





## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(formerly Haus Talk Project Managers, Inc. and its Subsidiary)*

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**For the period March 31, 2022, 2021 (Unaudited) and December 31, 2021 (Audited)**  
*(In Philippine Peso)*

ASSETS	March 31, 2022	2021	December 31, 2021
<b>CURRENT ASSETS</b>			
Cash	366,453,372	19,550,741	27,981,912
Receivables	474,247,771	211,267,746	361,491,792
Real estate inventories	3,107,993,335	2,074,550,702	1,908,517,969
Prepayments and other current assets	5,361,807	2,018,065	1,489,522
Total Current Assets	3,954,056,285	2,307,387,254	2,299,481,195
<b>NON-CURRENT ASSETS</b>			
Receivables, net of current portion	65,649,652	69,042,085	69,229,318
Advances to related parties	-	756,800,000	-
Property and equipment, net	13,079,263	12,305,340	864,269,620
Software	9,408,000		
Other non-current asset	6,105,705	7,984,520	6,072,861
Total Non-Current Assets	94,242,620	846,131,945	939,571,799
<b>TOTAL ASSETS</b>	<b>4,048,298,905</b>	<b>3,153,519,199</b>	<b>3,239,052,994</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts and other payables	275,833,387	140,481,034	177,612,486
Income tax payable	8,016,342	1,003,224	14,174,781

Loans and borrowings - current portion	<u>147,989,922</u>	<u>107,903,753</u>	<u>188,876,645</u>
Total Current Liabilities	<u>431,839,651</u>	<u>249,388,011</u>	<u>380,663,912</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings, net of current portion	173,428,844	373,643,075	187,028,729
Advances from related parties	223,016,033	164,500,000	216,484,295
Defined benefit obligation	12,994,911	15,019,901	12,994,911
Total Non-Current Liabilities	<u>409,439,788</u>	<u>553,162,976</u>	<u>416,507,935</u>
<b>EQUITY</b>			
Share capital	2,500,000,000	2,000,000,000	2,000,000,000
Additional paid-in capital	219,305,559		
Retained earnings	484,378,089	351,885,654	438,545,329
Actuarial gain (loss) on defined benefit obligation	<u>3,335,818</u>	<u>(917,442)</u>	<u>3,335,818</u>
Total Equity	<u>3,207,019,466</u>	<u>2,350,968,212</u>	<u>2,441,881,147</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>4,048,298,905</u>	<u>3,153,519,199</u>	<u>3,239,052,994</u>

*See Consolidated Notes to Financial Statements*

**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(formerly Haus Talk Project Managers, Inc. and its Subsidiary)*

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the period March 31, 2022, 2021 (Unaudited) and December 31, 2021 (Audited)**

	March 31, 2022	2021	December 31, 2021
<b>REVENUE</b>			
Real estate sales	188,863,600	58,200,000	428,006,472
Other operating income	3,222,438	4,147,679	13,286,653
Total Revenue	192,086,038	62,347,679	441,293,125
<b>COST OF REAL ESTATE SALES</b>	107,300,938	46,007,911	259,236,349
<b>GROSS PROFIT</b>	84,785,100	16,339,768	182,056,776
<b>OPERATING EXPENSES</b>			
Selling expenses	8,380,609	45,452	14,847,975
General and administrative expenses	15,327,334	4,336,617	42,508,285
Total Operating Expenses	23,707,943	4,382,069	57,356,260
<b>NET OPERATING INCOME</b>	61,077,157	11,957,699	124,700,516
<b>FINANCE COST, NET</b>	2,753,338	183,546	13,078,967
<b>INCOME BEFORE TAX</b>	58,323,819	11,774,153	111,621,549
<b>INCOME TAX EXPENSE</b>	(12,491,059)	(1,003,222)	(14,190,943)
<b>NET INCOME</b>	45,832,760	10,770,931	97,430,606
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain (loss) on retirement plan	4,253,260	(1,311,370)	4,253,260
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	50,086,020	9,459,561	101,683,866
<b>BASIC EARNINGS PER SHARE</b>	0.018	0.005	0.049

*See Consolidated Notes to Financial Statements*

**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(formerly Haus Talk Project Managers, Inc. and its Subsidiary)*

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the period March 31, 2022, 2021 (Unaudited) and December 31, 2021 (Audited)**

	March 31, 2022	2021	December 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before tax	58,323,819	11,774,153	111,621,549
Adjustments for:			
Prior period adjustment	-		-
Interest expense - bank loans	2,753,758	183,546	12,533,501
Interest expense - defined benefit obligation			565,872
Retirement expense	1,187,540		1,940,048
Interest income earned	(421)		(20,314)
Depreciation	(217,995)		4,438,417
Operating income before changes in working capital	62,046,701	11,957,699	131,079,073
Changes in assets and liabilities:			
Increase in receivables	(109,176,313)	(8,920,000)	(159,331,279)
Decrease (Increase) in real estate inventories	(1,199,475,366)	(44,947,557)	121,085,176
Decrease (Increase) in prepayments and other current assets	(3,872,285)	(248,177)	280,366
Decrease in other non-current assets	(32,844)	(1,925,809)	1,411,519
Increase (Decrease) in accounts and other payables	98,220,901	28,938,992	66,070,444
Cash generated from operations	(1,152,289,206)	(15,144,852)	160,317,649
Benefits paid	(1,187,540)	-	
Interest received	421	-	20,314
Income taxes paid	(18,649,498)	(1,488,078)	(2,929,911)
Net Cash from Operating Activities	(1,172,125,823)	(16,632,930)	157,408,052

**CASH FLOWS FROM INVESTING  
ACTIVITIES**

Issuance of shares	500,000,000	-	
Additional paid up capital	219,305,559	-	
Acquisition of property and equipment	851,408,352	(2,097,934)	(858,500,631)
Acquisition of intangible assets	(9,408,000)	-	
Collections of (additional) advances to related parties	-	-	756,800,000
	<u>-</u>	<u>-</u>	<u>756,800,000</u>
Net Cash from Investing Activities	1,561,305,911	(2,097,934)	(101,700,631)

**CASH FLOWS FROM FINANCING  
ACTIVITIES**

Additions to loans and borrowings	(54,486,608)	24,883,022	(80,758,432)
Additional advances from related parties	6,531,738	-	51,984,295
Interest paid	(2,753,758)	(183,546)	(12,533,501)
	<u>(2,753,758)</u>	<u>(183,546)</u>	<u>(12,533,501)</u>
Net Cash from Financing Activities	(50,708,628)	24,699,476	(41,307,638)

**NET INCREASE(DECREASE) IN  
CASH**

338,471,460	5,968,612	14,399,783
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**CASH, BEGINNING**

27,981,912	13,582,129	13,582,129
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**CASH, END**

366,453,372	19,550,741	27,981,912
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*See Consolidated Notes to Financial Statements*

**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the period March 31, 2022, 2021 (Unaudited) and December 31, 2021 (Audited)

