCE and LBCDC. In July 2021, LBCE and LBCDC entered into amended agreements to extend the payment of consideration for the sale of QUADX shares and the Assignment of Receivables to a date no later than two years from the amendment. Subsequently, this was further extended for an additional two years in 2023.

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

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

- c. Starting 2007, LBCDC (Licensor), the Ultimate Parent Company, granted to the Group (Licensee) the full and exclusive right to use the LBC Marks within the Philippines in consideration for a continuing royalty rate of two point five percent (2.5%) of the Company's Gross Revenues which is defined as any and all revenue from all sales of products and services, including all other income of every kind and nature directly and/or indirectly arising from, related to and/or connected with Licensee's business operations (including, without limitation, any proceeds from business interruption insurance, if any), whether for cash or credit, wherever made, earned, realized or accrued, excluding any sales discounts and/or rebates, value added tax. Such licensing agreement was amended on August 4, 2017 and was subsequently discontinued effective September 4, 2017 in recognition of the Group's own contribution to the value and goodwill of the trademark.
- d. In the normal course of business, LBCE acquires services from OFII which include sea freight and brokerage mainly for the cargoes coming from international origins. These expenses are billed to the origins at cost.
- e. In November 2011, LBC Mundial Corporation paid-off LBC Express Holdings USA Corporation's outstanding mortgage loan which is consolidated into a long-term promissory note amounting to US\$1,105,148 at 4% interest, payable in 180 equal monthly installments. This was fully settled in May 2024. Interest income earned from notes receivable amounted to ₱0.29 million and ₱0.38 million for the nine months ended September 30, 2024 and 2023, respectively.
- f. In June 2024 and August 2023, the BOD of OFII declared cash dividends amounting to ₱100.00 million and ₱132.00 million of which the 30% share of LBCH is equivalent to ₱30.00 million and ₱39.60 million, respectively.

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

18. Cost of Services

This account consists of:

	For the Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Cost of delivery and remittance	₱3,377,993,265	₱3,538,973,930
Salaries wages and employee benefits	2,492,777,372	2,485,443,780
Utilities and supplies	871,464,186	923,035,955
Depreciation and amortization (Notes 7, 8 and 21)	758,779,210	856,944,702
Rent (Note 21)	345,531,976	375,401,701
Repairs and maintenance	134,760,136	130,932,851
Transportation and travel	107,472,561	106,624,387
Insurance	84,076,492	70,750,814
Retirement benefit expense	77,952,892	76,785,763
Others	50,062,608	39,703,907
	₱8,300,870,698	₱8,604,597,790

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

19. Operating Expenses and Foreign Exchange Gains - net

Operating expenses consist of:

	For the Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Salaries wages and employee benefits	₱468,614,211	₱495,258,219
Professional fees	244,290,498	171,175,845
Taxes and licenses	175,860,495	127,678,970
Commission expense	169,290,901	175,940,566
Utilities and supplies	124,107,073	161,877,137
Advertising and promotion	121,626,464	134,044,041
Depreciation and amortization (Notes 7, 8 and 21)	113,967,632	136,328,898
Dues and subscriptions	87,840,743	114,020,376
Travel and representation	82,508,005	84,659,541
Software maintenance costs	50,880,952	83,262,122
Retirement benefit expense	30,432,192	32,602,168
Provision for expected credit losses (Note 5)	49,671,543	22,305,033
Insurance	18,108,779	17,511,227
Rent (Note 21)	8,104,399	9,038,005
Royalty	5,363,164	5,209,320
Repairs and maintenance	4,575,261	4,584,695
Losses	3,670,538	17,251,088
Donations	3,608,863	6,500,250
Others	28,840,396	20,755,476
	₱1,791,362,109	₱1,820,002,977

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

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

	For the Nine Months Ended September 30	
	2024	2023
	(Unaudited)	(Unaudited)
Cash and cash equivalents	₱134,012,463	₱12,624,416
Advances to affiliate - net	27,503,824	9,647,374
Trade payables	(2,991,987)	1,997,139
Trade receivable	(247,031)	213,424
Bond payable	(125,204,654)	(30,720,089)
Loans receivable	—	(162,226)
Redemption Payable	—	17,286,073
	₱33,072,615	₱10,886,111

20. Income Taxes

Provision (benefit) from income tax consists of:

	For the Nine Months Ended September 30	
	2024	2023
	(Unaudited)	(Unaudited)
Current	₱78,988,523	₱60,163,744
Deferred	2,015,523	(40,130,153)
	₱81,004,046	₱20,033,591

Details of the Group's deferred income tax assets - net as of September 30, 2024 and December 31, 2023 follow:

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Deferred tax assets arising from:		
Lease liabilities	₱435,728,448	₱549,456,669
Retirement benefit liability	219,680,200	202,933,206
MCIT	111,184,691	74,709,167
Allowance for impairment losses	67,814,899	62,172,576
Accrued employee benefits	26,694,629	28,737,405
Unrealized foreign exchange losses	12,983,204	15,071,584
Contract liabilities	21,252,078	23,531,220
NOLCO	—	60,747,343
Others	19,431,320	3,698,315
	₱914,769,469	1,021,057,485
Deferred tax liability on right of use assets	(395,045,279)	(495,119,457)
	₱519,724,190	₱525,938,028

As of September 30, 2024, the Group has MCIT amounting to ₱111.18 million that can be claimed as deduction from income tax liabilities.