	Share Capital	Additional paid-in capital	Retained Earnings	Actuarial gain (loss) on defined benefit obligation	Total
<b>BALANCE AT DECEMBER 31, 2018</b>	<b>2,000,000,000</b>		<b>299,720,300</b>	<b>1,888,869</b>	<b>2,301,609,169</b>
Prior period adjustment	-		(10,369,969)	-	(10,369,969)
As restated balance	<b>2,000,000,000</b>		<b>289,350,331</b>	<b>1,888,869</b>	<b>2,291,239,200</b>
Net income	-		1,360,910	-	1,360,910
Other comprehensive income	-		-	(1,494,941)	(1,494,941)
<b>BALANCE AT DECEMBER 31, 2019</b>	<b>2,000,000,000</b>		<b>290,711,241</b>	<b>393,928</b>	<b>2,291,105,169</b>
Net income	-		50,403,482	-	50,403,482
Other comprehensive income	-		-	(1,311,370)	(1,311,370)
<b>BALANCE AT DECEMBER 31, 2020</b>	<b>2,000,000,000</b>		<b>341,114,723</b>	<b>(917,442)</b>	<b>2,340,197,281</b>
Net income	-		10,770,931	-	10,770,931
Other comprehensive income	-		-	-	-
<b>BALANCE AT MARCH 31, 2021</b>	<b>2,000,000,000</b>	-	<b>351,885,654</b>	<b>(917,442)</b>	<b>2,350,968,212</b>
Net income	-		86,659,675	-	86,659,675
Other comprehensive income	-		-	4,253,260	4,253,260
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>2,000,000,000</b>	-	<b>438,545,329</b>	<b>3,335,818</b>	<b>2,441,881,147</b>
Share capital	500,000,000				500,000,000
Additional paid-in capital		219,305,559			219,305,559
Net income			45,832,760		45,832,760
<b>BALANCE AT MARCH 31, 2022</b>	<b>2,500,000,000</b>	<b>219,305,559</b>	<b>484,378,089</b>	<b>3,335,818</b>	<b>3,207,019,466</b>

See Consolidated Notes to Financial Statements



**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
**For the period March 31, 2022, 2021 (Unaudited) and December 31, 2021 (Audited)**

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE 68 ANNEX 68-E**

Ratio	Formula	As of Period March 31, 2022	As of Period March 31, 2021	As of year ended December 31, 2021
Current Ratio	Total current assets	3,954,056,285	2,307,387,254	2,299,481,195
	Divided by: Total current liabilities	431,839,651	249,388,011	380,663,912
	Current ratio	9.16	9.25	6.04
Acid test ratio	Total current assets	3,954,056,285	2,307,387,254	2,299,481,195
	Less: Other current assets	3,113,355,142	2,076,568,767	1,910,007,491
	Quick assets	840,701,143	230,818,487	389,473,704
	Divide by: Total current liabilities	431,839,651	249,388,011	380,663,912
	Acid test ratio	1.95	0.93	1.02
Solvency Ratio	Net income	45,832,758	10,770,929	97,430,606
	Add: Depreciation	- 217,995	-	4,438,417
	Total	45,614,763	10,770,929	101,869,023
	Divide by: Total liabilities	841,279,439	802,550,987	797,171,847
	Solvency ratio	0.05	0.01	0.13
Debt-to-Equity Ratio	Total liabilities	841,279,439	802,550,987	797,171,847
	Divided by: Total Equity	3,207,019,466	2,350,968,212	2,441,881,147
	Debt-to-equity ratio	0.26	0.34	0.33
Asset-to-equity ratio	Total assets	4,048,298,905	3,153,519,199	3,239,052,994
	Divided by: Total equity	3,207,019,466	2,350,968,212	2,441,881,147
	Asset-to-equity ratio	1.26	1.34	1.33
Interest rate coverage ratio	Income before income tax	58,323,819	11,774,153	111,621,549
	Add: Interest expense	2,753,758	183,546	13,099,373
	Total	61,077,577	11,957,699	124,720,922
	Divided by: Interest expense	2,753,758	183,546	13,099,373
	Interest rate coverage ratio	22.18	65.15	9.52
Return on average equity	Net income	45,832,758	10,770,929	97,430,606
	Divided by: Average total capital accounts	2,778,993,839	2,396,424,680	2,391,039,214
	Return on equity	0.02	0.00	0.04
Return on average assets	Net income	45,832,758	10,770,929	97,430,606
	Divided by: Average total assets	3,600,909,052	3,196,286,097	3,164,232,052
	Return on average assets			0.031
Net profit margin	Net income	45,832,758	10,770,929	97,430,606
	Net sales	188,863,600	58,200,000	428,006,472
	Net profit margin	0.24	0.19	0.23

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

### HAUS TALK, INC. AND ITS SUBSIDIARIES (formerly Haus Talk Project Managers, Inc. and its Subsidiary)

#### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the period March 31, 2022, 2021 (Unaudited) and December 31, 2021 (Audited)