21. Lease Commitments

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

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

There are no contingent rents for the above lease agreements.

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

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

Right-of use assets as of September 30, 2024 and December 31, 2023:

	For the period ended September 30, 2024 (Unaudited)			
	Right-of-use assets			
	Office and Warehouses	Vehicles	Computer Equipment	Total
Costs				
Balances at beginning of period	₱3,664,388,730	₱170,172,744	₱74,528,480	₱3,909,089,954
Additions	275,156,461	22,730,483	—	297,886,944
Lease modification	(79,060,745)	—	—	(79,060,745)
End of contracts	(548,542,497)	(37,002,944)	—	(585,545,441)
Effect of changes in foreign currency exchange rates	19,866,916	620,632	1,040,011	21,527,559
Balances at end of period	3,331,808,865	156,520,915	75,568,491	3,563,898,271
Accumulated amortization				
Balances at beginning of period	1,778,434,959	108,120,129	42,057,038	1,928,612,126
Amortization (Notes 18 and 19)	613,698,979	26,180,029	6,730,887	646,609,895
End of contracts	(548,068,848)	(37,456,615)	—	(585,525,463)
Effect of changes in foreign currency exchange rates	(6,680,027)	48,395	652,230	(5,979,402)
Balances at end of period	1,837,385,063	96,891,938	49,440,155	1,983,717,156
Net book value	₱1,494,423,802	₱59,628,977	₱26,128,336	₱1,580,181,115

For the year ended December 31, 2023 (Audited)				
	Right-of-use assets			
	Office and Warehouses	Vehicles	Computer Equipment	Total
Costs				
Balances at beginning of year	P3,983,253,390	P223,653,223	P59,437,158	P4,266,343,771
Additions	1,061,994,015	5,214,286	16,627,588	1,083,835,889
Lease modification	(125,531,473)	—	—	(125,531,473)
End of contracts	(1,247,662,503)	(54,685,621)	—	(1,302,348,124)
Effect of changes in foreign currency exchange rates	(7,664,699)	(4,009,144)	(1,536,266)	(13,210,109)
Balances at end of year	3,664,388,730	170,172,744	74,528,480	3,909,089,954
Accumulated amortization				
Balances at beginning of year	2,050,376,918	129,945,268	33,565,681	2,213,887,867
Amortization (Notes 19 and 20)	977,888,467	37,403,026	9,411,430	1,024,702,923
End of contracts	(1,247,662,503)	(54,685,621)	—	(1,302,348,124)
Effect of changes in foreign currency exchange rates	(2,167,923)	(4,542,544)	(920,073)	(7,630,540)
Balances at end of year	1,778,434,959	108,120,129	42,057,038	1,928,612,126
Net book value	P1,885,953,771	P62,052,615	P 32,471,442	P1,980,477,828

Amortization of right-of-use assets recorded in the consolidated statement of comprehensive income is net of the recognized effect of rent concessions amounting to P4.91 million in 2024.

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

(b) Lease liabilities

	Lease Liabilities	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P2,197,826,675	P2,262,939,874
Additions	297,886,944	1,083,835,889
Lease modification	(79,060,745)	(125,531,472)
Rent concessions	(4,914,715)	(6,234,328)
Payments of principal	(787,668,794)	(1,153,240,832)
Accretion of interest	160,567,928	147,686,326
Effect of changes in foreign currency exchange rates	10,774,190	(11,628,782)
Balance at end of period	1,795,411,483	2,197,826,675
Less: current portion	752,702,100	828,187,402
Noncurrent portion	P1,042,709,383	P1,369,639,273

The Group recognized rent expense from short-term leases of P353.64 million and P384.44 million for the nine months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024, the amortization expense recognized under cost of services and operating expenses in the statement of comprehensive income amounted to P641.70 million and P656.32 million, respectively.

Interest expense arising from the accretion of lease liability amounted to P160.91 million and P96.76 million for the nine months ended September 30, 2024 and 2023, respectively, recognized under 'Other income (charges)' in the consolidated statement of comprehensive income.

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

	September 30 2024 (Unaudited)	December 31 2023 (Audited)
Less than 1 year	₱752,702,100	₱828,187,402
More than 1 year to 2 years	618,539,757	675,160,857
More than 2 years to 3 years	364,307,308	382,265,584
More than 3 years to 4 years	159,251,650	144,527,145
More than 5 years	390,264,135	372,049,828
	₱2,285,064,950	₱2,402,190,816

(c) Rent Expenses

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

	For the Nine Months Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Cost of services (Note 18)	₱345,531,976	₱375,401,701
Operating expenses (Note 19)	8,104,399	9,038,005
	₱353,636,375	₱384,439,706

The Group has security deposits arising from the lease agreements amounting to ₱380.64 million and ₱419.20 million as at September 30, 2024 and December 31, 2023, respectively.

22. Retirement Benefits

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of defined benefit obligation	₱1,126,082,716	₱1,016,075,225
Fair value of plan assets	(138,271,943)	(115,419,229)
	₱987,810,773	₱900,655,996

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

The pension cost for the interim periods and the present value of the defined benefit obligation as at September 30, 2024 and 2023 were calculated by prorating the 2023 projected retirement expense and by extrapolating the latest actuarial valuation report for the year ended December 31, 2023, respectively.

23. Financial Risk Management Objectives and Policies

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

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

Price risk

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

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

The following table shows the effect on comprehensive income should the change in the close share price of quoted equity securities accounted for as FVOCI occur as at September 30, 2024 and 2023 with all other variables held constant.

	Effect on comprehensive income	
	September 30, 2024	September 30, 2023
	(Unaudited)	(Unaudited)
Change in share price		
Increase by 5%	₱5,754,272	₱10,338,184
Decrease by 5%	(5,754,272)	(10,338,184)
Change in NAV		
Increase by 5%	116,614	₱111,870
Decrease by 5%	(116,614)	(111,870)

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

Interest rate risk and credit spread sensitivity analysis

Except for the credit spread used in the valuation of the convertible redeemable bond, the Group is not significantly exposed to interest rate risk as the Group's interest rate on its cash and cash equivalents and notes payable are fixed and none of the Group's financial assets and liabilities carried

at fair value are sensitive to interest rate fluctuations. Further, the impact of fluctuation on interest rates on the Group's finance leases will not significantly impact the results of operations.

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

	Effect in fair value as of	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Credit spread		
+1%	P5,439,666	P11,540,380
-1%	(5,453,888)	(11,609,185)

Liquidity risk

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

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

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

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

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

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

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

Foreign currency risk

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

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

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

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

	September 30, 2024 (Unaudited)	
	Foreign currency	Peso equivalent
Assets:		
Euro	3,962,924	247,138,244
Hongkong Dollar	8,504,828	61,394,652
US Dollars	13,456,492	752,110,278
Japanese yen	26,010	10,144
Liabilities:		
US Dollars	(39,000,000)	(2,179,788,000)

The translation exchange rates used were ₱62.36 to EUR 1, ₱7.22 to HKD 1, ₱55.89 to USD 1, ₱0.39 to JPY 1 in 2024

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

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

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's income before tax (due to changes in the fair value of monetary assets and liabilities - net position) as at September 30, 2024 and December 31, 2023.

	Increase (decrease) in income before tax	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Reasonably possible change in foreign exchange rate for every two units of Philippine Peso		
P2	P26,099,491	P41,037,128
(2)	(26,099,491)	(41,037,128)

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

The Group recognized P33.07 million loss and P10.89 million foreign exchange gain - net, for the nine months ended September 30, 2024 and 2023, respectively, arising from settled transactions and translation of the Group's cash and cash equivalents, equity investments at FVPL, due from related parties, trade payables and bond payable (see Note 19).

Credit risk

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

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

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

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

The aging analyses of Group's receivables as of September 30, 2024 and as of December 31, 2023 follow:

	September 30, 2024 (Unaudited)				
	Current	Past Due			Total
		1-30 days	31-90 days	Over 90 days	
Trade receivables -					
Estimated total gross carrying amount at default	P1,587,215,649	P269,754,049	P52,538,810	P364,850,538	P2,274,359,046
Expected credit loss	21,655,168	68,436,024	9,899,480	207,162,984	307,153,656
	December 31, 2023 (Audited)				
	Current	Past Due			Total
		1-30 days	31-90 days	Over 90 days	
Trade receivables -					
Expected credit loss rate	0.01%-2.13%	0.2%-3.70%	0.02%-8.08%	0.03%-22.19%	
Estimated total gross carrying amount at default	P1,604,769,081	P268,652,994	P47,519,897	P153,648,417	P2,074,590,389
Expected credit loss	13,369,439	56,342,715	6,101,206	181,668,754	257,482,114

Capital Management

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

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

The capital that the Group manages is equal to the total equity as shown in the interim condensed consolidated statements of financial position as at September 30, 2024 and December 31, 2023 amounting to ₱1,867.12 million and ₱1,926.08 million, respectively.