ASSETS	March 31,		December 31,	Horizontal Analysis- Q1 2022		Horizontal Analysis- Q1 2021		Vertical Analysis - March		Vertical
	2022	2021	2021	Amount	%	Amount	%	2022	2021	Analysis - Dec
<b>CURRENT ASSETS</b>										
Cash	366,453,372	19,550,741	27,981,912	346,902,631.00	1774.37%	338,471,460.00	1209.61%	9.05%	0.62%	0.86%
Receivables	474,247,771	211,267,746	361,491,792	262,980,025.00	124.48%	112,755,979.00	31.19%	11.71%	6.70%	11.16%
Real estate inventories	3,107,993,335	2,074,550,702	1,908,517,969	1,033,442,633.00	49.82%	1,199,475,366.00	62.85%	76.77%	65.79%	58.92%
Prepayments and other current assets	5,361,807	2,018,065	1,489,522	3,343,742.00	165.69%	3,872,285.00	259.97%	0.13%	0.06%	0.05%
Total Current Assets	3,954,056,285	2,307,387,254	2,299,481,195	1,646,669,031.00	71.37%	1,654,575,090.00	71.95%	97.67%	73.17%	70.99%
<b>NON-CURRENT ASSETS</b>										
Receivables, net of current portion	65,649,652	69,042,085	69,229,318	(3,392,433.00)	-4.91%	(3,579,666.00)	-5.17%	1.62%	2.19%	2.14%
Advances to related parties	-	756,800,000	-	(756,800,000.00)	-100.00%	-	-	0.00%	24.00%	0.00%
Property and equipment, net	13,079,263	12,305,340	864,269,620	773,923.00	6.29%	(851,190,357.00)	-98.49%	0.32%	0.39%	26.68%
Software	9,408,000	-	-	9,408,000.00	-	9,408,000.00	-	-	-	-
Other non-current asset	6,105,705	7,984,520	6,072,861	(1,878,815.00)	-23.53%	32,844.00	0.54%	0.15%	0.25%	0.19%
Total Non-Current Assets	94,242,620	846,131,945	939,571,799	(751,889,325.00)	-88.86%	(845,329,179.00)	-89.97%	2.33%	26.83%	29.01%
<b>TOTAL ASSETS</b>	<b>4,048,298,905</b>	<b>3,153,519,199</b>	<b>3,239,052,994</b>	<b>894,779,706.00</b>	<b>28.37%</b>	<b>64,108,089.00</b>	<b>2.08%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>LIABILITIES AND EQUITY</b>										
<b>CURRENT LIABILITIES</b>										
Accounts and other payables	275,833,387	140,481,034	177,612,486	135,352,353.00	96.35%	98,220,901.00	55.30%	6.81%	4.45%	5.48%
Income tax payable	8,016,342	1,003,224	14,174,781	7,013,118.00	699.06%	(6,158,439.00)	-43.45%	0.20%	0.03%	0.44%
Loans and borrowings - current portion	147,989,922	107,903,753	188,876,645	40,086,169.00	37.15%	(40,886,723.00)	-21.65%	3.66%	3.42%	5.83%
Total Current Liabilities	431,839,651	249,388,011	380,663,912	182,451,640.00	73.16%	51,175,739.00	13.44%	10.67%	7.91%	11.75%
<b>NON-CURRENT LIABILITIES</b>										
Loans and borrowings, net of current portion	173,428,844	373,643,075	187,028,729	(200,214,231.00)	-53.58%	(13,599,885.00)	-7.27%	4.28%	11.85%	5.77%
Advances from related parties	223,016,033	164,500,000	216,484,295	58,516,033.00	35.57%	6,531,738.00	3.02%	5.51%	5.22%	6.68%
Defined benefit obligation	12,994,911	15,019,901	12,994,911	(2,024,990.00)	-13.48%	-	0.00%	0.32%	0.48%	0.40%
Total Non-Current Liabilities	409,439,788	553,162,976	416,507,935	(143,723,188.00)	-25.98%	(7,068,147.00)	-1.70%	10.11%	17.54%	12.86%
<b>EQUITY</b>										
Share capital	2,500,000,000	2,000,000,000	2,000,000,000	500,000,000.00	25.00%	500,000,000.00	25.00%	61.75%	63.42%	61.75%
Additional paid-in capital	219,305,559	-	-	219,305,559.00	-	219,305,559.00	-	5.42%	0.00%	0.00%
Retained earnings	484,378,089	351,885,654	438,545,329	132,492,435.00	37.65%	45,832,760.00	10.45%	11.96%	11.16%	13.54%
Actuarial gain (loss) on defined benefit	3,335,818	(917,442)	3,335,818	4,253,260.00	-463.60%	-	0.00%	0.08%	-0.03%	0.10%
Total Equity	3,207,019,466	2,350,968,212	2,441,881,147	856,051,254.00	36.41%	765,138,319.00	31.33%	79.22%	74.55%	75.39%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,048,298,905</b>	<b>3,153,519,199</b>	<b>3,239,052,994</b>	<b>894,779,706.00</b>	<b>28.37%</b>	<b>809,245,911.00</b>	<b>24.98%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

See Consolidated Notes to Financial Statements

**HAUSTALK, INC. AND ITS SUBSIDIARIES**  
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the period March 31, 2022, 2021 (Unaudited) and December 31, 2021 (Audited)

For the Years Ended December 31,	March 31,		December 31,		Horizontal Analysis- Q1 2022		Horizontal Analysis- Q1 2021		Vertical Analysis- Marcl		Vertical
	2022	2021	2021	2020	Amount	%	Amount	%	2022	2021	Analysis Dec
<b>REVENUE</b>											
Real estate sales	188,863,600	58,200,000	428,006,472	284,725,000	130,663,600.00	224.51% <span style="color: green;">▲</span>	(239,142,872.00)	-55.87%	100.00%	100.00%	100.00%
Other operating income	3,222,438	4,147,679	13,286,653	5,582,663	(925,241.00)	-22.31% <span style="color: green;">▲</span>	(10,064,215.00)	-75.75%	1.71%	7.13%	3.10%
Total Revenue	192,086,038	62,347,679	441,293,125	290,307,663	129,738,359.00	208.09% <span style="color: green;">▲</span>	(249,207,087.00)	-56.47%	101.71%	107.13%	103.10%
<b>COST OF REAL ESTATE SALES</b>	107,300,938	46,007,911	259,236,349	184,713,875	61,293,027.00	133.22% <span style="color: green;">▲</span>	(151,935,411.00)	-58.61%	56.81%	79.05%	60.57%
<b>GROSS PROFIT</b>	84,785,100	16,339,768	182,056,776	105,593,788	68,445,332.00	418.89% <span style="color: green;">▲</span>	(97,271,676.00)	-53.43%	44.89%	28.08%	42.54%
<b>OPERATING EXPENSES</b>											
Selling expenses	8,380,609	45,452	14,847,975	10,231,338	8,335,157.00	18338.37% <span style="color: green;">▲</span>	(6,467,366.00)	-43.56%	4.44%	0.08%	3.47%
General and administrative expenses	15,327,334	4,336,617	42,508,285	30,908,107	10,990,717.00	253.44% <span style="color: green;">▲</span>	(27,180,951.00)	-63.94%	8.12%	7.45%	9.93%
Total Operating Expenses	23,707,943	4,382,069	57,356,260	41,139,445	19,325,874.00	441.02% <span style="color: green;">▲</span>	(33,648,317.00)	-58.67%	12.55%	7.53%	13.40%
<b>NET OPERATING INCOME</b>	61,077,157	11,957,699	124,700,516	64,454,343	49,119,458.00	410.78% <span style="color: green;">▲</span>	(63,623,359.00)	-51.02%	32.34%	20.55%	29.14%
<b>FINANCE COST, NET</b>	2,753,338	183,546	13,078,967	12,871,723	2,569,792.00	1400.08% <span style="color: green;">▲</span>	(10,325,629.00)	-78.95%	1.46%	0.32%	3.06%
<b>INCOME BEFORE TAX</b>	58,323,819	11,774,153	111,621,549	51,582,620	46,549,666.00	395.35% <span style="color: green;">▲</span>	(53,297,730.00)	-47.75%	30.88%	20.23%	26.08%
<b>INCOME TAX EXPENSE</b>	(12,491,059)	(1,003,224)	(14,190,943)	(1,179,138)	(11,487,835.47)	1145.09% <span style="color: green;">▲</span>	1,699,884.00	-11.98%	-6.61%	-1.72%	-3.32%
<b>NET INCOME</b>	45,832,760	10,770,929	97,430,606	50,403,482	35,061,830.53	325.52% <span style="color: green;">▲</span>	(51,597,846.00)	-52.96%	24.27%	18.51%	22.76%
<b>OTHER COMPREHENSIVE INCOME</b>											
Actuarial gain(loss) on retirement pla	4,253,260	(1,311,370)	4,253,260	(1,311,370)	5,564,630.00	-424.34% <span style="color: green;">▲</span>	-	0.00%	2.25%	-2.25%	0.99%
<b>TOTAL COMPREHENSIVE INCOME</b>	50,086,020	9,459,559	101,683,866	49,092,112	40,626,460.53	429.48% <span style="color: green;">▲</span>	(51,597,846.00)	-50.74%	26.52%	16.25%	23.76%
<b>BASICEARNINGS PER SHARE</b>	0.018 <span style="color: red;">▼</span>	0.005	0.049	0.025							

See Consolidated Notes to Financial Statements

### **Financial position as of March 31, 2022 vs. March 31, 2021**

Cash increased by 346.92M or a 1774% increase from the 19.55M balance as of end of the same quarter in 2021. This was due to the cash generated from the issuance of the company's 500M shares during its Initial Public Offering in January of the current year.