24. Fair Values

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

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

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

The estimated fair value of the derivative liability as at September 30, 2024 and December 31, 2023 is based on an indirect method of valuing multiple embedded derivatives. This valuation technique uses binomial pyramid model using stock prices and stock price volatility. This valuation method compares the fair value of the option-free instrument against the fair value of the hybrid convertible instrument. The difference of the fair values is assigned as the value of the embedded derivatives.

The significant unobservable input in the fair value is the stock price volatility of 14.93% and 13.50% in 2024 and 2023, respectively. In 2024, a 5% increase (5% decrease) in the stock volatility has no significant impact.

As of September 30, 2024 and December 31, 2023, the plain bond is determined by discounting the cash flow, which is simply the principal at maturity, using a discount rate of 16.85% and 17.36%, respectively. The discount rate is composed of the matched to maturity risk free rate and the option adjusted spread (OAS) of 12%.

The fair value of the long-term portion of lease liabilities as at September 30, 2024 and December 31, 2023 is based on the discounted value of future cash flow using applicable interest rates ranging from 5.50% to 5.57% and from 2.12% to 5.45%, respectively.

The estimated fair value of long-term portion of notes payable as at September 30, 2024 and December 31, 2023 is based on the discounted value of future cash flow using applicable rates ranging from 5.50% to 5.64% and 2.40% to 6.95% respectively.

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

The quantitative disclosures on fair value measurement hierarchy for assets and liabilities as at September 30, 2024 and December 31, 2023 follow:

September 30, 2024 (Unaudited)					
Fair value measurements using					
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
FVOCI	₱115,085,443	₱115,085,443	₱115,085,443	₱–	₱–
FVPL	2,332,286	2,332,286	–	–	2,332,286
Liability measured at fair value					
Derivative liability	2,227,742,223	2,227,742,223	–	–	2,227,742,223
Liabilities for which fair value are disclosed					
Bond payable	2,179,788,000	2,179,788,000	–	–	2,085,997,384
Noncurrent lease liabilities	1,042,709,383	1,288,699,049	–	–	1,288,699,049
Long-term notes payable	747,071,775	807,635,258	–	–	807,635,258
December 31, 2023 (Audited)					
Fair value measurements using					
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
FVOCI	₱191,158,872	₱191,158,872	₱191,158,872	₱–	₱–
FVPL	2,263,568	2,263,568	–	–	2,263,568
Liability measured at fair value					
Derivative liability	2,030,069,446	2,030,069,446	–	–	2,030,069,446
Liabilities for which fair value are disclosed					
Bond payable	1,979,740,743	1,947,148,205	–	–	1,947,148,205
Long-term notes payable	947,400,258	932,734,671	–	–	932,734,671
Noncurrent lease liabilities	1,369,639,273	1,313,900,006	–	–	1,313,900,006

During the nine months ended September 30, 2024 and year ended December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

25. Segment Reporting

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

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

The Group's logistics products are geared toward both retail and corporate clients. The main services

offered under the Group's logistics business are domestic and international courier and freight forwarding services (by way of air, sea and ground transport).

Money transfer services comprise of remittance services (including branch retail services, prepaid remittance cards and online and mobile remit) and bills payment collection and corporate remittance payout services. Money transfer services include international presence through its branches which comprises international inbound remittance services.

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

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

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

For the Nine Months ended September 30, 2024			
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	P7,625,322,658	P346,124,735	P7,971,447,393
Corporate	2,603,177,959	8,009,832	2,611,187,791
Total revenue from contracts with customer	P10,228,500,617	P354,134,567	P10,582,635,184
Geographic Markets			
Domestic	P6,346,680,897	P120,729,206	P6,467,410,103
Overseas	3,881,819,719	233,405,361	4,115,225,080
Total revenue from contracts with customer	P10,228,500,616	P354,134,567	P10,582,635,183

For the Nine Months ended September 30, 2023			
Segments	Logistics	Money transfer services	Total
Type of Customer			
Retail	P8,061,652,187	P441,518,162	P8,503,170,349
Corporate	2,371,025,432	8,290,680	2,379,316,112
Total revenue from contracts with customer	P10,432,677,619	P449,808,842	P 10,882,486,461
Geographic Markets			
Domestic	P6,192,031,535	P200,775,832	P6,392,807,367
Overseas	4,240,646,084	249,033,010	4,489,679,094
Total revenue from contracts with customer	P10,432,677,619	P449,808,842	P10,882,486,461

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

The revenue of the Group consists mainly of sales to external customers. Revenue arising from service fees charged to affiliates amounted to P93.21 million and P70.37 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 17).