Receivables posted a 124% increase as of March 31, 2022 or an increase by 262.98M from Q1 2021 ending balance of 211.27M as a result of the sales contracts closed during the latter part of 2020 and the full year 2021.

Real estate inventories rose by 49.82% or 1.03B compared to the 2.07B balance as of end of Q1 in 2021. The increase was due to the acquisition of land and purchase of additional construction materials during the quarter.

Prepayments and other current assets grew 3.34M or 165.69% more than the Q1 2021 balances of 2.02B mainly due to the Input VAT recognized from purchase of construction materials.

Receivables net of current portion decreased by 4.91% equivalent to 3.39M from the balance of 69.04M as of end of Q1 2021 due to re-classification of some non-current accounts to current.

Advances to related parties amounting to 756.8M were totally eliminated as these were converted to equity in the subsidiary (Lifestyle Development Corp.) during the previous year.

Property and equipment grew by 773.92M or 6.29% from Q1 2021 balance of 12.30M due to acquisition of additional construction tools and equipment.

Software account had a balance only in 2022 due to the procurement of an ERP system for the group.

Accounts and Other Payable increased by 96.35% or 135.35M from 140.48M balance as of end of Q1 2021 balance.

Income Tax payable increased by 7.01M or 699.06% from the 1.03M payable as of end of Q1 2021 due to the growth in the taxable income.

Loans and Borrowings current portion went up by 40.09M or 37.15% as compared to the ending balance of 107.9M as of March 31, 2021 as a result of re-classification from non-current to current.

Loans and Borrowings, net of current portion went down by 200.21M or 53.58% as compared to the ending balance of 373.64M as of March 31, 2021 because of principal payments made.

Advances from related parties posted an increment by 35.57% or 58.52M from the 164.5M balance as of end of Q1 2021 due to additional availment of advances.

Defined Benefit Obligation decreased by 2.02M or 13.48% compared to the 15.02 balance as at March 31, 2021. The movement is due to the decrease in the number of employees covered.

Share capital increased by 500M compared to the balance of 2B as of end of Q1 2021 due to the additional shares issued as a result of the company's listing with PSE in January 2022.

The company posted this amount for the first time during the quarter as a result of the listing with the PSE in January of the current year.

Retained Earnings increased by 132.49M or 37.65% higher than the 351.88M posted in the same period of last year brought by the growth in the taxable income.

Actuarial gain (loss) increased by 4.25M or 463.60% compared to the (0.92) balance as at March 31, 2021. The movement is due to the remeasurement gain.

### **Financial position as of first quarter 2022 vs. Audited 2021**

Cash increased by 338.47M or a 1210% increase from the year-end 2021 balance of 27.98M. This was due to the cash generated from the issuance of the company's 500M shares during its Initial Public Offering in January of the current year.

Receivables posted a 31.19% increase as of March 31, 2022 or an increase by 112.76M from year end 2021 balance of 361.49M as a result of the sales contracts closed during the latter part of 2020 and the full year 2021

Real estate inventories rose by 62.85% or 1.2B compared to the 1.91B balance as of year-end 2021. The increase was due to acquisition of land and purchase of additional construction materials during the quarter.

Prepayments and other current assets grew 3.87M or 260% more than the year end 2021 balances of 1.5M mainly due to the Input VAT recognized from purchase of construction materials.

Receivables net of current portion decreased by 5.17% equivalent to 3.58M from the balance of 69.23M as of end of TY 2021 due to re-classification of some non-current accounts to current.

Advances to related parties amounting to 756.8M were totally eliminated as these were converted to equity in the subsidiary (Lifestyle Development Corp.) during the previous year.

Property and equipment dropped by 851.19M or 98.49% from the year 2021 ending balance of 864.27M due to re-classification of parcel of land to Inventory.

Software account had a balance only in 2022 due to the procurement of an ERP system for the group.

## **PART II--OTHER INFORMATION**

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

## SIGNATURES


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 thereunto duly authorized in Pasig City on MAY 19 2022.

**HAUS TALK, INC.**  
Issuer

By:

  
**MARIA RACHEL D. MADLAMBAYAN**  
President

  
**GLORIA JUDITH D. MADLAMBAYAN**  
Treasurer

  
**MARIA AGNES M. SIAPNO**  
Chief Finance Officer

**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - INTERIM**  
**For the 3 Month Period ended March 31, 2022 and 2021 (Unaudited) and December 31, 2021 (Audited)**

**NOTE 1 – GENERAL INFORMATION**

**HAUS TALK, INC.** (the “Parent Company”) was organized under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) per Registration no. CS200409462 on June 21, 2004 under the name of Haus Talk Project Managers, Inc., which was amended on March 15, 2017 under the name of Haus Talk, Inc. Its primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

On November 18, 2021 and December 2, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company’s Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol “HTI”. As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68.1.

The Parent Company’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

The Parent Company’s Eastview Homes 3 Project was registered with the Board of Investments (BOI) under Certificate of Registration 2014-056. The enterprise shall enjoy Income Tax Holiday effective June 2014 until after four (4) years ending May 2018. The project consists of three hundred seventy-nine (379) housing units.

The Parent Company and its subsidiary are collectively known herein as the “Group”.

**Tradition Homes, Inc.** (referred to as the “Subsidiary or THI”), formerly known as Tradition Homes Project Managers, Inc. before it was amended on December 11, 2017 as Tradition Homes, Inc., was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. CS200700454 on January 16, 2007. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On January 18, 2018, the Parent Company acquired 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of ₱30,000,000.

THI was approved by the Board of Investments (BOI) as a New Developer of Economic and Low-Cost Housing Project for its Southview Homes – Sta. Rosa, located at Sta. Rosa, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2019-041 valid from March 6, 2019, and four (4) years thereafter provides exemption from income taxes on revenue generated from the said project.