Seasonality of Operations

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

26. Basic/Diluted Earnings (Losses) Per Share

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

Basic/Diluted Earnings (Losses) per Share:

	For the Nine Months Ended September 30,	
	2024 (Unaudited)	2023 (Unaudited)
Net income (loss) attributable to shareholder of the Parent Company	(P127,821,348)	P215,225,527
Weighted average number of common shares outstanding	1,425,865,471	1,425,865,471
Basic earnings (losses) per share	(P0.09)	P0.15

In 2024 and 2023, the Parent Company did not consider the effect of the assumed conversion of convertible debt since these are anti-dilutive. As such, for the nine months ended September 30, 2024, the diluted EPS presented in the interim condensed consolidated statements of comprehensive income is the same value as basic EPS.

27. Notes to Consolidated Statement of Cash Flows

For the nine months ended September 30, 2024, the Group has the following non-cash transaction under:

Investing Activities

- Unpaid acquisition of property and equipment amounting to P44.10 million.
- Offsetting of loans receivable and interest receivable against royalty fee recorded under 'accounts and other payables' (see Note 11) amounting to P5.34 million.

Financing Activities

	December 31, 2023 (Audited)	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	September 30, 2024 (Unaudited)
Notes payable	P2,322,661,373	(437,964,032)	P-	P-	P-	P-	P1,884,697,341
Lease liabilities and other noncurrent liabilities	2,197,826,675	(733,977,280)	213,891,515	107,137,587	10,532,986	-	1,795,411,483
Convertible bond (bond and derivative liability)	4,009,810,189	-	-	189,323,936	10,723,321	197,672,777	4,407,530,223
Interest payable	9,214,002	(125,060,406)	-	123,799,830	-	-	7,953,426
Due to related parties	11,480,610	6,610,886	-	-	-	-	18,091,496
Total liabilities from financing activities	P8,550,992,849	(P1,290,390,832)	P213,891,515	P420,261,353	P21,256,307	P197,672,777	P8,113,683,969

For the nine months ended September 30, 2023, the Group has the following non-cash transaction under:

Investing Activities

- b. Unpaid acquisition of property and equipment amounting to ₱7.78 million.
- c. Offsetting of loans receivable and interest receivable against royalty fee recorded under ‘accounts and other payables’ (see Note 11) amounting to ₱3.43 million.

Financing Activities

	December 31, 2022 (Audited)	Cash Flows	Leasing arrangements	Interest	Foreign exchange movement	Fair value changes	Dividends declared	September 30, 2023 (Unaudited)
Notes payable	₱2,103,390,608	₱61,693,735	₱–	₱–	₱–	₱–	₱–	₱2,165,084,343
Lease liabilities and other noncurrent liabilities	2,262,977,920	(840,905,835)	242,856,669	96,759,751	(4,899,709)	–	–	1,756,788,796
Convertible bond (bond and derivative liability)	3,896,261,030	–	–	206,440,292	30,720,088	(98,259,057)	–	4,035,162,353
Bond redemption payable	1,014,743,085	(997,458,943)	–	–	(17,284,142)	–	–	–
Dividends payable	–	(1,913,243)	–	–	–	–	1,913,243	–
Interest payable	7,729,636	(85,109,787)	–	83,849,211	–	–	–	6,469,060
Due to related parties	30,648,739	(16,172,269)	–	1,397,605	–	–	–	15,874,075
Total liabilities from financing activities	₱9,315,751,018	₱(1,879,866,342)	₱242,856,669	₱388,446,859	₱8,536,237	₱(98,259,057)	₱1,913,243	₱7,979,378,627

28. Other Matters

Closure of LBC Development Bank, Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

National taxes

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

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

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

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

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

SUPPLEMENTARY SCHEDULES

- 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

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES**SCHEDULE A: FINANCIAL ASSETS****SEPTEMBER 30, 2024**

Name of issuing entity and association of each issue	Number of shares	Amount shown in the balance sheet	Income received and accrued	Value Based on Market Quotation and End of Reporting Period
Financial assets at fair value through other comprehensive income - Araneta Properties, Inc.	195,060,074	₱115,085,443	₱—	N/A
Financial assets at fair value through profit or loss	—	2,332,286	—	N/A
		₱117,417,729	₱—	
Financial assets at amortized costs:				
Cash in bank and cash equivalents	—	₱2,252,488,743	₱394,233	N/A
Short term investments	—	28,144,500	—	N/A
Restricted cash in bank	—	182,905,561	8,616,344	N/A
Trade and other receivables	—	2,004,404,898	—	N/A
Due from related parties	—	1,134,461,634	—	N/A
Notes receivable (noncurrent)	—	—	294,633	N/A
Loans receivable (current and noncurrent)	—	75,421,397	1,244,286	N/A
		₱5,677,826,733	₱10,549,496	
		₱5,795,244,462	₱10,549,496	

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

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

SEPTEMBER 30, 2024

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

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Name of Subsidiaries	Balance at beginning of period	Additions	Amounts collected/paid	Amounts Written Off	Current	Not current	Balance at end of period
LBC Express, Inc.	₱340,753,871	(₱2,216,802,334)	₱1,983,413,306	₱—	₱107,364,843	₱—	₱107,364,843
LBC Express, Inc. - MM	42,610,772	183,389,135	(165,062,507)	—	60,937,400	—	60,937,400
LBC Express, Inc. - SCC	(2,814,114)	30,648,279	(30,066,317)	—	(2,232,152)	—	(2,232,152)
LBC Express, Inc. - NEMM	(28,049,976)	97,890,945	(93,305,184)	—	(23,464,215)	—	(23,464,215)
LBC Express, Inc. - NWMM	-	72,460,803	(71,966,891)	—	493,911	—	493,911
LBC Express, Inc. - EMM	6,757,032	79,705,521	(75,732,222)	—	10,730,331	—	10,730,331
LBC Express, Inc. - SMM	(29,479,808)	68,616,496	(65,400,266)	—	(26,263,578)	—	(26,263,578)
LBC Express, Inc. - CMM	(19,059,985)	75,823,840	(75,793,864)	—	(19,030,009)	—	(19,030,009)
LBC Express, Inc. - SL	-	147,865,548	(144,604,442)	—	3,261,106	—	3,261,106
LBC Express, Inc. - SEL	(21,372,184)	91,966,469	(89,239,354)	—	(18,645,070)	—	(18,645,070)
LBC Express, Inc. - CL	(4,635,049)	119,812,846	(116,595,664)	—	(1,417,867)	—	(1,417,867)
LBC Express, Inc. - NL	(22,158,162)	119,001,788	(113,870,115)	—	(17,026,489)	—	(17,026,489)
LBC Express, Inc. - VIS	(1,015,802)	146,724,141	(145,111,166)	—	597,173	—	597,173
LBC Express, Inc. - WVIS	(8,042,581)	119,389,075	(114,481,164)	—	(3,134,671)	—	(3,134,671)
LBC Express, Inc. - MIN	(13,259,773)	128,620,080	(123,714,265)	—	(8,353,958)	—	(8,353,958)
LBC Express, Inc. - SEM	(1,630,396)	79,259,588	(74,158,236)	—	3,470,956	—	3,470,956
LBC Express, Inc. - SMCC	1,511,825	21,755,130	(22,675,516)	—	591,439	—	591,439
LBC Express, Inc. - ESI	(7,297,657)	-	(686,650)	—	(7,984,307)	—	(7,984,307)
LBC Express, Inc. - SCS	(19,520,153)	122,455,366	(115,684,989)	—	(12,749,776)	—	(12,749,776)
LBC Systems, Inc.	(56,943,981)	11,957,007	(11,200,057)	—	(56,187,032)	—	(56,187,032)
LBC Express WLL	(10,024,106)	(43,363,701)	59,557,168	—	6,169,362	—	6,169,362
LBC Express Bahrain WLL	(58,460,113)	(6,184,504)	(3,856,032)	—	(68,500,649)	—	(68,500,649)
LBC Express LLC	(106,364,115)	(14,807,469)	22,929,663	—	(98,241,921)	—	(98,241,921)
LBC Mabuhay Saipan, Inc.	(9,862,255)	(4,280,475)	7,634,100	—	(6,508,630)	—	(6,508,630)
LBC Aircargo (S) Pte. Ltd	(140,491,666)	(1,822,847)	(11,818,117)	—	(154,132,631)	—	(154,132,631)
Blue Eagle and LBC Service Ltd.	(17,205,603)	(2,391,019)	22,149,950	—	2,553,328	—	2,553,328
LBC Money Transfer PTY Limited	(61,895,120)	(5,266,701)	23,830,183	—	(43,331,639)	—	(43,331,639)
LBC Airfreight (S) Pte. Ltd	83,377,999	(47,155,430)	9,124,620	—	45,347,189	—	45,347,189
LBC Australia PTY Limited	(4,764,182)	(43,742,255)	47,651,038	—	(855,399)	—	(855,399)
LBC Mabuhay (Malaysia) SDN BHD	(2,237,707)	(15,800,071)	16,130,712	—	(1,907,066)	—	(1,907,066)
LBC Mabuhay (B) SDN BHD	8,116,333	(4,270,900)	(2,370,412)	—	1,475,021	—	1,475,021
LBC Mabuhay Remittance SDN BHD	34,360,742	(5,217,901)	(9,648,086)	—	19,494,755	—	19,494,755
LBC Mundial Corporation	48,857,566	(396,157,659)	409,390,448	—	62,090,354	—	62,090,354
LBC Mabuhay North America Corporation	449,495	-	208,501	—	657,996	—	657,996
LBC Mabuhay Hawaii Corporation	987,712	-	(5,440,233)	—	(4,452,521)	—	(4,452,521)
LBC Business Solutions North America Corp.	17,883,723	99,367,592	(105,501,330)	—	11,749,985	—	11,749,985
QuadX Pte Ltd.	61,270,653	45,583,268	(146,287,787)	—	(39,433,866)	—	(39,433,866)
Mermaid Co., Ltd.	(37,876,346)	(9,051,567)	8,363,692	—	(38,564,222)	—	(38,564,222)
	(₱37,523,111)	(₱954,021,916)	₱676,112,515	₱—	(₱315,432,519)	₱—	(₱315,432,519)