THI’s WINN residences project, a residential condominium project located at Sitio Veterans, Barangay Bagong Silangan, Quezon City, was approved as a Socialized Housing Project by the Housing and Land Regulatory Board (HLURB) and thereby granting the Company exemption from Income Tax, Capital Gains Tax and Value-Added Tax. The certification issued by the HLURB bears the reference number 15-06-038.

**Lifestyle Development Corporation** (referred to as the “Subsidiary or LDC”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. A199918322 on

February 23, 2019. The Subsidiary's primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government's mass housing program. The Subsidiary's current registered address is at 1802 Jollibee Plaza Emerald Avenue, Ortigas Center, Pasig City.

On May 26, 2021, the Parent Company acquired 100% ownership and control of Lifestyle Development Corporation for an acquisition cost of ₱105,737,000.

### Cash

Cash includes cash on hand and in banks which are measured at face value.

Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

As of March 31, the account consists of:

<u>Particulars</u>	<u>2022</u>	2021
Petty cash fund	₱ 229,980	₱ 507,480
Cash in banks	<u>366,223,392</u>	<u>19,043,261</u>
Total	<u>₱ 366,453,372</u>	<u>₱ 19,550,741</u>

As of December 31, the account consists of:

<u>Particulars</u>	<u>2021</u>	2020
Petty cash fund	₱ 229,980	₱ 507,480
Cash in banks	<u>27,751,932</u>	<u>13,074,649</u>
Total	<u>₱ 27,981,912</u>	<u>₱ 13,582,129</u>

### Receivables

Receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

As of March 31, the account consists of:

<u>Particulars</u>	<u>2022</u>
Installment contracts receivables at amortized cost	₱ 509,326,684
Receivables at amortized cost from:	
Contractors	3,675,206
Officers and employees	2,184,829
Suppliers	238,203
Broker	3,209,702
Buyer	5,157,896



Others	<u>16,104,903</u>
Total	<b>539,897,423</b>
Less: Noncurrent portion of installment contract receivables	<u>65,649,652</u>
Receivables, current portion	<b>₱ 474,247,771</b>

As of December 31, the account consists of:

Particulars	2021	2020
Installment contracts receivables at amortized cost	₱ 394,854,004	₱ 245,162,395
Receivables at amortized cost from:		
Contractors	3,574,284	2,933,012
Officers and employees	1,695,132	2,934,574
Suppliers	647,297	1,846,326
Broker	2,914,438	3,101,373
Buyer	5,170,920	-
Others	<u>21,865,035</u>	<u>15,412,151</u>
Total	430,721,110	271,389,831
Less: Noncurrent portion of installment contract receivables	<u>69,229,318</u>	<u>84,202,864</u>
Receivables, current portion	<b>₱ 361,491,792</b>	<b>₱ 187,186,967</b>

#### **Aging Schedule of Receivables**

This account as of March 31, 2022 consists of the following:

	Total	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	over 90 days
Receivables	539,897,423.00	538,968,369.01	391,766.59	57,522.62	479,764.78	-

This account as of March 31, 2021 consists of the following:

	Total	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	over 90 days
Receivables	280,309,831.00	270,248,374.68	396,049.47	402,992.75	614,293.33	8,648,120.77

#### *Installment contract receivables at amortized cost*

Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of ten (10) years. These are carried at amortized cost. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivables are interest-bearing. Annual interest rates on installment contracts receivables range from 12.00% to 19.00%.

#### *Receivables from contractors, suppliers, brokers and buyers*

These receivables at amortized cost are non-interest bearing and collectible within one year from the reporting date.

*Receivables from officers and employees*

These are non-interest bearing and to be liquidated within one year from the reporting date.

*Others*

Receivable others pertain to advances to other projects and housing overhead, HDMF and home guaranty. These are non-interest bearing and are generally collectible within one year from the reporting date.

None of the receivables were assigned or pledged to secure any of the Company's loans.

In case of default, the Group may cancel the contract with customers and find another buyer of the real estate thus, no allowance for expected credit losses was recognized.

**Real estate inventories**

Real estate inventories consists of subdivision land, residential houses and lots for sale and development. These are properties acquired or being developed and constructed for sale in the ordinary course of business.

Inventories are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion, and estimated costs necessary to make sale.

Cost includes the costs incurred for acquisition cost, development and improvement of properties including borrowing costs.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statement of income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

As of March 31, the account consists of:

<u>Particulars</u>	<u>2022</u>
Land for sale and development	₱ 2,695,437,261
Residential units and development	404,598,494
Model units	<u>7,957,581</u>
Total	₱ <u>3,107,993,335</u>

As of December 31, the account consists of:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Land for sale and development	₱ 1,675,791,800	₱ 1,769,398,119
Residential units and development	224,768,588	256,549,273
Model units	<u>7,957,581</u>	<u>3,655,753</u>
Total	₱ <u>1,908,517,969</u>	₱ <u>2,029,603,145</u>

**Prepayments and other current assets**

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are expensed to profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the company statements of financial position as current assets when they are expected to be expensed within one year. Otherwise, prepayments are classified as non-current.

Prepaid expenses and other current assets include input value-added tax (VAT), deferred input tax and prepaid taxes and licenses.

As of March 31, the account consists of:

Particulars	2022
Input VAT	₱ 3,828,600
Prepaid taxes and licenses	145,510
Prepaid interest	4,666
Prepaid insurance	6,104
Creditable withholding tax	361,967
Others	<u>1,014,959</u>
Total	<u>₱ 5,361,807</u>

As of December 31, the account consists of:

Particulars	2021	2020
Input VAT	₱ 441,611	₱ 1,132,679
Prepaid taxes and licenses	100,887	323,477
Prepaid interest	18,665	106,669
Prepaid insurance	15,681	15,985
Others	<u>912,678</u>	<u>191,078</u>
Total	<u>₱ 1,489,522</u>	<u>₱ 1,769,888</u>

Input VAT is a tax imposed on purchases of goods and services. These are available for offset against output VAT in future periods.

Prepaid taxes and licenses represent prepayment for taxes as well as local business real property taxes. This also includes excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Others consist of Medicaid health benefit premiums of employees, billboard rent, design, architectural and planning and miscellaneous supplies.

#### **Advances to related parties**

These includes transfer of resources, services or obligations to affiliates, regardless of whether a price is charged. The amount is presented as current assets if collection is expected in one year or less, otherwise, they are presented as non-current assets.

Advances to parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are considered related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of

these individuals, and companies associated with these individuals also constitute related parties. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### **Property and equipment**

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation on other assets is charged to allocate the cost of assets less their fair value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

<u>Particulars</u>	<u>No. of Years</u>
Office improvement	5
Construction equipment	5
Transportation equipment	5
Furniture and fixture	5
Office equipment	3
Computer software	3
Construction tools	2

Depreciation of property and equipment begins when it becomes available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and depletion ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated recoverable reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. The residual values, if any, are reviewed and adjusted, if appropriate, at each end of reporting period. If there is an indication that there has been a significant change in depreciation and depletion rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When properties are retired or otherwise disposed of, the cost and related accumulated depreciation and depletion and any allowance for impairment loss are eliminated from the accounts and any resulting gain or loss is credited or charged to the consolidated statements of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the items) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained as property and equipment until these are no longer in use.