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES**SCHEDULE D: LONG TERM DEBT****SEPTEMBER 30, 2024**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current liabilities" in Statement of Financial Position	Amount shown under caption "Noncurrent liabilities" in Statement of Financial Position
Notes payable	₱1,884,697,343	₱1,137,625,566	₱747,071,775
Lease liabilities	1,795,411,483	752,702,100	1,042,709,383
Bond payable	2,179,788,000	2,179,788,000	—
Derivative liability	2,227,742,223	2,227,742,22	—
	₱8,087,639,049	₱4,072,343,430	₱1,789,781,158

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

SEPTEMBER 30, 2024

	Balance at Beginning of Period	Balance at End of Period
Fernando G. Araneta, <i>Beneficial owner</i>	₱43,927	₱43,927
LBC Insurance Agency, Inc.	3,483,369	3,895,967
QUADX Inc.	7,505,009	13,685,008
Others	448,305	466,594
	₱11,480,610	₱18,091,496

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

SEPTEMBER 30, 2024

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

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

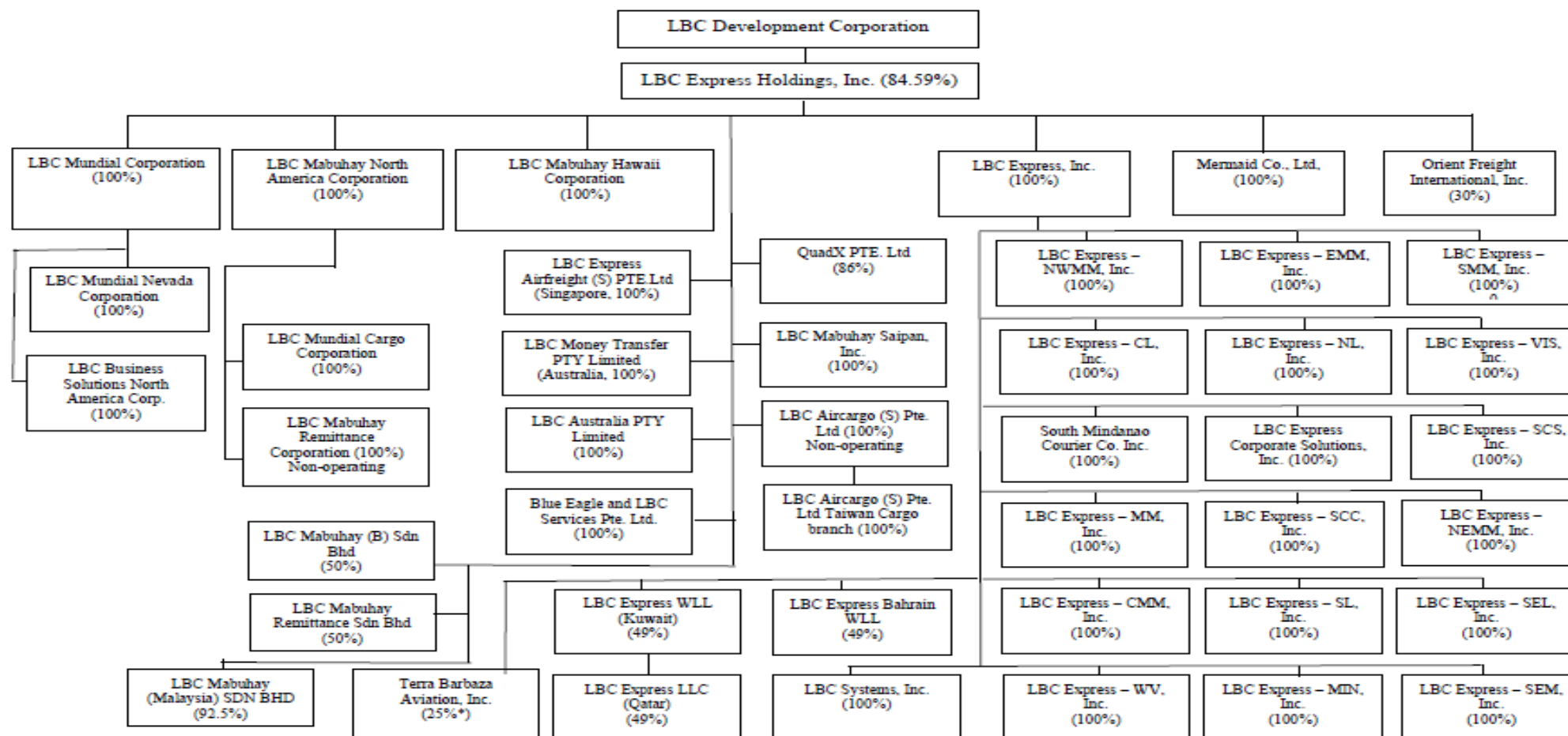
SEPTEMBER 30, 2024

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

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

SEPTEMBER 30, 2024



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

LBC EXPRESS HOLDINGS, INC.**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION****For the period ended September 30, 2024**

Unappropriated retained earnings, beginning of the year		₱368,735,674
Add: <u>Category A:</u> Items that are directly credited to		
Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	—	
Effect of restatements of prior-period adjustments	—	
Others:	—	
Fair value adjustments in prior year	(605,009,011)	
Unrealized foreign exchange gain in prior year	(110,576,515)	
Less: <u>Category B:</u> Items that are directly debited to		
Unappropriated Retained Earnings		
Dividend declaration during the reporting period	—	
Retained Earnings appropriated during the reporting period	—	
Effect of restatements of prior-period adjustments	—	
Others – Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) from prior year	—	—
Unappropriated retained earnings, as adjusted		(346,849,852)
Net loss for the current year		(415,909,546)
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the year (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Sub-total		(415,909,546)
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Sub-total		—
Add: <u>Category C.3:</u> Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to Cash and cash equivalents	—	

Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	—
Reversal of previously recorded fair value gain of Investment Property	—
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Sub-total	—