The movements of property and equipment are as follows:

**March 31, 2022**

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Office improvement	3,375,885			<b>3,375,885</b>
Office equipment	2,367,256	1,093,865		<b>3,461,122</b>
Construction equipment	12,787,297	166,210		<b>12,953,507</b>
Transportation equipment	4,608,396	1,957,179		<b>6,565,575</b>
Furniture and fixture	223,058			<b>223,058</b>
Construction tools	2,831,116	19,401		<b>2,850,517</b>
Warehouse equipment	44,625	94,643		<b>139,268</b>
Total	₱ 26,237,633	₱ 3,331,297	₱ 0	₱ <b>29,568,932</b>
Accumulated depreciation:				
Office improvement	2,956,619	₱ 76,029.48	₱	₱ <b>3,032,648</b>
Office equipment	1,540,111	90,361.27		<b>1,630,472</b>
Construction equipment	4,715,374	572,950.55		<b>5,288,325</b>
Transportation equipment	3,458,503	203,655.22		<b>3,662,158</b>
Furniture and fixture	99,670	12,988.51		<b>112,659</b>
Construction tools	2,727,799	19,718.72		<b>2,747,517</b>
Warehouse equipment	7,437	8,450.88		<b>15,888</b>
Total	15,505,514	₱ 984,154.62	₱ 0	<b>16,489,668</b>
Net Book Value	₱ <u>10,732,120</u>			₱ <u><b>13,079,263</b></u>

**December 31, 2021**

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Land	₱ -	₱ 853,537,499	₱ -	₱ 853,537,499
Office improvement	3,375,886	-	-	3,375,886
Office equipment	2,166,969	201,286	-	2,368,255
Construction equipment	11,593,630	4,595,667	3,402,000	12,787,297
Transportation equipment	4,595,996	12,400	-	4,608,396
Furniture and fixture	223,058	-	-	223,058
Construction tools	2,721,963	109,154	-	2,831,117
Warehouse equipment	-	44,625		44,625
Total	<u>24,677,502</u>	₱ <u>858,500,631</u>	₱ <u>3,402,000</u>	<u>879,776,133</u>

Accumulated depreciation:

Office improvement	2,618,147 ₱	338,473 ₱	-	2,956,620
Office equipment	1,306,710	234,400	-	1,541,110
Construction equipment	5,471,593	2,645,780	3,402,000	4,715,373
Transportation equipment	2,713,544	744,961	-	3,458,505
Furniture and fixture	47,716	51,954	-	99,670
Construction tools	2,312,386	415,412	-	2,727,798
Warehouse equipment	-	7,437	-	7,437
Total	<u>14,470,096 ₱</u>	<u>4,438,417 ₱</u>	<u>3,402,000</u>	<u>15,506,513</u>
Net Book Value	₱ <u>10,207,406</u>			₱ <u>864,269,620</u>

**Other non-current assets**

As of March 31, the account consists of:

Particulars	2022
Refundable deposits	₱ 3,860,697
Deferred tax assets	<u>2,245,008</u>
Total	₱ <u>6,105,705</u>

As of December 31, the account consists of:

Particulars	2021	2020
Refundable deposits	₱ 3,827,853	₱ 5,239,373
Deferred tax assets (Note 28)	<u>2,245,008</u>	<u>819,338</u>
Total	₱ <u>6,072,861</u>	₱ 6,058,711

Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recovered against future billings.

**Accounts and other payables**

As of March 31, the account consists of:

Particulars	2022
Trade payables	₱ 93,220,910
Accrued expenses	
Retention payable	5,830,507
Customer deposits	16,755,925
Government liabilities	849,400
Other liabilities	<u>159,176,645</u>
Total	₱ <u>275,833,387</u>

As of December 31, the account consists of:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Trade payables	₱ 57,990,762	₱ 72,331,318
Accrued expenses	-	9,784,000
Retention payable	5,398,577	4,848,114
Customer deposits	35,995,870	22,129,575
Government liabilities	76,670,631	1,012,167
Other liabilities	<u>1,556,646</u>	<u>1,436,868</u>
 Total	 <u>₱ 177,612,486</u>	 <u>₱ 111,542,042</u>

*Trade payables*

Trade payables represents payable to suppliers for the purchase of construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not due. These are expected to be settled within a year after the financial reporting date.

*Accrued expenses*

Accrued expenses pertain to documentary stamp tax payable.

*Retention payable*

Retention payable pertains to contract payments is being withheld from the third party as guaranty for any claims against them. These are settled and paid once period has expired.

*Customer deposits*

Customer deposits consist mainly of collections from real estate customers which will be applied the contract price.

*Government liabilities*

Government liabilities include statutory contributions and withholding taxes and are normally settled within one year after the reporting date.

*Other liabilities*

Other liabilities include various non-trade dues from utilities, professional fees and other services.

**Income taxes**

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

## Loans and borrowings

### China Banking Corporation

The following loan agreements are entered into by the Parent Company with China Banking Corporation:

#### *Promissory Note*

On April 27, 2018, the Company obtained a 32-day Promissory Note amounting to ₱10,000,000 with an interest rate of 5.13% payable monthly, the loan is non-secured.

#### *Straight Loan*

On December 23, 2020, the Company obtained a straight loan from China Bank amounting to ₱12,500,000 with maturity due on January 31, 2022.

#### *Contract to Sell Purchase Facility*

On July 27, 2018, the Company has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Company's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

The following loan agreements are entered into by the Subsidiary Company with China Banking Corporation:

#### *Term Loan*

On October 8, 2018, the Company obtained credit from Chinabank with the purpose of taking out the Company's existing loan in the same bank with the principal amount of ₱8.3 Million and ₱52.0 Million, and to finance the land development of their housing projects. The loans were drawn from a series of promissory notes amounting to ₱28,300,000, ₱20,000,000, and ₱21,700,000, respectively.

The interest is re-priceable annually in arrears based on prevailing rate with one-time option to fix the rate for the remaining term of the loan on an anniversary date. Fixed interest rate shall be based on the relevant PDST-R2 Rate on Interest Rate Selling Date plus a spread of 1.50%, exclusive of GRT. The term of the loan is three (3) years inclusive of one (1) year grace period on principal payment.

A Real Estate Mortgage for ₱55,000,000 on a 25,000 sq. parcel of land in Sta. Rosa, Laguna under Transfer Certificate of Title (TCT) No. 060-2016007926 registered in the name the Company had been agreed to as a collateral, and another as a Surety Agreement for ₱70,000,000 to be executed by the Company and Ma. Rachel D. Madlambayan, Ma. Leah D. Madlambayan, Edward D. Madlambayan, Gloria Judith D. Madlambayan, Noemi D. Madlambayan, the Board of Directors of the Company.