Add: Category D: Non-actual losses recognized in profit or loss during the year (net of tax)	
Depreciation on revaluation increment (after tax)	—
Sub-total	—
Add: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
Sub-total	—
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	—
Adjustment due to deviation from PFRS/GAAP – gain (loss)	—
Others	—
Sub-total	—
TOTAL RETAINED EARNINGS, END OF THE PERIOD AVAILABLE FOR DIVIDEND DECLARATION	(P762,759,398)

LBC EXPRESS HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

Below are the financial ratios that are relevant to the Group for the nine months ended September 30:

Financial ratios	Formula	September 30, 2024		September 30, 2023	
Current ratio	Total Current Assets	6,923,529,066	0.66	6,316,382,021	0.65
	Total Current Liabilities	10,476,028,503		9,666,649,115	
Acid Test Ratio	Total Current Assets - Prepayments and other current assets	5,637,977,546	0.54	4,984,265,499	0.52
	Current Liabilities	10,476,028,503		9,666,649,115	
Solvency Ratio	Net Income After Tax - Non-Cash Expenses	1,273,796,641	0.10	1,472,963,114	0.12
	Total Liabilities	13,253,620,434		12,533,067,512	
Debt-to-equity ratio	Total liabilities	13,253,620,434	7.77	12,533,067,512	6.16
	Stockholder's equity attributable to Parent Company	1,704,860,838		2,034,657,481	
Asset-to-equity ratio	Total Assets	14,948,478,098	8.77	14,547,076,878	7.15
	Stockholder's equity attributable to Parent Company	1,704,860,838		2,034,657,481	
Interest rate coverage ratio	Income before interest and tax expense	368,991,941	0.88	603,064,268	1.55
	Interest Expense	420,261,353		388,446,859	
Return on equity	Net income (loss) attributable to Parent Company	(127,821,348)	(0.07)	215,225,527	0.11
	Stockholder's equity attributable to Parent Company	1,704,860,838		2,034,657,481	
Debt to total assets ratio	Total liabilities	13,253,620,434	0.89	12,533,067,512	0.86
	Total assets	14,948,478,098		14,547,076,878	
Return on average assets	Net income (loss) attributable to Parent Company	(127,821,348)	(0.01)	215,225,527	0.01
	Average assets	15,161,623,259		15,568,469,871	
Net profit margin	Net income (loss) attributable to Parent Company	(127,821,348)	(0.01)	215,225,527	0.02
	Service fee	10,582,635,183		10,882,486,461	
Book value per share	Stockholder's equity attributable to Parent Company	1,704,860,838	1.20	2,034,657,481	1.43
	Total number of shares	1,425,865,471		1,425,865,471	
Basic earnings (loss) per share	Net income (loss) attributable to Parent Company	(127,821,348)	(0.09)	215,225,527	0.15
	Weighted average number of common shares outstanding	1,425,865,471		1,425,865,471	
Diluted earnings per share	Net income attributable to Parent Company after impact of conversion of bonds payable	267,217,852	(0.09)	215,225,527	0.15
	Adjusted weighted average number of common shares for diluted EPS	1,593,541,471		1,425,865,471	