#### *Contract to Sell Purchase Facility*

On July 27, 2018, the Company has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Company's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

### Sterling Bank of Asia

The following loan agreements are entered into by the Parent Company with Sterling Bank of Asia:

#### *Term Loan*

On March 14, 2020, the Company obtained a term loan from Sterling Bank amounting to ₱50,000,000 with the purpose of development its housing projects Eastview Homes Residences and Eastview Homes Hinapao, located at San Roque and Hinapao, Antipolo City, respectively, and for reimbursement of acquisition cost on the property located at Loyola Heights, Quezon City. The loan has an interest rate based on the prevailing bank rate, payable monthly in arrears and subject to annual review with a term of forty-eight (48) months inclusive of eighteen (18) months of grace period on principal payment.



A Real Estate Mortgage amounting to ₱50,000,000 was registered as a collateral for the titles: TCT Nos. 163-2018007548 and 163-2018008000 named under the Company, and TCT Nos. 163-2017002727, 163-2017002726 and 400579 also under the name of the Company.

*Contract-to-Sell (CTS) Financing Line*

On March 12, 2019, the Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Eastview Residences 1 and 2, and Eastview Premiere. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan.

The following loan agreements are entered into by the Subsidiary Company with Sterling Bank of Asia:

*Term Loan*

On February 6, 2020, the Company obtained a term loan from Sterling Bank of Asia amounting to ₱47,600,000 for the purpose of taking-out the Company's loan from China Banking Corporation. The loan's interest rate is based on the prevailing bank rates, which is payable monthly in arrears and subject to annual review. The loan is payable in Forty-eight (48) months inclusive of twelve (12) months of grace period on principal payments.

Also, on February 6, 2020, another term loan with Sterling Bank of Asia was obtained by the Company, which amounted to ₱17,400,000, obtained for the purpose of development of Southview Homes – Calendola located at Brgy. San Vicente, San Pedro Laguna. The loan's interest is based on the prevailing bank rates, which is payable monthly in arrears and subject to annual review. The loan is payable in Forty-eight (48) months inclusive of twelve (12) months of grace period on principal payments.

A Real Estate Mortgage for the amount of ₱65,000,000 was registered for the term loans from Sterling Bank with the following titles; TCT No. 060-2017013231 and TCT No. 060-2017013230 which are located at Brgy. San Vicente, San Pedro City, Laguna.

*Contract-to-Sell Financing Line*

On March 12, 2019, the Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Southview Homes – Sta. Rosa and WINN Residences. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan.

*Bank of the Philippine Islands*

*Loan Facility*

In December 2019, the Parent Company obtained a loan facility with BPI amounting to ₱60,000,000 to refinance their existing outstanding loan with the same bank. The loan is imposed with an interest rate based on the prevailing bank rate, payable monthly and subject to annual review, at which the maturity date is December 22, 2022.

A Real Estate Mortgage for the loan was registered with the following titles:

<u>Location</u>	<u>Area (in sqm.)</u>	<u>TCT/CCT No.</u>	<u>Registered Owner</u>
	250.00	004-2019008548	Maria Rachel D. Madlambayan
	250.00	004-2019008549	Terrence Restituto D. Madlambayan
#44 Jocson St.,	250.00	004-2019008550	Joselito D. Madlambayan
Varsity Hills,	250.00	004-2019008551	Ma. Leah D. Madlambayan
Loyola	250.00	004-2019008552	Noemi D. Madlambayan
Heights,	250.00	004-2019008553	Luis Pio D. Madlambayan
Quezon City	250.00	004-2019008554	Rufino Albert D. Madlambayan
	250.00	004-2019008555	Edward D. Madlambayan
	20.80	004-2019008556	Ma. Leah D. Madlambayan

#### *Revolving Promissory Note*

On May 31, 2017, the Subsidiary Company obtained a Revolving Promissory Note Line from BPI Family Savings Bank amounting to a line limit of ₱20,000,000 with an expiration on November 30, 2018. The line's interest is payable monthly in arrears, meanwhile the principal at maturity which does not exceed 360 days. The loan line is secured through continuing Suretyship of Allied Community Builders & Development, Inc., Edward D. Madlambayan and Ma. Rachel D. Madlambayan.

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loan borrowings during the period.

#### **Defined benefit obligation**

The Group does not maintain retirement fund but accrues and recognizes its actuarial estimate to conform with the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined type and provides a retirement benefit equal to 22.5 days' pay per every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. In accordance with the provisions of the Labor Code, the Group is required to pay eligible employees at least the minimum regulatory benefit upon retirement, subject to age and service requirements.

#### **Share Capital**

Share capital is measured at par value for all shares issued. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Dividends on share capital, if any, are recognized as a liability and deducted from equity when declared and approved by BOD of the Group. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

As of March 31, the account consists of:

Particulars	Shares	Amount in Php
	2022	2022
<b>Authorized Shares:</b>		
Beginning:		
80,000,000 common shares at ₱1.00 par value	₱	
2,500,000,000 common shares at ₱1.00 par value	2,500,000,000	2,500,000,000
Addition:		
2,420,000,000 common shares at P1.00 par value	₱	
	2,500,000,000	2,500,000,000
<b>Subscribed Capital - Common Share:</b>		
Beginning:		
43,200,000 shares at ₱1.00 par value		
2,500,000,000 shares at ₱1.00 par value	₱ 2,500,000,000	2,500,000,000
Additional subscription:		

1,956,800,000 shares at ₱1.00 par value		
Total	₱ <u>2,500,000,000</u>	<u>2,500,000,000</u>

As of December 31, the account consists of:

Particulars	Shares		Amount in Php	
	2021	2020	2021	2020
Authorized Shares:				
Beginning:				
80,000,000 common shares at ₱1.00 par value	₱ -	₱ -	₱ -	-
2,500,000,000 common shares at ₱1.00 par value	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Addition:				
2,420,000,000 common shares at ₱1.00 par value	-	-	-	-
	₱ <u>2,500,000,000</u>	₱ <u>2,500,000,000</u>	₱ <u>2,500,000,000</u>	₱ <u>2,500,000,000</u>
Subscribed Capital - Common Share:				
Beginning:				
43,200,000 shares at ₱1.00 par value	-	- ₱	-	-
2,000,000,000 shares at ₱1.00 par value	₱ 2,000,000,000	₱ 2,000,000,000	₱ 2,000,000,000	₱ 2,000,000,000
Additional subscription:				
1,956,800,000 shares at ₱1.00 par value	-	-	-	-
Total	₱ <u>2,000,000,000</u>	₱ <u>2,000,000,000</u>	₱ <u>2,000,000,000</u>	₱ <u>2,000,000,000</u>

In 2018, the Company recognized the subscription of ₱1,956,800,000 in the increase in capital stock approved by the Securities and Exchange Commission (SEC) dated June 7, 2017, via conversion of advances to equity.

During the joint meeting of the Board Directors and stockholders on March 15, 2017, the Board approved the increase in the authorized capital stock of the Corporation from 80,000,000 shares with par value of ₱1 per share, to 2,500,000,000 shares at a par value of ₱1 per share. The main purpose of the increase of the Corporation's authorized capital stock is to augment operating requirements.

### Retained earnings

Retained earnings represent the cumulative balance of periodic net income and losses of the Group, net of dividends declared.

Retained earnings represents the cumulative balance of periodic net income or loss, prior period adjustments, effect of changes in accounting policies in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and other capital adjustments, net of any dividend declaration.

When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

## **Revenue recognition**

### **Revenue from contract with customers**

Revenue from contract with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. The Group applies this standard with its revenue arrangements on the sale of land and residential house units with modified home improvements

To determine whether to recognize revenue, the Group follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 4.

### ***Real estate sales***

The Group recognizes sales to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include sale of subdivision land and residential units.

### ***Forfeitures and cancellation of real estate contracts***

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed non-refundable due to prescription of the period for entering into a contracted sale.

### ***Other income***

Other income is recognized in the statements of comprehensive income as they are earned.

### *Interest income*

Interest income is recognized using effective interest accrues using effective interest method.

### Contract balances

#### *Receivable from customers*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

#### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

#### *Cost to obtain contract*

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them.

### Costs and expenses recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the consolidated statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

### Real estate sales

For the years ended March 31, the account consists of the following:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Residential house and lot	₱ <u>188,863,600.00</u>	<u>58,200,000.00</u>
Total	₱ <u>188,863,600.00</u>	<u>58,200,000.00</u>

For the years ended December 31, the account consists of the following:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Residential house and lot	₱ 343,090,472	₱ 212,519,600	₱ 236,275,513
Residential lot	<u>84,916,000</u>	<u>72,205,400</u>	<u>-</u>
Total	₱ <u>428,006,472</u>	₱ <u>284,725,000</u>	₱ <u>236,275,513</u>

### Other operating income

For the years ended March 31, the account consists of the following:

Particulars	2022
Interest income – in house financing	₱ 3,001,189
Forfeiture income	30,000
Miscellaneous income	<u>191,249</u>
Total	₱ <u><u>3,222,438</u></u>

For the years ended December 31, the account consists of the following:

Particulars	2021	2020	2019
Interest income – in house financing	₱ 11,305,673	₱ 5,202,816	₱ 3,763,005
Forfeiture income	1,094,692	26,865	17,500
Miscellaneous income	<u>886,288</u>	<u>352,982</u>	<u>291,799</u>
Total	₱ <u><u>13,286,653</u></u>	₱ <u><u>5,582,663</u></u>	₱ <u><u>4,072,304</u></u>

Miscellaneous income consists of penalty charges and other fees billed to buyers.

### Cost of Real Estate Sales

The Group recognizes costs related to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include cost of land, land development costs, building cost, professional fees, depreciation, permits and licenses, and capitalized borrowing costs.

For the years ended March 31, the account consists of the following:

Particulars	2022
Land development cost	₱ 33,806,575
Construction cost	65,501,000
Other cost	<u>7,993,363</u>
Total	₱ <u><u>107,300,938</u></u>

For the years ended December 31, the account consists of the following:

Particulars	2021	2020	2019
Land development cost	₱ 68,810,368	₱ 63,949,547	₱ 59,930,710
Construction cost	173,565,108	112,286,513	96,482,167
Other cost	<u>16,860,873</u>	<u>8,477,815</u>	<u>12,145,211</u>
Total	₱ <u><u>259,236,349</u></u>	₱ <u><u>184,713,875</u></u>	₱ <u><u>168,558,088</u></u>

Other cost includes various expenses related to the construction cost and land development.

**Selling, administrative, and other operating expenses**

Selling expenses are costs incurred to sell or distribute inventories. Administrative expenses normally include costs of administering the business as incurred by administrative departments. Other operating expenses are costs incurred other than for selling or administrative purposes.

For the years ended March 31, the account consists of the following:

<u>Particulars</u>	<u>2022</u>
Advertising and promotion	₱ <b><u>8,380,609</u></b>

For the years ended December 31, the account consists of the following:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Advertising and promotion	₱ <b>1,002,898</b>	₱ 1,689,588	₱ 5,474,745
Commissions	<b>13,845,077</b>	8,541,750	10,367,568
Processing, registration and certification	-	-	13,741,872
Total	₱ <b><u>14,847,975</u></b>	₱ <u>10,231,338</u>	₱ <u>29,584,185</u>

**General and administrative expenses**

For the years ended March 31, the account consists of the following:

<u>Particulars</u>	<u>2022</u>
Salaries, wages and allowances	₱ <b>6,889,571</b>
Professional fees	<b>1,155,737</b>
Depreciation	<b>740,818</b>
Taxes and licenses	<b>1,112,385</b>
Utilities	<b>1,042,120</b>
Retirement expense	<b>1,187,540</b>
Dues, subscriptions and donations	<b>330,819</b>
Transportation and travel	<b>232,182</b>
Rent expense	<b>323,377</b>
Listing fee	<b>1,513,310</b>
Representation and entertainment	<b>207,216</b>
Stationery and office supplies	<b>90,575</b>
Insurance expense	<b>67,223</b>
Repairs and maintenance	<b>186,221</b>
Miscellaneous expenses	<b>248,240</b>
Total	₱ <b><u>15,327,334</u></b>

For the years ended December 31, the account consists of the following:

Particulars	2021	2020	2019
Salaries, wages and allowances	₱ 19,381,770	₱ 14,744,073	₱ 15,898,684
Professional fees	4,950,390	1,371,577	661,667
Depreciation (Note 14)	4,438,417	5,229,749	3,736,592
Taxes and licenses	2,887,039	1,564,424	6,041,181
Utilities	2,647,977	2,738,196	1,744,117
Retirement expense (Note 18)	1,940,048	1,319,377	942,547
Dues, subscriptions and donations	932,976	641,124	560,419
Transportation and travel	921,557	575,987	202,572
Rent expense	847,715	213,250	236,934
Listing fee	815,000	-	-
Representation and entertainment	390,504	478,992	578,171
Stationery and office supplies	334,815	239,021	497,904
Insurance expense	323,507	481,167	514,637
Repairs and maintenance	126,601	390,454	654,477
Miscellaneous expenses	1,569,969	920,716	1,439,052
<b>Total</b>	<b>₱ 42,508,285</b>	<b>₱ 30,908,107</b>	<b>₱ 33,708,954</b>

Miscellaneous expenses consist of administrative expenses, notarization fees and bank charges.

#### Contingencies

The Group is a not party to any legal proceedings. There are no taxes, assessment and charges of whatsoever nature levied upon or against the Group, or against its properties, revenues, and assets.

#### Other matters

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol “HTI”.